Stock Code: 4174

OBI Pharma, Inc.

Annual Report 2015

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I. Report to Shareholders

Dear OBI shareholders:

All through the way, OBI Pharma thanks you for your biggest support as always; the research and development of new drugs is not an easy way originally, and we deeply understand that: we must meet all kinds of challenges and hardships at any time, continuously exercise stronger strength, and build more excellent team, so as to realize our mission in challenging the unmet medical demand and improving people's health and life quality with innovative and effective new drugs.

OBI Pharma has stepped into its 14th year, main product of the company OBI-822 phase II/III clinical trial plans have been conducted blind deconvolution in February this year; for the result of this blind deconvolution, experts have admitted that it has acquired the proof of concept both in science and clinical practice; this is an important turning point for the company development, in the future, we will actively carry out global phase III clinical trial, commercial layout and development strategy based on the result of this blind deconvolution.

I hereby report to every shareholder on all kinds of important achievements of OBI in 2015 and the business plan in this year:

i. 2015 business results

[Description on R&D achievements]

OBI-822 clinical phase II/III plans has been conducted blind deconvolution in February this year, after the publication of ASCO international conference data in June, we will actively carry out global phase III clinical plan. For the ovarian cancer phase II clinical trial cooperated with Mackay Memorial Hospital, 77 patients have completed the trial in April this year. Apart from that, we will initiate the new cancer indication phase II clinical trial plan this year, including lung cancer, colorectal cancer and liver cancer etc. And for the OBI-822 advanced China clinical phase III trial, currently we are under closed discussion with China Food and Drug Administration (CFDA), it is expected to plan the new clinical trial design according to the result of such blind deconvolution.

Besides, OBI-833 has carried out phase I clinical trial in Taiwan and USA for the metastatic lung cancer, gastric cancer, colorectal cancer and breast cancer patients, currently cohort 1 trial has been completed, and it is expected to complete three cohorts of trial at the end of this year; the OBI-833/834 plan will complete toxicity test in October, and will apply for the new clinical trial proposal in November, it is expected to carry out the clinical phase I trial in Q1 2017.

The most anticipated event is, from the proof of concept acquired in OBI-822 clinical trial, we learn that there is very strong positive relevance between the generation of carbohydrate antibody and anti-neoplastic response, hence OBI Pharma will spare no efforts to develop monoclonal antibody OBI-888, and provide passive immunotherapy to bring benefit to patients cannot generate antibody response to carbohydrate vaccine. Apart from having applied for multinational patents and conducted active patent layout, such antibody drug has also entered into pre-clinical pharmacology toxicological trial and antibody mass production development currently, and has been carrying out the design of clinical phase I trial at the same time.

For OBI-858, we have completed toxicity test and bulk drug production and carried out bulk drug stability test in 2015, and the Company prepares to seek for partner for joint development.

Carbohydrate membrane array OBI-868 has completed the design and process optimization. According to the experimental result with theoretic verification, the antibody detection applying the array in the OBT-822 and OBI-833 patients treatment will have more product advantage, and this will be the development emphasis of the plan.

[Description on company operation and governance]
In the aspects of company organization, governance, operation and strategy, OBI has also made efforts in various aspects, specific achievements are as follows:

(i) Develop business alliance program:
In order to make the shareholders structure of OBI more stable and internationalized, last year, we specially operated Investor Relations (IR) affairs and participated in several international roadshows in Asia Pacific, and we attracted the attentions of several global investment banks in Hong Kong and Singapore etc., which not only improved the visibility among international institutional investors, but also therefor listed as Taiwan index constituent stock by MSCI, that was also the first record for new medicine biotechnology companies.

In this year, OBI was active in all kinds of international meetings and biotechnology exhibitions, and thus has contacted with over 40 international and regional pharmaceutical factories, and some of them have signed confidentiality agreement with us, in the future, we will further discuss on licensing and alliance affairs.

(ii) Strengthen the team and organizational restructuring:
OBI always lists the introduction of key talents as the first development strategy; totally 14 new employees were recruited in 2015, and the personnel growth rate was 17%. Besides, in order to improve company competitiveness, the Company has also planned the new organizational strategy map, making great adjustment to the structure:

1. Established Translational Medicine Department, OBI established Translational Medicine Research Department in February 2015 to be in charge of project management, toxicology, translational pharmacology and translational medicine, and constructed a brand new translational medicine laboratory to improve new vaccine development technology and expand biomarker platform, and introduced translational medicine related research on new drug research and development, so as to strengthen the seamless connection between OBI products and clinical trials.
2. Established Supply Chain Management Department, to strengthen the management of each upstream and downstream link from clinical trial to commercial production.
3. Established Commercial Medicine Division, to expand the relations with clinical medicine.
4. Expanded the Legal Affairs Division into Legal Affairs and Intellectual Property Division, to strengthen the intellectual property protection and layout of the core technologies of the Company.

(iii) Establish advanced international new base:
In respond to the increasingly personnel demand, the original office space was no longer sufficient for use, in 2015, apart from reconstructing the office in Nangang Software Park to provide more laboratory space, the Operating Department also relocated to the office building in Nangang Station; the new address is not only the transportation hub jointly constructed by Taiwan Railway Administration, Taiwan High Speed Rail and Taipei Metro, but also the core of Taipei bio-medical park in the future, and it is also the outpost of OBI in global pathfinding; we will work hard here to head for the "Taiwan's First" biotechnology brand.

(iv) Implement corporate governance:
In the aspect of corporate governance, we will accept corporate governance assessment items starting from 2016, apart from strengthening internal control continuously, last year, we not only established risk identification, prevention and management indexes, but also continuously held law educational training to strengthen and comprehensively implement employees' risk awareness.

[2015 financial report]
The Company had completed OTC cash fund-raising of NT$6.2 billion on March 19, 2015, and became available for OTC listing transaction on March 23, it was an important milestone of OBI when marching towards capital market.

In 2015, global financial crisis rose from all directions, the Company adopted conservative and steady principles, planned the utilization of working capital, and placed the capital into fixed time deposit with extremely low risk but capable of generating fixed income; in 2015, the income generated from such investment was NT$117.275 million (including unrealized foreign exchange gain of NT$71.901 million), and thereby avoided financial loss caused by financial crisis.

The R&D expenditure of the Company in 2015 was NT$648.157 million, main R&D expenditures in new drug projects include OBI-822, OBI-833, OBI-858, OBI-868 and OBI-888 products etc.; since currently such products are still at the stage of R&D investment, the invested R&D expenditure is the energy accumulating future market products and profit growth.

The overall budget execution of the Company in 2015 roughly met the target and scope set originally, analysis on relevant financial revenue and expenditure and profitability is as follows:

Unit: NT$ thousand

Item \ Year			2015	2014
Financial revenue and expenditure	Operating expenses		1,063,218	712,325
	Non-operating revenue (expenditure)		123,405	45,318
	Aggregate loss in this period		939,628	665,959
Profitability analysis	Return on assets (%)		(21.40)	(38.57)
	Return on equity (%)		(21.82)	(39.55)
	Ratio in paid-up capital (%)	Operating loss	(62.28)	(47.49)
		Pretax net loss	(55.05)	(44.47)
	Net profit ratio (%)		-	-
	Net loss per share (NT$)		(5.66)	(4.46)

ii. 2016 Business plan summary and development strategy
Looking into 2016, we have prepared the following six major development strategies:

(i) OBI-822:
1. Strive for going to American Society of Clinical Oncology (ASCO) and important international conferences to publish the achievement of clinical trial;
2. Accelerate global phase III clinical trial and New Drug Application (NDA) in each country;
3. Accelerate the clinical trial promotion of OBI-822 new indication;
4. Actively negotiate with multinational corporation on the cooperation mode;

5. Make good use of the new drug administration laws and regulations promulgated by China, and accelerate the execution of China strategy.

(ii) Accelerate new product line development and strengthen patent application and intellectual property rights management.

(iii) Strengthen international popularity of the company, and establish long-term relationship with investors.

(iv) Actively build international research and development center.

(v) Actively recruit talents both at home and abroad, and carry out long-term cultivation plan.

(vi) Implement corporate governance and improve performance.

iii. Impact of external competitive environment, regulatory environment and overall environment

In recent years, significant breakthroughs in cancer immunotherapy occur frequently, the development of relevant new drugs not only brings the new anti-cancer hope to the extensive cancer patients, but also forms the high-profile new blue ocean market. Major products of OBI company product line are the original glycosyl new drugs, including not only the world's first new drugs for active immunotherapy, but also the products for passive immunotherapy; at the beginning of research and development, the Company had constructed rigorous and effective global patent portfolio for every core product, and set dedicated department for legal affairs and pharmaceutical laws registration, mastering the changing trend of new drug application laws in each country and striving for being in line with international laws and regulations, so as to strengthen the protection of intellectual property and maintain high competitive advantage. OBI has possessed full scale of biopharmaceutical industry, and also have the prototype of international biotechnology company, we are firmly believed that, once the product has been launched to the market successfully, its superiority and uniqueness will inevitably enjoy certain competitive advantage and will march towards international market gradually, hoping to realize the corporate vision soon and bring benefits to the patients.

OBI Pharma, Inc.
Chairman: Michael N. Chang

II. Company Profile

i. Establishment date

(i) Establishment date: April 29, 2002

(ii) Address and telephone number of parent company, branch company and plant:

1. Company address and telephone number:

19F, No. 3, Park Street, Nangang Software Park, Taipei City	Tel.: (02)2655-8799
7F, No. 369, Section 7, Zhongxiao East Road, Nangang District, Taipei City	Tel.: (02)2786-6589

2. Branch company address and telephone number: NA.
3. Plant address and telephone number: NA.

ii. Company history

2002	● In April, OBI Pharma, Inc. (hereinafter referred to as "OBI Pharma") was established by American merchant Optimer Pharmaceuticals, Inc. (Optimer Pharmaceuticals, Inc. locates at US San Diego, it is a NASDAQ listed company with stock code as OPTR, mainly researching and developing new drugs related to anti-infective diseases and cancers). ● OBI Pharma is the subsidiary 100% invested by American merchant Optimer Pharmaceuticals, Inc., upon the establishment, the authorized capital was NT$Forty Million, the paid-up capital was NT$Ten Million, and the founder and Chairman was Michael N. Chang.
2004	● DIFICID™ (Fidaxomicin) completed Taiwan CDI epidemiology statistic. ● In order to expand operation, cash capital increase of 12.6 million shares and technology investment of 20.4 million shares, totally 33 million shares with par value per share of NT$Ten. The authorized capital was NT$One Billion Two Hundred Million, and the paid-up capital was NT$Three Hundred and Forty Million. ● OBI Pharma coordinated with the manufacturing of DIFICID™ phase I/II clinical trial medication in Taiwan.
2006	● Parent company Optimer Pharmaceuticals executed DIFICID™ phase III human trial (No. 003 clinical trial).
2007	● Parent company Optimer Pharmaceuticals became public listing officially in the National Association of Securities Dealers Automated Quotation (NASDAQ). ● OBI Pharma cooperated with Academia Sinica on carbohydrate molecules synthesis and carbohydrate membrane array plan.
2008	● In December, Center for Drug Evaluation, Taiwan approved the OBI-822 (former name was OPT-822) as the new drug priority examination case. ● The research of Academia Sinica pointed out that the Globo series carbohydrate highly perform in cancer cells, and the paper was published in journal Proceedings of the National Academy of Sciences (PNAS).
2005	● Officially appointed Dr. Youe-Kong Shue to take the post of Chief Executive Officer. ● In order to expand operation, external cash capital increase was carried out to introduce strategic cooperative partners, there were two payment installments in total: the first installment was cash payment of 19.8 million shares, with NT$Ten per share. Apart from the parent company American merchant Optimer Pharmaceuticals, Inc., shareholders of the Company also include large groups, financial holdings and venture capitals etc. in Taiwan; the authorized capital was NT$One Billion Twenty Million, and the paid-up capital was NT$Five Hundred Thirty-Eight Million. ● Acquired the global license agreement of OBI-822 (former name: OPT-822) from parent company Optimer Pharmaceuticals.
2010	● In July, acquired the exclusive license of new generation cancer therapeutic vaccine and carbohydrate membrane array from Academia Sinica. ● Taiwan Department of Health approved OBI-822 to enter into human clinical phase II/III clinical trial. ● Taiwan Ministry of Economic Affairs approved OBI Pharma Inc. as the new biotechnological drug company.

2011	● OBI Pharma was approved by US FDA and Hong Kong Department of Health to carry out clinical trial on breast cancer therapeutic vaccine (OBI-822). ● Taiwan Food and Drug Administration (TFDA) passed the new drug priority examination on DIFICID™. ● In November, Taiwan Food and Drug Administration (TFDA) approved that the DIFICID™ of OBI Pharma can be exempted from bridging clinical trial (BSE). ● OBI Pharma proposed DIFICID™ new drug application to Taiwan Food and Drug Administration (TFDA). ● OBI Pharma acquired the selling right of DIFICID™ in Taiwan. ● Cooperated with Academia Sinica to carry out biopharmaceutical national plan of the country, researching and developing the application of carbohydrate membrane array in cancer detection. ● In order to expand operation, second installment was cash payment of 46.2 million shares, with NT$Ten per share. The authorized capital was NT$One Billion Five Hundred Million, and the paid-up capital was NT$One Billion.
2012	● In January, appointed Amy Huang to take the post of Chief Operating Officer of OBI Pharma. ● In January, appointed Dr. You Chengde to take the post of Chief R&D Officer of OBI Pharma. ● In March, in order to expand operation, issued totally 36 million new shares for cash capital increase, with NT$Ten per share, and every share was issued at premium of NT$Fifteen. The authorized capital was NT$One Billion Five Hundred Million, and the paid-up capital was NT$1,363,842,910. ● In April, since juridical person director of the Company, namely American merchant Optimer Pharmaceuticals, Inc. reassigned the director representative, all attending directors elected Director Zeng Mengda to take the post of Chairman of OBI Pharma. ● In May, approved by the Securities and Futures Bureau, Financial Supervisory Commission, the Executive Yuan to become the public company. ● In June, Drug Controller General of India approved OBI-822 clinical trial license. ● In August, Korea Food and Drug Administration (KFDA) approved OBI-822 clinical trial license. ● In August, Taiwan Food and Drug Administration (TFDA) approved OBI-822, the vaccine treating metastatic advanced breast cancer to enter into phase III clinical trial. ● In September, Department of Health issued medicament license for the new antibiotic drug DIFICID® (Fidaxomicin), and approved it to come into Taiwan market. ● In October, the vaccine treating metastatic advanced breast cancer OBI-822 was appraised and elected by TFDA as one of the first five partnership projects in pharmaceutical research across the strait. ● In October, juridical person director American merchant Optimer Pharmaceuticals, Inc transferred shareholding exceeding one second of the election shares, thus relieved its director identity. ● In November, Hong Kong subsidiary OBI Pharma Limited was established.
2013	● In February, Interim Meeting elected the fourth session directors and supervisors, and the Board of Directors elected Michael N. Chang to take the post of Chairman. ● In March, OBI Pharma (Shanghai) Limited was established. ● In April, appointed Ms. Amy Huang to take the post of General Manager of the Company. ● In April, US subsidiary OBI PHARMA USA, INC. was established. ● In June, elected Dr. Youe-Kong Shue to take the post of Vice Chairman of OBI Pharma. ● In order to expand operation, issued totally 9,493,671 new shares for cash capital increase in October, every share was issued at premium of NT$158. After capital increase, the paid-up capital was NT$1,489,959,170. ● In November, cooperated with Taipei Mackay Memorial Hospital to carry out ovarian cancer vaccine immunotherapy clinical trial plan. ● In November, the second Interim Meeting elected Dr. Zhao Yutian to take the post of independent director of the Company, and the Audit Committee was established by three independent directors.

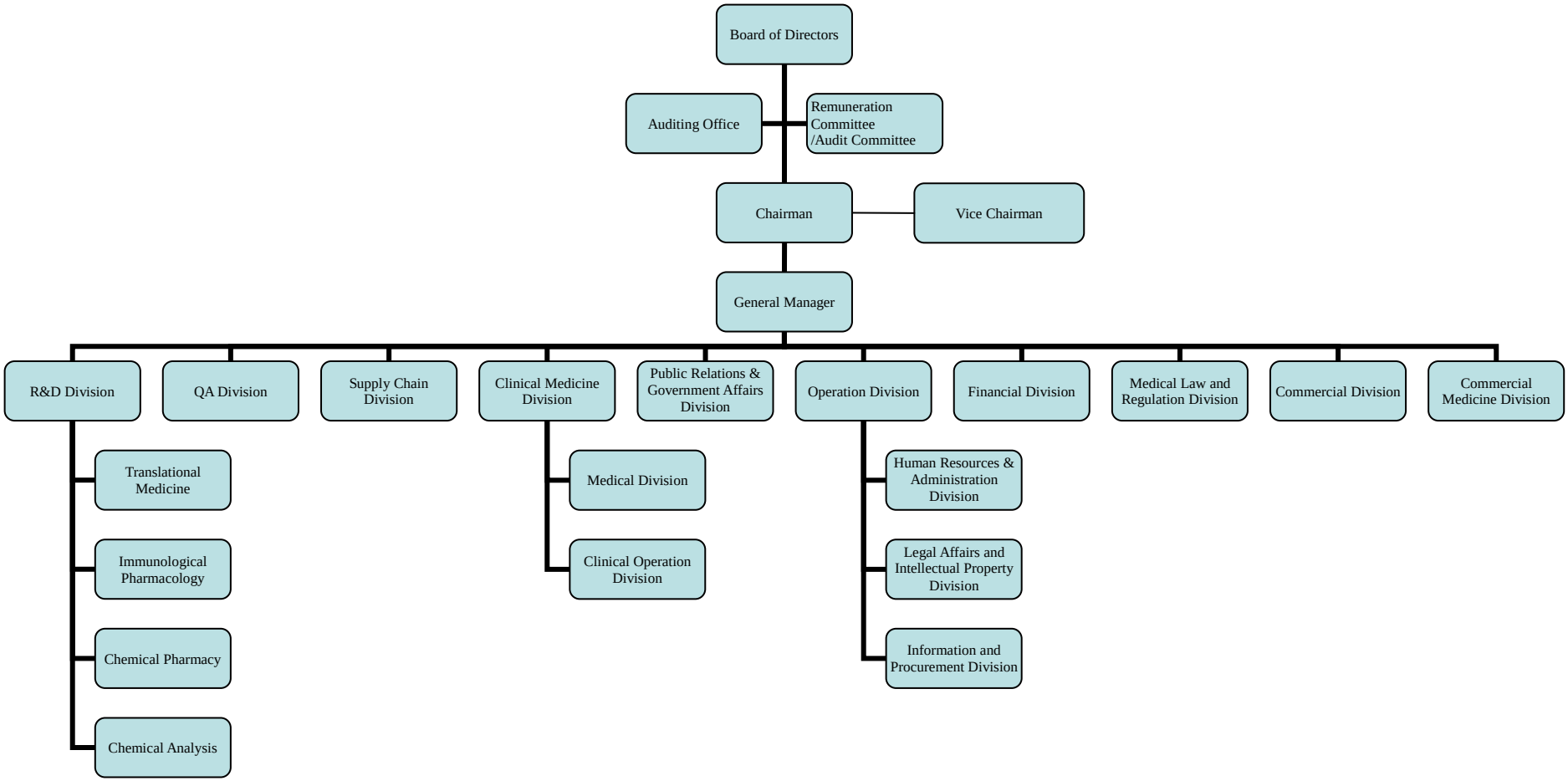
2014	● In April, OBI Pharma and Academia Sinica signed the exclusive license agreement on carbohydrate molecules synthetic technology. ● In July, completed the trial target of 342 patients in OBI-822 random double blind phase II/III breast cancer clinical trial. ● In August, DIFICID™ and Department of National Health Insurance completed health insurance payment agreement, starting from September, it was listed as the payment item in health insurance. ● In December, US FDA approved to carry out clinical trial for the new generation cancer therapy vaccine (OBI-833).
2015	● In March, officially listed in ROC Taipei Exchange. ● In March, issued totally 20,000,000 new shares for cash capital increase, every share was issued at premium of NT$310. After capital increase, the paid-up capital was NT$1,702,672,100. ● In July, received the notice groom Food and Drug Administration, Ministry of Health and Welfare, the new generation cancer therapy vaccine OBI-833 passed the human clinical trial examination (IND). ● In July, awarded the gold award of R&D Technology Award in "Taipei Biotechnology Award" held by Taipei City Government. ● In October, announced to exclusively license the product development and selling right of DIFICID™ in Taiwan to American merchant Merck Sharp & Dohme.
2016	● In February, OBI-822 clinical trial blind deconvolution was conducted, the preliminary data showed that, despite the trial had not reached to the primary efficacy endpoint, but it certified that OBI-822 had the capacity in generating antibody, and had very significant clinical meaning to the group capable of generating effective antibody. ● In March, received the notice from American Society of Clinical Oncology (ASCO), the result of the Company's new drug for breast cancer OBI-822 phase II/III clinical trial will publish oral paper presentation in the annual meeting of such Society in June.

III. Corporate Governance Report

i. Organization system

(i) Organization structure:

OBI Pharma, Inc.


Board of Directors
Auditing Office
Remuneration Committee /Audit Committee
Chairman
Vice Chairman
General Manager
R&D Division
QA Division
Supply Chain Division
Clinical Medicine Division
Public Relations & Government Affairs Division
Operation Division
Financial Division
Medical Law and Regulation Division
Commercial Division
Commercial Medicine Division
Translational Medicine
Immunological Pharmacology
Chemical Pharmacy
Chemical Analysis
Medical Division
Clinical Operation Division
Human Resources & Administration Division
Legal Affairs and Intellectual Property Division
Information and Procurement Division

(ii) Operating business of each major department:

Department		Major responsibility
Auditing Office		1. Supervise and urge each unit to formulate internal control system and execute it. 2. Prepare and execute annual audit plan. 3. Prepare audit report and regularly trace deficiency, review self-inspection operations and other matters shall be executed as required by law of each unit.
R&D Division	Translational Medicine	1. Plan and execute translational cancer mechanism study, and support clinical trial and medicament license application. 2. Execute translational medicine, translational pharmacology and toxicity test, and support clinical trial. 3. Plan R&D direction and new drug development plan. 4. Execute new drug R&D project management. 5. Patent layout of research achievements.
	Chemical Pharmacy	1. Development and design of synthetic method and dosage form. 2. Process parameter and process optimization study. 3. Planning of manufacturing, process control and outsourcing cooperation project. 4. Chemistry, Manufacturing and Control (CMC) data preparation and writing, so as to support clinical license application and medicament license application. 5. Patent layout of research achievements.
	Immunological Pharmacology	1. Plan and execute trials related to pre-clinical immunology and immunological pharmacology. 2. Plan and manage relevant studies on clinical trial specimens. 3. Execute product release immune activity test. 4. Support clinical license application and medicament license application. 5. Patent layout of R&D achievements.
	Chemical Analysis	1. New drug characteristics analysis and analysis method development. 2. Creation of analysis method operation document and execution of effect experiment. 3. Product specification setting. 4. Investigational product quality control and stability tracing. 5. Patent layout of research achievements.

Quality Assurance Division		Ensure R&D and drug distribution are conforming to the Current Good Manufacturing Practice (cGMP) of Food and Drug Administration.
Supply Chain Division		1. Responsible for production planning, technology transfer and provide supply to clinical use or marketing sales. 2. Ensure the Company's stable supply of clinical and future products both at home and abroad.
Clinical Medicine Division	Medical Division	1. Lead and write new drug clinical trial protocol, and confirm its feasibility. 2. Provide relevant information on medical science and drug side effects, and responsible for pre-clinical preparation and execution; during such period, interpret if the trial subject has the symptom of adverse reaction. 3. Support the promotion of new drug business.
	Clinical Operation Division	1. Clinical trial planning and execution. 2. Study on the laws and regulations on new drug development and drug examination and approval. 3. Product plan project management.
Medical Law and Regulation Division		1. Application for registration of domestic medicament license. 2. Provide company pharmaceutical affairs laws and regulations information. 3. Application and change registration of druggist license. 4. Clinical license application and medicament license application.
Public Relations & Government Affairs Division		1. Preparation and publication of external speech strategy. 2. Media relations management, media interview, publication, advertising arrangement and execution. 3. Maintenance and contact window for relations with government, profession, those of the same industry, patients group and investors. 4. Design and comprehensive arrangement of external statement, media related contents, official documents and correspondence, planning and event creativity. 5. Planning and execution of corporate social responsibility activity.
Operation Division	Human Resources & Administration Division	1. Comprehensive arrangement of company organization and human resources planning, employee development. 2. Remuneration rewarding system. 3. Organization optimization and improve employee's quality

		and core technology. 4. Organizational culture cultivation. 5. Human resources system optimization. 6. Strengthen employee relationship. 7. General affairs administration, and space utilization.
	Legal Affairs and Intellectual Property Division	1. Review, revise and draft contracts and legal documents. 2. Legal system establishment, maintenance and process management. 3. Legal dispute case handling and consultation. 4. Intellectual property right management and maintenance. 5. Establishment and promotion of legal compliance system. 6. Consultation on other law related issues.
	Information and Procurement Division	1. Materials and labor service procurement. 2. Company internal computerized operation and system maintenance.
Financial Division		1. Financial management. 2. Accounting management. 3. Listing and stock affairs management. 4. Rental tax planning. 5. Budget management.
Commercial Division		1. Responsible for short, medium and long term operating strategy planning, business marketing, and new drug market development. 2. Product commercialization management. 3. Product market trend assessment. 4. Technology transfer and product licensing. 5. Win over international partner.
Commercial Medicine Division		1. Assess drug indication and its potential patient groups. 2. Analyze the difficulty, scale and risk of carrying out phase I, II, III clinical trials for the drug. 3. Assessment on the emergent issues in the course of drug research and development, and strategy suggestion. 4. Introduce innovative concept related to drug research and development through internal and external seminar.

ii. Information of director, supervisor, General Manager, Deputy General Manager, Assistant General Manager, and head of each department and branch

(i) Director and supervisor information

1. Director and supervisor information:

April 30, 2016 Unit: thousand shares; %

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Chairman	Michael N. Chang	ROC	February 7, 2013	February 7, 2013	3 years	2,186	1.58	2,311	1.35	0	0	0	0	Postdoctoral Research, Massachusetts Institute of Technology Doctor of Organic Chemistry, Brandeis University Founder and Chairman of Optimer Pharmaceuticals, Inc. Chief Science and Technology Advisor of NuSkin Enterprises Inc. Founder and Vice President of Pharmanex Inc. Chairman of Cinogen Pharmaceutical, Inc. Vice President of Pharmaceutical Department, ArQule, Inc. Director of Drug Development Division, Rhone-Poulenc Rorer, Inc. (Aventis) Deputy Director of Department of Pharmaceutical Chemistry, Merck, Sharp & Dohme Co. Inc.	Director of Run Ya Biotechnology Co., Ltd. Director of OBI Pharma USA, Inc. Director of Development Center for Biotechnology	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Director	Hui Hong Investment Co., Ltd.	ROC	November 13, 2009	February 7, 2013	3 years	14,881	10.76	15,545	9.08	0	0	0	0	-	Juridical Person Director of Changchun Investment Co., Ltd. Juridical Person Director of Run Cheng Investment Holding Co., Ltd. Juridical Person Director of Run Tai Global Co., Ltd. Juridical Person Director of Run Hua Dyeing Factory Co., Ltd. Juridical Person Director of Run Ya Biotechnology Co., Ltd. Juridical Person Director of Mithra Biotechnology Inc. Juridical Person Director of Tanvex Biologics, Inc	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Director	Hui Hong Investment Co., Ltd. Representative: Tamon Tseng	ROC	April 13, 2012	February 7, 2013	3 years	0	0	0	0	0	0	0	0	Master of Laws, University College London Supervisor of SinoPac Financial Holdings Co., Ltd. Supervisor of Bank SinoPac Co. Ltd. Specialist of Bureau of Foreign Trade, Ministry of Economic Affairs	Special Assistant of Legal Affairs Office, Run Tai Global Co., Ltd. Juridical Person Director Representative of Run Cheng Investment Holding Co., Ltd. Juridical Person Director Representative of Sunny Friend Environmental Technology Co., Ltd. Juridical Person Supervisor Representative of Yi Thai Investment Co., Ltd. Juridical Person Director Representative of Sheng Cheng Investment Holding Co., Ltd. Juridical Person Director Representative of Run Tai Construction Co., Ltd. Chairman of Taiwan Transport Insurance Service Co., Ltd. Director of China Marine Surveyors & Sworn Measurers` Corp. Director of Juridical Person Mr. Yi Xunnuo Memorial Education Foundation Director of Run Hui Biotechnology Co., Ltd. Director of Run Hong Biotechnology Co., Ltd. Director of Hao Ke Investment Holding Co., Ltd.	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Director	Hui Hong Investment Co., Ltd. Representative: Lung-Yen Cho	ROC	February 7, 2013	February 7, 2013	3 years	0	0	0	0	267	0.16	0	0	Accounting Department, National Taipei University Certified Public Accountant of Klynveld Peat Marwick Goerdeler Certified Public Accountant of Deloitte & Touche Director of Taiwan Institute Of Certified Public Accountants Director of Corporate Operation Association of the Republic of China Tax Collector of Taipei National Tax Administration, Ministry of Finance Clerk of Life Insurance Office, Central Trust of China	Special Assistant to President, Hui Hong Investment Co., Ltd. Juridical Person Director Representative of TaiMed Biologics Co., Ltd. Juridical Person Director Representative of British Cayman Islands merchant Ruenvex Biotech, Inc. Juridical Person Director Representative of Tai Fu Biotechnology Co., Ltd. Supervisor of Run Hui Biotechnology Co., Ltd. Juridical Person Director Representative of British Cayman Islands merchant RenBio Holdings Limited Juridical Person Director Representative of American merchant RenBio Inc.	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Vice Chairman	Youe-Kong Shue	ROC	November 13, 2009	February 7, 2013	3 years	1,583	1.15	1,063	0.62	33	0.02	0	0	Postdoctoral Research, Massachusetts Institute of Technology Doctor of Organic Chemistry, University of Pittsburgh CEO of OBI Pharma, Inc. Vice President of Clinical Development Department, Optimer Pharmaceuticals, Inc. Principal Researcher of AstraZeneca R&D Boston Inc. Director of Chemical Department, Cubist Pharmaceuticals, Inc. Deputy Director of R&D Division, Abbott Laboratories Inc.	NA	NA	NA	NA
Director	British Virgin Islands merchant Alpha Corporate Holdings Limited	British Virgin Islands	February 7, 2013	February 7, 2013	3 years	9,885	7.15	6,497 (Notes)	3.79	0	0	0	0	-	-	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Director	British Virgin Islands merchant Alpha Corporate Holdings Limited Representative: Howard Lee	ROC	February 7, 2013	February 7, 2013	3 years	0	0	0	0	305	0.18	0	0	Doctor of Chemistry, University of Southern California Managing Director of Hao Li Biotechnology Management Consultant Co., Ltd. Chief Investment Officer of He Yu Management Consultant Co., Ltd. Managing Director of Silver Biotech Management Inc., the international fund management company General Manager of CDIB Biotech Venture Management Inc. Senior Assistant General Manager of Investment Department, China Development Industrial Bank Co., Ltd.	Chairman of Easywell Biotechnology Co., Ltd. Chairman of TAHO Pharma Co., Ltd. Chairman of Jin Wei Biotechnology Co., Ltd. Independent Director of Sunko Ink Co., Ltd. Independent Director of Genovate Biotechnology Co., Ltd. Director of InnoPharmax Co., Ltd. Director of Amphastar Pharmaceuticals Inc.(California US) Director of CapsoVision Inc. (California US) Director of Waterstone Pharmaceuticals Inc. (Wuhan, China) Director of BIO Taiwan	NA	NA	NA

(Notes) It includes the number of shares held by British Virgin Islands merchant Alpha Corporate Holdings, Ltd. and the special investment account of British Virgin Islands merchant Alpha Holdings, Co., Ltd. under trustee custody of E.Sun Bank.

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Independent Director	Jimmy Tsay	ROC	February 7, 2013	February 7, 2013	3 years	0	0	0	0	0	0	0	0	Doctor of Accountancy, University of Maryland Professor and Department Head of Accounting Department, National Taiwan University, President of Accounting Institute	Juridical Person Supervisor Representative of Taishin Holdings Co., Ltd. Juridical Person Supervisor Representative of Taishin International Bank Co., Ltd. Independent Director of E-Ton Solar Technology Co., Ltd. Supervisor of Shin Zu Shing Co., Ltd. Supervisor of Kang Pu Materials Technology Co., Ltd. Honorary Professor of	NA	NA	NA
Independent Director	Jerry Fong	ROC	July 23, 2014	July 23, 2014	3 years	0	0	0	0	0	0	0	0	Jurum Doctor of Cornell University Master of Laws of Pennsylvania State University President of Intellectual Property Institute, Director of Financial Law Research Center, College of Law, National Chengchi University Department Head of Financial Law Department and President of Law Institute, Chung Yuan Christian University	Independent Director of ESC EliteGroup Co., Ltd. Independent Director of Cayman merchant Eurocharm Holdings Co., Ltd.	NA	NA	NA

Title	Name	Nationality or place of registration	Date of first appointment	Date of appointment	Term of office	Shareholding upon appointment		Current shareholding		Current shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background)	Concurrent title in the Company or other companies currently	Other head, director or supervisor of relationship of spouse or within second-degree relatives		
						Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio			Title	Name	Relationship
Independent Director	Tony Chang	ROC	July 23, 2014	July 23, 2014	3 years	0	0	0	0	0	0	0	0	Microbiology and Immunology Doctor of Temple University President and Academic Dean of Institute of Microbiology and Immunology, National Yang-Ming University Director of Research Business Division, Acting Director of Biotechnology and Pharmacology Institute, National Institutes of Health Director-General of The Chinese Society of Immunology Director-General of The Chinese Society of Cell and Molecular Biology Vice President of Asian-Pacific Organization for Cell Biology	Distinguished Research Fellow of Institute of Molecular and Genetic Medicine, National Institutes of Health Chairman of Feng Chia University Adjunctive Professor of Institute of Microbiology and Immunology, National Yang-Ming University	NA	NA	NA

2. If director or supervisor is juridical person shareholder representative, the share proportion of such juridical person shareholder exceeds ten percent or list of shareholders of top ten share proportion:

(1) Major shareholders of juridical person shareholder

Base date: April 30, 2016

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding ratio %
Hui Hong Investment (Holding) Co., Ltd.	Run Hua Dyeing Factory (Holding) Co., Ltd.	63.53
	Run Tai Xing (Holding) Co., Ltd.	19.93
	Yi Tai Investment (Holding) Co., Ltd.	16.54
British Virgin Islands merchant Alpha Corporate Holdings Limited	Ken, Chung-Hsuan	91.00
	Chang, Chin-Chin	9.00

(2) When major shareholders of juridical person shareholder are juridical person, major shareholders thereof

Base date: April 30, 2016

Name of juridical person	Major shareholders of juridical person	Shareholding ratio %
Run Hua Dyeing Factory (Holding) Co., Ltd.	Run Tai Xing Investment (Holding) Co., Ltd.	19.55
	Quan Yu Investment (Holding) Co., Ltd.	19.14
	Changchun Investment (Holding) Co., Ltd.	18.44
	Hui Hong Investment (Holding) Co., Ltd.	17.96
	Yi Yanliang	13.70
	Wang Qifan	6.55
	Juridical Person Mr. Yi Xunnuo Memorial Education Foundation	4.40
	Yi Chong'en	0.26
Run Tai Xing (Holding) Co., Ltd.	Yi Yanliang	99.997
	Wang Qifan	0.003
Yi Tai Investment (Holding) Co., Ltd.	Ren Ying Industrial (Holding) Co., Ltd.	85.10
	Run Tai Xing (Holding) Co., Ltd.	14.90

3. Professional knowledge possessed by director and supervisor, and their independence:

April 30, 2016

Condition / Name	Whether or not with over five years of work experience and the following professional qualifications			Independence conformance (notes 1)										Number of other public companies in which concurrently act as independent director
	Lecturer or above in the department of commercial affairs, legal affairs, financial affairs, accounting or those related company business in public and private colleges and universities	Judge, procurator, lawyer, accountant, or other professional and technical personnel having passed national examination and acquired certificate necessary for company business	Work experience in commercial affairs, legal affairs, financial affairs, accounting or necessary for company business	1	2	3	4	5	6	7	8	9	10	
Michael N. Chang			✓				✓	✓		✓	✓	✓	✓	-
Hui Hong Investment Co., Ltd. Representative: Tamon Tseng			✓	✓		✓	✓		✓	✓	✓	✓		-
Hui Hong Investment Co., Ltd. Representative: Lung-Yen Cho		✓	✓	✓		✓	✓		✓	✓	✓	✓		-
Youe-Kong Shue			✓			✓	✓	✓	✓	✓	✓	✓	✓	-
British Virgin Islands merchant Alpha Corporate Holdings Limited Representative: Howard Lee			✓	✓		✓	✓	✓	✓	✓	✓	✓		2
Jimmy Tsay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Jerry Fong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Tony Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Notes 1: If each director or supervisor is conforming to the following conditions two years before appointment and during the term of office, please tick "✓" in the blank below the code of each condition.

(1) Not the employee of the company or its affiliated enterprise.
(2) Not the director or supervisor of the company or its affiliated enterprise (except for the independent director of the company or its parent company, or of the subsidiary in which the company directly and indirectly holds more than fifty percent of the voting shares).
(3) Natural person shareholder holding over one percent of the total issued shares of the company or being the top ten shareholders not in the name of himself/herself and his/her spouse, minor children or other persons.
(4) Not the spouse, relatives within second degree or direct lineal relatives within third degree of the personnel listed in preceding three paragraphs.
(5) Not the director, supervisor or employee of the juridical person shareholder directly holding over five percent of total issued shares of the company; nor the director, supervisor or employee of the top five shareholding juridical person shareholder.
(6) Not the director, supervisor, manager or shareholder holding over five percent of shares of the specific company or institution having financial or business transactions with the company.
(7) Not the professional providing commercial, legal, financial or accounting etc. service or consultancy to the company or its affiliated enterprise; nor the entrepreneur, partner, director, supervisor, manager and its spouse of the sole proprietorship, partnership, company or institution. Except for the member of Remuneration Committee performing functions and powers according to Article 7 of "Measures for Establishment of Company Remuneration Committee upon Going Public or Transaction in Business Place of Securities Dealer and Exercising Functions and Powers"
(8) Not having spouse relationship or relatives relationship within second degree with other directors.
(9) Not one of the circumstances as prescribed in Article 30 of Company Act.

(10) The government, juridical person or its representative is not appointed pursuant to Article 27 of Company Act.

(ii) Information of General Manager, Deputy General Manager, Assistant General Manager, and head of each department and branch

April 30, 2016 Unit: thousand shares; %

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
General Manager	Amy Huang	ROC	April 2013	42	0.02	0	0	0	0	Department of Pharmacy, National Taiwan University Global Vice President and Director in China and Hong Kong Region, Global Vice President and Director in Taiwan Region, Dutch merchant GlaxoSmithKline Pharmaceutical Factory Co., Ltd (GSK) General Manager, Marketing Director of SmithKline Beecham (SB) Product Registration and Marketing Manager of Sheng Qiang Industrial Co., Ltd.	Independent Director and Remuneration Committee Member of Taiwan Liposome Company. Independent Director and Remuneration Committee Member of TWi Pharmaceuticals, Inc. Consultant of Sheng Bao Biotechnology Co., Ltd. Director of OBI Pharma Limited Director of OBI Pharma (Shanghai) Limited	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Dean of Research and Development	You Chengde	ROC	January 2012	683	0.40	50	0.03	0	0	Doctor of Pharmacy of University of Michigan Doctor of Clinical Pharmacy of University of Florida General Manager of New Drug Business Department, Dean of Research and Development, MICROBIO Co., Ltd. President, Dean of Research and Development, Director and Co-founder of Canyon Pharmaceuticals Inc. Deputy Director of Bristol Myers Squibb Institute Director and Chairman of Hong Kong YU Enterprises, Ltd.	NA	NA	NA	NA
Chief Operating Officer	Meng Zhiyun	ROC	November 2013	95	0.06	0	0	0	0	Department of Law, National Taiwan University Chief Human Resource Officer in Greater China, Member of Vice President Executive Committee in China Region, Carrefour	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development	Chen Chuncheng	ROC	January 2015	0	0	0	0	0	0	Doctor of Medicine of China Medical University Doctor of University of London China Clinical Research Responsible Person, General Director for clinical development in Asia Pacific, Director for clinical development in North America, Taiwan Medical Director, Pfizer Director and Associate Professor of Department of Psychiatry, National Cheng Kung University	NA	NA	NA	NA
Deputy General Manager of Translational Medicine, R&D Division	Yu Feiwen	ROC	February 2015	0	0	0	0	0	0	Doctor of Immunology, Madison Campus, University of Wisconsin Senior Director of Exelixis Senior Researcher of Rigel Pharmaceuticals	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
QA Deputy General Manager	Zeng Yujun	ROC	January 2012	204	0.12	0	0	0	0	Doctor of Clinical Chemistry, Cleveland State University Deputy Chief Executive Officer of Run Ya Biotechnology Co., Ltd. Senior QA Director of NuSkin Enterprises Inc. Technology Director of American Home Product QA Manager of Taiwan Cyanamide Co., Ltd.	NA	NA	NA	NA
Deputy General Manager of Financial Division	Wang Zhendong	ROC	March 2016	45	0.03	0	0	0	0	Master of Accounting Institute, Master of Interdisciplinarity Institute, National Chengchi University Director of Chairman Office, Walsin Co., Ltd. Deputy General Manager of PwC Taiwan Assistant General Manager of Deloitte & Touche	Independent Director of Tai Pu High Precision Image Co., Ltd. Supervisor of SUMEEKO Industries Co., Ltd.	NA	NA	NA
Director of Human Resources & Administration Division	Luo Tingyu	ROC	June 2013	32	0.02	0	0	0	0	Master of Business Administration, De Montfort University Human Resources Consultant of Novartis Co., Ltd. Senior Consultant of Mercer Human Resources Consulting Co., Ltd. Global Human Resources Manager of Spirox Corporation	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Director of Clinical Medicine Division	Liao Zongzhi	ROC	October 2014	0	0	0	0	0	0	Graduated from Department of Medicine of Taiwan University Medical Advisor of Taiwan Lilly Medical Division Medical Advisor of Taiwan Bristol Medical Division Head of Clinical Group, Center for Drug Evaluation Doctor-in-charge, Dalin Tzu Chi Hospital Part-time Doctor-in-charge, National Taiwan University Hospital	NA	NA	NA	NA
Director of Clinical Operation Division	Yang Menghui	ROC	July, 2013	0	0	0	0	0	0	Master of Institute of Medical and Veterinary Science, National Chung Hsing University Clinical Research Manager/Quality Manager, Deputy Director of Clinical Research Division, Pfizer Taiwan Clinical Research Manager of GlaxoSmithKline	NA	NA	NA	NA
Director of R&D Division	Xie Yihuang	ROC	March 2014	0	0	0	0	0	0	Doctor of Chemistry Institute, Simon Fraser University Examiner/Researcher of Center for Drug Evaluation Deputy General Manager of Ningbo Smart Pharmaceutical Co., Ltd. Researcher of Industrial Technology Research Institute	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Senior Director of R&D Division	Lai Jiandong	ROC	March 2014	81	0.05	0	0	0	0	Doctor of Inheritance Institute, State University of New York at Stony Brook Biotechnology Pharmaceuticals and Livelihood Materials Consultant, Technology Division, Ministry of Economic Affairs Group Leader of Protein engineering Group, Biopharmaceutical Institute, Development Center for Biotechnology Researcher of Biomedical Institute, Academia Sinica Director of Corporation Taiwan Antibody Association	NA	NA	NA	NA
Manager of Auditing Office	Jian Zhizhong	ROC	March 2011	0	0	0	0	0	0	Department of Economics, National Chung Hsing University Deputy General Manager of Auditing Department, Start Travel Co., Ltd. Deputy General Manager of Auditing Office, Partyworld KTV Co., Ltd. Auditing Department of Deloitte & Touche	NA	NA	NA	NA
Deputy General Manager of Medical Division	Zhang Kaiping	ROC	March 2016	0	0	0	0	0	0	Academy of Medical Science, National University of Asuncion Medical Director of Sai Ji Medical Director of Sanofi Medical Director of Abbott Laboratories Manager of Medical Affairs, Astor Health Leacom Medical Advisor of Novartis	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Business Information Director, Commercial Division	Chen Jianguo	ROC	March 2016	0	0	0	0	0	0	Graduated from Department of Pharmacy, China Medical University Head of Infectious Disease Unit, Taiwan GlaxoSmithKline Pharmaceutical Factory	NA	NA	NA	NA
Director of Investor Relations Department	Yang Zilian	Philippine	March 2016	16	0.01	0	0	0	0	Master of Business Administration, University of Chicago Booth School of Business GlaxoSmithKline China and Hong Kong Enterprise Development Department Business Excellence Department, Dutch merchant GlaxoSmithKline Pharmaceutical Factory Taiwan Branch Communication Consultant of Taiwan External Trade Development Council Research Analyst of Yuanta Securities Network Marketing Specialist of Hess International Educational Group Equity Research Analyst of Clemente Capital, Inc.	NA	NA	NA	NA

Title	Name	Nationality	Date of appointment (duty assumption)	Shareholding		Shareholding of spouse, minor children		Shareholding in the name of other person		Major experience (education background) (notes 2)	Concurrent title in other companies currently	Manager having spouse relationship or relative relationship within second degree		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Number of shares
Director of Public Relations & Government Affairs Division	Li Shujuan	ROC	March 2016	26	0.02	0	0	0	0	MSc Public Health Research, Tulane University Media Director of Show Chwan Health Care System Secretary General of Cross-Strait Health Care and Leisure Activities Association Director of Life and Comprehensive News Center, Min Sheng Daily Deputy Editor-in-Chief of Europe Journal	NA	NA	NA	NA

(iii) Remuneration of Director, Supervisor, General Manager and Deputy General Manager

1. Remuneration paid to the Director in the last year (2015)

Unit: thousand shares/NT$thousand

Title	Name	Director remuneration								Proportion of total amount of A, B, C and D in net profit after tax (%)		Relevant remuneration received by part-time employee										Proportion of total amount of A, B, C, D, E, F and G in net profit after tax (%)		Whether or not received remuneration from reinvestment enterprise other than the subsidiary
		Remuneration (A)		Retirement pension (B)		Reward in surplus distribution (C)		Business execution costs (D)				Salary, bonus and special disbursement etc. (E)		Retirement pension (F)		Employee bonus in surplus distribution (G)				Subscription shares in employee stock option certificate (H)		Number of restricted stock awards obtained				
																The Company		All companies in financial report								
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	
Chairman	Michael N. Chang	-	-	-	-	-	-	20	20	0	0	2,489	2,489	-	-	-	-	-	-	-	-	-	-	(0.27)	(0.27)	NA
Director	Hui Hong Investment Co., Ltd. Representative: Tamon Tseng	-	-	-	-	-	-	20	20	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	0	NA
Director	Hui Hong Investment Co., Ltd. Representative: Lung-Yen Cho	-	-	-	-	-	-	15	15	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	0	NA
Vice Chairman	Youe-Kong Shue	-	-	-	-	-	-	30	30	0	0	4,178	4,178	-	-	-	-	-	-	-	-	-	-	(0.45)	(0.45)	NA
Director	British Virgin Islands merchant Alpha Corporate Holdings Limited Representative: Howard Lee	-	-	-	-	-	-	25	25	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	0	NA

Independent Director	Jimmy Tsay	560	-	-	-	-	-	95	95	(0.01)	(0.01)	-	-	-	-	-	-	-	-	-	-	-	-	(0.01)	(0.01)	NA
Independent Director	Tony Chang	560	-	-	-	-	-	75	75	(0.01)	(0.01)													(0.01)	(0.01)	NA
Independent Director	Jerry Fong	560	-	-	-	-	-	75	75	(0.01)	(0.01)													(0.01)	(0.01)	NA

Remuneration Numerical Range Table

Numerical range of remuneration paid to each director of the Company	Name of director			
	Total remuneration of first four items (A+B+C+D)		Total remuneration of first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in financial report	The Company	All companies in financial report.
Below NT$2,000,000	Michael N. Chang, Tamon Tseng, Lung-Yen Cho, Youe-Kong Shue, Howard Lee, Jimmy Tsay, Tony Chang, Jerry Fong	Michael N. Chang, Tamon Tseng, Lung-Yen Cho, Youe-Kong Shue, Howard Lee, Jimmy Tsay, Tony Chang, Jerry Fong	Tamon Tseng, Lung-Yen Cho, Howard Lee, Jimmy Tsay, Tony Chang, Jerry Fong	Tamon Tseng, Lung-Yen Cho, Howard Lee, Jimmy Tsay, Tony Chang, Jerry Fong
NT$2,000,000 (inclusive) ~ NT$5,000,000 (exclusive)	NA	NA	Michael N. Chang, Youe-Kong Shue	Michael N. Chang, Youe-Kong Shue
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	NA	NA	NA	NA
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	NA	NA	NA	NA
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	NA	NA	NA	NA
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	NA	NA	NA	NA
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	NA	NA	NA	NA

Above NT$100,000,000	NA	NA	NA	NA
Total	8 persons	8 persons	8 persons	8 persons

2. Remuneration of supervisor in the last year (2015): not applicable.

3. Remuneration paid to General Manager and Deputy General Manager in the last year (2015):

Unit: NT$thousand; thousand shares

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special disbursement etc. (C)		Amount of employee bonus in surplus distribution (D)				Proportion of total amount of A, B, C and D in net profit after tax (%)		Amount of employee stock option certificate obtained		Number of restricted stock awards obtained		Whether or not received remuneration from reinvestment enterprise other than the subsidiary
								The Company		All companies in financial report								
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	Amount of cash bonus	Amount of stock bonus	Amount of cash bonus	Amount of stock bonus	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	
General Manager	Amy Huang	31,367	31,367	315	315	-	-	-	-	-	-	(3.37)	(3.37)	1,090	1,090	-	-	NA
Chief Operating Officer	Meng Zhiyun																	
Dean of Research and Development	You Chengde																	
QA Deputy General Manager	Zeng Yujun																	
Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development	Chen Chuncheng																	
Deputy General Manager of Translational Medicine	Yu Peiwen																	

Remuneration Numerical Range Table

Numerical range of remuneration paid to each General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	The Company	All companies in financial report
Below NT$2,000,000	NA	NA
NT$2,000,000 (inclusive) ~ NT$5,000,000 (exclusive)	Meng Zhiyun, You Chengde, Zeng Yujun, Yu Peiwen	Meng Zhiyun, You Chengde, Zeng Yujun, Yu Peiwen
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Amy Huang, Chen Chuncheng	Amy Huang, Chen Chuncheng
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	NA	NA
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	NA	NA
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	NA	NA
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	NA	NA
Above NT$100,000,000	NA	NA
Total	6 persons	6 persons

(iv) Name of manager distributed with employee bonus and distribution circumstance: NA.

(v) Make respective comparison analysis on the proportion of total remuneration paid to the directors, supervisors, General Managers, Deputy General Managers of the Company in the last two years by the Company and all companies in consolidated statement in the net profit after tax of individual and consolidated financial report, and describe the policy, standard and combination of remuneration payment, procedures of determining remuneration and its relevance to operation performance:

The standard or structure and system of the Company in paying remuneration to the director, General Manager and Deputy General Manager will be adjusted according to the future risk factors, and it shall not guide director and General Manager to engage in the action increasing company risk for the pursuit of remuneration, so as to avoid losses of the Company after paying remuneration. Pursuant to Article 20 of Articles of Incorporation of the Company, Board of Directors will prepare distribution proposal and submit it to Shareholders' Meeting for acknowledgment before distribution; remuneration of General Manager includes salary, bonus and employee bonus etc., and it will be handled according to relevant remuneration system of the Company, the remuneration paid to the directors and supervisors by the Company gives consideration to their participation degree and contribution value in company operation.

Unit: NT$ thousand

Annual remuneration / Company type	2014		2015	
	Total remuneration paid to director, General Manager and Deputy General Manager of the Company	Net profit after tax Proportion (%)	Total remuneration paid to director, General Manager and Deputy General Manager of the Company	Net profit after tax Proportion (%)
The Company	25,911	(3.88)	40,384	(4.29)
All companies in consolidated statement	25,911	(3.88)	40,384	(4.29)

iii.Corporate governance operation situation

(i) Board of Directors operation situation

6 (A) Board of Directors meetings were convened in 2015, attending situations of directors are as follows:

Title	Name	Actual attendance times (B)	Delegated attendance times	Actual attendance rate (%) [B/A]	Notes:
Chairman	Michael N. Chang	4	2	67	
Director	Hui Hong Investment Co., Ltd. Representative: Tamon Tseng	4	2	67	
Director	Hui Hong Investment Co., Ltd. Representative: Lung-Yen Cho	3	3	50	
Director	Youe-Kong Shue	6	0	100	
Director	British Virgin Islands merchant Alpha Corporate Holdings Limited Representative: Howard Lee	5	1	83	
Independent Director	Jimmy Tsay	6	0	100	
Independent Director	Jerry Fong	6	0	100	
Independent Director	Tony Chang	6	0	100	

Other matters should be recorded:

i. For matters specified in 3 of Article 14 of Securities Exchange Act, and other resolutions of Board of Directors which independent director opposes or reserves opinion and with record or written statement, the date of Board of Directors, stage, proposal content, opinions of all independent directors, and the Company's handling of independent directors' opinion shall be specified: Not applicable.

ii. For the director's avoidance of proposal with conflict of interest, the name of director, proposal content, reason for conflict of interest and participation in voting shall be specified:

Date	Name of director	Proposal contents	Reason for conflict of interest	Voting situation
March 13, 2015	Jimmy Tsay Jerry Fong Tony Chang	Discuss the remuneration and transportation allowance of independent director.	Jimmy Tsay, Jerry Fong and Tony Chang are concerned parties.	Independent directors Jimmy Tsay, Jerry Fong and Tony Chang have evaded pursuant to law and don't participate in the discussion and voting of this case.
March 13, 2015	Michael N. Chang Youe-Kong Shue	Discuss the performance assessment and salary of manager in 2015.	Michael N. Chang and Youe-Kong Shue are concerned parties.	Chairman Michael N. Chang and Vice Chairman Youe-Kong Shue have evaded pursuant to law and don't participate in the discussion and voting of this case.
May 6, 2015	Lung-Yen Cho Tamon Tseng	Subsequently confirm or endorse new office leasing case.	Lung-Yen Cho and Tamon Tseng are the legal representative of transaction party Hui Hong Investment (Holding) Co., Ltd. in the Company.	Since this case involves in the transaction with interested party (Run Tai Group), due to the reason of conflict of interest, directors Lung-Yen Cho and Tamon Tseng (acted by Lung-Yen Cho) don't participate in the discussion and voting.
November 6, 2015	Youe-Kong Shue	Proposal on personnel changes and formulation of turnover	Youe-Kong Shue is the concerned party.	Youe-Kong Shue has evaded pursuant to law and doesn't participate

			bonus system for managers of special contribution.		in the discussion and voting of this case.
	December 15, 2015	Michael N. Chang Tamon Tseng	The case of planning to select Run Ya Biotechnology (Holding) Co., Ltd. as the business (or manufacturing) strategic partner.	Michael N. Chang is the director of Run Ya, and Tamon Tseng is the legal representative of Run Ya's juridical person director Hui Hong Investment (Holding) Co., Ltd. in the Company.	Chairman Michael N. Chang and director Tamon Tseng have evaded pursuant to law and don't participate in the voting of this case.
	January 22, 2016	Michael N. Chang Lung-Yen Cho	Discuss the business (or manufacturing) strategic cooperation matters and supply agreement between the Company and Run Ya Biotechnology (Holding) Co., Ltd., plans to purchase raw materials of OBI-822 from Run Ya Biotechnology (Holding) Co., Ltd. and sign purchase agreement.	Michael N. Chang is the director of Yun Ya, and Lung-Yen Cho is the legal representative of Run Ya's juridical person director Hui Hong Investment (Holding) Co., Ltd. in the Company.	Chairman Michael N. Chang and director Lung-Yen Cho have evaded pursuant to law and don't participate in the discussion and voting of this case.

iii. The objective of strengthening the functions and powers of Board of Directors (such as setting Audit Committee, improving information transparency etc.) in the current and last year and assessment on execution situation: the Company had registered emerging stock on December 12, 2012, all directors' operation were handled pursuant to relevant laws and regulations, and three independent directors formed the Audit Committee on November 27, 2013 to strengthen the corporate governance. In order to regularly review the efficiency of Board of Directors and gradually improve the degree of corporate governance, the Company has formulated Board of Directors Performance Assessment Measures and its assessment method.

(ii) Operation situation of Audit Committee or supervisor's participation in Board of Directors:

1. Operation situation of Audit Committee: 6 (A) Audit Committee meetings

were convened in 2015, attending situations of independent directors are as follows:

Title	Name	Actual attendance times (B)	Delegated attendance times	Actual attendance rate (%) (B/A) (notes)	Notes
Chairperson	Jerry Fong	6	0	100	
Committee member	Jimmy Tsay	6	0	100	
Committee member	Tony Chang	6	0	100	

Other matters should be recorded:

i. Matters listed in 5 of Article 14, Securities Exchange Act and other resolution matters not passed by Audit Committee but agreed by more than two third of all directors: NA.

ii. Execution circumstance of the independent director's evasion from the proposal of interested relationship: NA.

iii. Communication circumstance (e.g. communication method, matter and result etc. regarding financial and business situation of the company) between independent director and internal audit supervisor and accountant.

Description:

(i) The internal audit supervisor of the Company shall regularly communicate with the member of Audit Committee on the result of audit report, and make internal audit report in the Audit Committee meeting held quarterly, when under special circumstance, it may also report to the member of Audit Committee in real time. There is no such preceding special circumstance in 2015. And the situation of communication between Audit Committee and internal audit supervisor of the Company is good.

(ii) Certified public accountant of the Company shall report the examination result of financial statement and other communication matters required by relevant laws and decrees in the Audit Committee meeting held semi-annually and annually, when under special circumstance, it may also report to the member of Audit Committee in real time, there is no such preceding special circumstance in 2015. And the situation of communication between Audit Committee and certified public accountant of the Company is good.

2. Operation situation of supervisor's participation in Board of Directors: Not applicable.

(iii) Operation situation of corporate governance and its difference from Listed Company Governance Best Practice Principles and the reason therefor:

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
i. Whether the Company has formulated and disclosed the Corporate Governance Best Practice Principles according to the "Listed Company Governance Best Practice Principles"?		✓	Currently the Company has not formulated the Corporate Governance Best Practice Principles but has established Rules of Procedure for Shareholders' Meetings, Regulations Governing Procedure for Board of Directors Meetings, Procedures for Election of Directors, internal control system and all kinds of administrative measures and systems etc., so as to promote the operation of corporate governance based on that.	There is no significant difference yet.
ii. Company equity structure and shareholders' rights and interests (i) Whether the Company has formulated internal operation procedures to handle shareholders' suggestion, doubt, dispute and litigation matters, and implement it according to such procedures? (ii) Whether the Company has mastered the major shareholders of actual controlling company and the final controller list of major shareholders? (iii) Whether the Company has established and executed the risk control and firewall mechanism with affiliated enterprises. (iv) Whether the Company has formulated internal regulation to prohibit insider of the Company from utilizing undisclosed information for the securities transaction?	✓ ✓ ✓ ✓		(i) The Company has set spokesman and acting spokesman to handle issues such as shareholders' suggestion or dispute etc., if otherwise involved in legal issues, it will be transferred to Legal Department for handling. (ii) The Company has mastered the register of shareholders provided by stock affairs agency. (iii) The Company has formulated relevant administrative measures, and will make amendment in due time in respond to the business necessity and according to the company operation and development in the future. (iv) The Company has formulated the "Procedures for Handling Material Inside Information" to explicitly prohibit insider of the Company from utilizing undisclosed information for the securities transaction.	There is no significant difference yet.
iii. Board of Directors composition and responsibility (i) Whether the Board of Directors has formulated diversified policy for the member composition and implemented it? (ii) Apart from setting Remuneration Committee and Audit Committee pursuant to law, whether the Company is willing to set other functional committees? (iii) Whether the Company has	✓ ✓ ✓		(i) All directors of the Company have expertise in respective field and of specific help to the company development and operation. (ii) Apart from setting Remuneration Committee and Audit Committee pursuant to law, other corporate governance operations of the Company are handled by each department respectively according to its function and power, in the future, other committee may be set after further assessment if necessary. (iii) In order to regularly review the efficiency of Board of Directors and gradually improve the degree of corporate governance, the Company has formulated Board of Directors Performance	There is no significant difference yet.

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
formulated Board of Directors Performance Assessment Measures and its assessment method, and regularly carries out performance assessment every year? (iv) Whether the Company has regularly assessed the independence of certified public accountant?	✓		Assessment Measures and its assessment method, and executes Board of Directors performance assessment at least once a year. (iv) Audit Committee of the Company conducts self-assessment on the independence of affiliated certified public accountants ever year, per assessment, certified public accountants of the Company do not take the post of director or independent director, interested party of the Company, nor are shareholders of the Company, nor receive payment from the Company, so the independence of certified public accountants is of no doubt.	
iv. Whether the Company has established communication channel with the interested party, and set interested party zone in the company website, and appropriately responded to the important corporate social responsibility issues concerned by interested party?	✓		The Company has set spokesman and acting spokesman mechanism, and regularly disclose financial information for interested party to rapidly understand the operation situation of the Company to safeguard its rights and interests.	There is no significant difference yet.
v. Whether the Company has appointed professional stock affairs agency to handle the affairs of Shareholders' Meeting?	✓		The Company has appointed MasterLink Securities (Holding) Corporation to handle stock affairs.	There is no significant difference yet.
vi. Information disclosure (i) Whether the Company has set website to disclose financial business and corporate governance information? (ii) Whether the Company has adopted other information disclosure methods (such as setting English website, designating dedicated person to be responsible for the collection and disclosure of company information, implementing spokesman system, and setting company website in the course of investor conference presentation etc.)?	✓ ✓		(i) The website of the Company has disclosed information related to company profile and financial business. (ii) The Company has designated dedicated person to be responsible for disclosing significant company information, and timely input it in the announcement at mops.twse.com.tw; besides, the Company has set spokesman and acting spokesman system and publicly plays the live video of investor conference presentation at the company website.	There is no significant difference yet.
vii. Whether the Company has other important information contributing to the understand of operation situation of corporate	✓		(i) Safeguard and care about employee rights and interests: The Company complies with the Labor Standards Act, Labor Safety and Health Act and relevant regulations, spares no efforts to	There is no significant difference yet.

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
governance (including but not limited to employee rights and interests, employee caring, investor relations, supplier relations, rights of interested party, further education of director and supervisor, execution situation of risk management policy and risk measurement standard, execution situation customer policy, the situation in which the Company buys liability insurance for the director and supervisor etc.)?			safeguard the legal rights and interests of employees, and regularly and irregularly holds all kinds of educational training to build a good relationship of mutual trust and interdependence with the employees. (ii) Investor relations: In order to maintain shareholders' rights and interests and for the convenience of public investors to understand the situation of company operation, the Company disclose relevant information at mops.twse.com.tw as required. (iii) Supplier relations: Through long-term intercourse with major suppliers, the Company has built a good relationship of mutual trust and has a cordial working relationship with them. (iv) Rights of interested party: Apart from setting designated spokesman and acting spokesman, the Company also sets stock affairs unit to handle relevant issues and suggestion matters of the shareholders and interested party of the Company; if involving in legal issues, then the Company has appointed law consultant or legal personnel for handling, so as to safeguard the rights and interests of interested party. (v) Further education of director and supervisor: The Company irregularly provides directors, supervisors and managers the legal information shall be paid attention to and the information of professional knowledge further education courses held by relevant units, and directors and supervisors of the Company also irregularly participate in the further education on courses related to corporate governance. (vi) Execution situation of risk management policy and risk measurement standard: The Company emphasizes the risk management policy of "Prevention speaks louder than everything", apart from formulating rigorous internal control system pursuant to law, and regularly and irregularly examining the execution situation and proposing report through internal audit, the Company also takes reasonable hedging measures in the aspect of financial affairs and exchange rate etc. to reduce risks, and reviews the financial structure at any time to avoid excessive financial risks. (vii) Execution situation customer policy: The products of the Company are currently at the stage of research and development and have no net revenue, in the future, when the products	

Assessment item	Operation situation			Difference from Listed Company Governance Best Practice Principles and the reason therefor
	Yes	No	Description abstract	
			come into the market for sale, dedicated personnel will provide relevant services to the correspondents. (viii) The situation in which the Company buys liability insurance for the director and supervisor: Starting from June 14, 2012, the Company buys liability insurance for the directors and supervisors, the insurance company is MSIG Mingtai Insurance Co., Ltd., and the insurance is renewed every year.	
viii. Whether the Company has prepared corporate governance self-assessment report or appointed other professional institution to prepare corporate governance assessment report? (If so, please describe the opinion of Board of Directors, result of self-assessment or outsourced assessment, major deficiency or suggestion matter and improvement situation)	✓		Starting from 2016, the Company will accept corporate governance assessment items; and the Company has completed corporate governance self-assessment report, through the design of multiple channels such as self-assessment, internal audit and timely amendment of relevant measures etc., the Company hopes to carry out effective internal control of the company and make improvement in due time, so as to conform to laws and decrees and meet the society expectation.	There is no significant difference yet.

(vi) If the Company has set Remuneration Committee, its composition, responsibility and operation situation shall be disclosed:

1. Information of Remuneration Committee members

Identity type	Condition / Name	Whether or not with over five years of work experience and the following professional qualifications			Independence conformance (notes 1)								Number of other public companies in which concurrently act as Remuneration Committee member	Notes (notes 2)
		Lecturer or above in the department of commercial affairs, legal affairs, financial affairs, accounting or those related company business in public and private colleges and universities	Judge, procurator, lawyer, accountant, or other professional and technical personnel having passed national examination and acquired certificate necessary for company business	Work experience in commercial affairs, legal affairs, financial affairs, accounting or necessary for company business	1	2	3	4	5	6	7	8		
Independent Director	Jimmy Tsay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6	Conforming
Independent Director	Jerry Fong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Conforming
Independent Director	Tony Chang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-	Conforming

Notes 1: If each member is conforming to the following conditions two years before appointment and during the term of office, please tick "✓" in the blank below the code of each condition.

(1) Not the employee of company or its affiliated enterprise.
(2) Not the director or supervisor of the company or its affiliated enterprise. Except for the independent director of the company or its parent company, or of the subsidiary in which the company directly and indirectly holds more than fifty percent of the voting shares.
(3) Natural person shareholder holding over one percent of the total issued shares of the company or being the top ten shareholders not in the name of himself/herself and his/her spouse, minor children or other persons.
(4) Not the spouse, relatives within second degree or direct lineal relatives within third degree of the personnel listed in preceding three paragraphs.
(5) Not the director, supervisor or employee of the juridical person shareholder directly holding over five percent of total issued shares of the company; nor the director, supervisor or employee of the top five shareholding juridical person shareholder.
(6) Not the director, supervisor, manager or shareholder holding over five percent of shares of the specific company or institution having financial or business transactions with the company.
(7) Not the professional providing commercial, legal, financial or accounting etc. service or consultancy to the company or its affiliated enterprise; nor the entrepreneur, partner, director, supervisor, manager and its spouse of the sole proprietorship, partnership, company or institution.
(8) Not one of the circumstances as prescribed in Article 30 of Company Act.

Notes 2: If the identity type of the member is director, please describe whether it is conforming to the provisions of Paragraph 5, Article 6 of "Measures for Establishment of Company Remuneration Committee upon Going Public or Transaction in Business Place of Securities Dealer and Exercising Functions and Powers".

2. Information of operation situation of Audit Committee

(1) There are three members in the Remuneration Committee of the Company.
(2) Term of office of members in this session: from February 7, 2013 to February 6, 2016, as at the publication date of 2015-2016 annual report, Remuneration Committee has convened six meetings (A), and members' qualification and attending situation are as follows:

Title	Name	Actual attendance times B	Delegated attendance times	Actual attendance rate (%) [B/A]	Notes
Convenor	Tony Chang	6	0	100	
Committee member	Jerry Fong	6	0	100	
Committee member	Jimmy Tsay	6	0	100	

Other matters should be recorded:

i. If Board of Directors refuses to adopt or revises the suggestion of Remuneration Committee, the date of board meeting, stage, proposal contents, result of board resolution and handling of Remuneration Committee's opinion (if the remuneration passed by Board of Directors is superior to the suggestion of Remuneration Committee, the difference therebetween and reason therefor shall be specified) shall be specified: NA.

ii. For the resolution of Remuneration Committee, if a member opposes or has a qualified opinion and with record or written statement, the date of Remuneration Committee meeting, stage, proposal contents, opinions of all members and handling of members' opinion shall be specified: NA.

(v) Situation of performing social responsibility: the system adopted by the Company for environmental protection, community participation, social contribution, social service, social benefit, consumers' rights and interests, human rights, safety and health, and other social responsibility activities, and the performance situation thereof:

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
i. Implement the promotion of corporate governance				There is no significant difference yet.
(i) Whether the Company has formulated corporate social responsibility policy or system, and has reviewed the situation of implementation effect?	✓		(i) The Company has formulated the Code of Corporate Social Responsibility and practice the corporate social responsibility according to such Code, and amend relevant policies based on the company development and actual demand.	
(ii) Whether the Company has held social responsibility educational training regularly?	✓		(ii) Through internal meeting, the Company continuously propagates the corporate operation philosophy and social responsibility, such as resources recovery and energy saving and carbon reduction etc., hoping to establish employees' consensus for compliance.	
(iii) Whether the Company has set dedicated (part-time) unit to promote corporate social responsibility, and whether the Board of Directors has	✓		(iii) For the promotion of corporate social responsibility, the Company currently has appointed Public Relations & Government Affairs Division and Personnel Administration Division to	

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
authorized senior management echelon to handle and report the handling situation to Board of Directors?			be in charge, and the Chief Operating Officer will coordinate with each division and office to work together according to the activity or policy requirement and report to the Board of Directors.	
(iv) Whether the Company has formulated reasonable remuneration policy, has combined the employee performance appraisal with corporate social responsibility policy, and has established explicit and effective rewards and punishment system?	✓		(iv) The Company has formulated relevant measures for the rules and remuneration of colleagues, and employee stock subscription; and explicitly standardize remuneration and rewards and punishment standards, allowing colleagues to share the achievements in the growth of company operation, so as to fulfill social responsibility.	
ii. Sustainable development environment				The Company belongs to biotechnology industry and has no production operation, and continues to reduce the environmental impact caused by the laboratory and office, in respect of the measures taken for sustainable environment, there is no significant difference between the regulations.
(i) Whether the Company has been devoting to improve the utilization efficiency of all kinds of resources, and using renewable materials having lower impact on environmental load?	✓		(i) The Company belongs to biotechnology research and development industry and mainly based on laboratory, thus does not use resources having greater impact on environmental load. The Company cherishes resources; continuously carries out the concept and action of energy saving; encourages waste classification and recycling, paper reduction; and calls on colleagues to turn off lights when leaving, reduce copying, voluntarily bring green cup, and reducing the consumption of bottled water and paper cup; implementing the energy saving in the actions of daily life; as for improving utilization efficiency of resources, the	
(ii) Whether the Company has established appropriate environmental management system according to its industrial characteristics?	✓		Company implements measures such as resources types classification and recycling etc., so as to achieve the purpose of waste reduction and resources recovery. (ii) The industry of the Company engages in biotechnology research and development, for the operation requirement of industrial characteristics, the Company has set safety and health management group, and has formulated laboratory waste management measures to execute waste cleaning and recovery, and complies with environmental protection regulations of competent authority.	
(iii) Whether the Company is aware of the impact of climate change on operation activity, and executes greenhouse gas inventory, and formulates company strategy for energy saving and carbon reduction and greenhouse gas reduction?	✓		(iii) The industry of the Company engages in biotechnology research and development, currently it does not engage in the circumstance of manufacturing production etc. causing greenhouse gas emission. Apart from causing natural disaster directly impacting the operation activity, the climate change may also cause indirect impacts such as rising price or supply interruption of raw materials etc., therefore, the Company actively pays attention to the issues of energy saving and carbon reduction and greenhouse reduction, controls the temperature of air-conditioner in summer, pursues energy saving and carbon reduction in the office, save water and electricity	

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
			consumption, and adjusts the temperature of air-conditioner; by reducing the operation energy consumption in life, office and laboratory, improving manufacturing method, process and production management, taking measures to mitigate pollution incident, and effective utilization of energy; so as to achieve the purpose of energy saving and carbon reduction.	
iii. Maintain social benefit (i) Whether the Company has formulated relevant management policies and procedures according to relevant laws and regulations and International Covenants on Human Rights? (ii) Whether the Company has established employee complaint mechanism and channel, and has handled them properly? (iii) Whether the Company has provided employees a safe and healthy working environment, and has implemented safety and health education to the employees regularly? (iv) Whether the Company has established employee regular communication mechanism, and informs the employee in a reasonable manner the operation change might cause significant impact?	✓ ✓ ✓ ✓		(i) The Company has formulated "Employee Manual" pursuant to Labor Standards Act and relevant laws and decrees. 1. Hold employees' friendship activity etc. irregularly, which is good for the physical and mental development of employees. 2. Regularly hold employee health examination. 3. Formulate association establishment measures, encourage employees to spontaneously establish art and literature, and leisure associations to hold activities regularly, initiate employees to enjoy the work, stay healthy and exercise the mind and body to improve the cohesion. 4. The Company convenes labor-management conference every quarter, safeguarding the legal rights and interests of employees and non-discrimination of employment policy pursuant to labor laws and regulations, and allocate retirement pension. Besides, the Company has set Employee Welfare Committee to handle all kinds of welfare affairs through the operation of welfare committee elected by employees. (ii) Complaint channels of employees include human resources unit, unit supervisor and General Manager etc., all complaints have been mediated and handled properly, so far, there has no significant complaint case. If a employees have any opinion on the company management and system, they can communicate with their supervisors to express the opinion, and the supervisors will handle immediately; in case of any whistle-blowing or complaint circumstance, under the precondition of sufficiently safeguarding the rights and interests and privacy of the concerned party, relevant supervisors will carry out interview and investigation, and reply the concerned party the handling situation and opinion in due time, allowing it to feel being fully respected and the effective workplace management. (iii) The Company attaches importance to the safety	Conforming to the Code of Corporate Social Responsibility of Listed Company.

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
(v) Whether the Company has set effective occupational ability development training plan for the employees?	✓		and health of employees, and holds employee and laboratory safety and health education and fire prevention drilling more than two times a year, so as to implement hazard control assessment on operating environment, and provide appropriate and sufficient protective tools and first aid facilities such as watering, firefighting and medical aid upon emergencies. Devoting to establish safe employee working environment and protect personal safety and prevent occupational disaster. (iv) The Company attached importance to regular communication with employees, communication mechanisms include announcement and meeting etc., so as to inform employees the operation change of significant impact. The Company convenes employee meeting regularly every month, apart from communicating important company decisions and activities, the Company also sets different subjects to ask experts to give a speech according to the demand of employees, such as tax affairs counseling, CPR training etc.; besides, such meeting will encourage employees to freely make a statement and propose a suggestion on all kinds of internal affairs, so as to achieve the purpose of two-way communication. (v) The Company cares about the development of colleagues, and has formulated complete training plan according to individual demand, hoping that colleagues can use their talents to obtain knowledge-ability and skills for promotion through further education. (vi) The products of the Company are currently at the stage of research and development and have no net revenue, after the sales of product in the future, the Company will provide relevant services to the correspondents. (vii) The product marketing and marking of the Company are conforming to relevant regulations. (viii) Before the intercourse with the suppliers, the Company has collected information to fully understand and assess the suppliers before listing them as the cooperative intercourse objects. (ix) Before cooperation, the Company has fully informed each supplier that: it shall comply with the integrity policy of the Company, provide reasonable quotation, best quality and service, and both parties shall work together to improve corporate social responsibility.	
(vi) Whether the Company has formulated relevant policies protecting consumers' rights and interests and complaint procedures for the research and development, procurement, production, operation and service processes etc.?	✓			
(vii) For the marketing and marking of product and service, whether the Company has complied with relevant laws and regulations and international standards?	✓			
(viii) Before the intercourse between the Company and suppliers, whether the Company has assessed whether the suppliers have any record impacting the environment and society in the past?	✓			
(ix) Whether contract between the Company and major suppliers contains the clause that, if the suppliers involve in violating their corporate social responsibility policy and have significant impact on the environment and society, the Company may terminate or cancel the contract at any time?	✓			

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
iv. Strengthen information disclosure (i) Whether the Company has disclosed relevant corporate social responsibility information of relevance and reliability at its website and mops.twse.com.tw etc.?	✓		(i) The Company regularly discloses the execution situation of social responsibility at the public prospectus and Shareholders' Meeting annual report; if promoting public benefit activities of relevant corporate social responsibility, the Company will also discloses it immediately through activity news or activity propaganda etc. (ii) The Company has prepared corporate social responsibility report and disclosed in at the company website; in the future, the Company will still fulfill the corporate social responsibility, actively promote corporate governance and sustainable development environment, safeguard social benefits, and disclose and prepare the execution situation of corporate social responsibility.	There is no significant difference yet.
v. If the Company has formulated its own code of corporate social responsibility pursuant to "Code of Corporate Social Responsibility of Listed Company", please describe its operation and the difference circumstance therebetween: the Company has formulated the Code of Corporate Social Responsibility, and practice the corporate social responsibility according to such Code, the practice execution is consistent with its spirit, and there is no significant difference.				
vi. Other important information good for understanding the operation situation of corporate social responsibility: (i) Environmental protection: the Company executes environmental protection pursuant to relevant laws and decrees to fulfill the responsibility as an environmentally friendly citizen. (ii) Social benefits: apart from devoting to the business operation, the Company also donates the research or charitable organization as the case may be. (iii) Human rights and employees rights and interests: 1. The Company maintains a good working environment according to laws and decrees such as "Gender Equality in Employment Act" and "Gender harassment Prevention Act" etc., so as to safeguard the employees' right to work. 2. In order to improve employee quality and working skill and strengthen the work efficiency and quality, the Company has formulated "Management Measures on Education and Training", hoping to train excellent professional talents and further improve operation performance and effectively develop the utilization of human resources. 3. The Company convenes a meeting irregularly to provide an official communication channel, allowing employees of each level to coordinate with each other mutually and allowing personnel of each department to fully express their opinions. (iv) Safety and health: 1. The Company always attached importance to the management of employee occupational safety and health, and urges supervisor of each department to pay attention to control the risks of occupational safety and health and improve performance. 2. The Company has formulated relevant laboratory operation standards to standardize basic steps for employee to operate the equipment, and irregularly holds in-service labor safety and health educational training to ensure a safe working environment.				
vii. If the product or corporate social responsibility report of the Company has passed the verification standards of relevant certification authority, it shall be described: (i) OBI Pharma was approved by US FDA and Hong Kong Department of Health to carry out clinical trial on breast cancer therapeutic vaccine (OBI-822). (ii) Taiwan Food and Drug Administration (TFDA) passed the new drug priority examination on DIFICID™. (iii) Taiwan Food and Drug Administration (TFDA) approved that the DIFICID™ of OBI Pharma can be exempted				

Assessment item	Operation situation			Difference from the Code of Corporate Social Responsibility of Listed Company and the reason
	Yes	No	Description abstract	
from bridging clinical trial (BSE). (iv) OBI Pharma proposed DIFICID™ new drug application to Taiwan Food and Drug Administration (TFDA).				

(vi) Situation of performing integrity operation and measures adopted:

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
i. Formulate integrity operation policy and scheme (i) Whether the Company has explicitly formulated the policy and practice of integrity operation in the regulations and external documents, and whether Board of Directors and management echelon promise to actively implement the operation policy? (ii) Whether the Company has formulated the schemes to prevent dishonest behaviors, and explicitly stipulates operation procedure, behavioral guideline, violation punishment and complaints system and implements them in each scheme? (iii) Whether the Company has taken preventive measures for the operating activities prescribed in each subparagraph of Paragraph 2, Article 7 of "Listed Company Integrity Operation Rules" or other operating activities of higher risks of dishonest behavior within the business scope?	✓ ✓ ✓		(i) The Company has formulated the Code of Integrity Operation and Codes of Ethical Conduct as the complying basis of internal operation of the company. Integrity and transparency are the important core values in the operation of the Company, the Company establishes corporate governance and risk control mechanisms based on that to pursue sustainable development of the Company. (ii) Directors, supervisors, managers, employees or those of substantial control ability of the Company are strictly prohibited from directly or indirectly providing, promising, asking for or receiving any unjustified interests, or conducting other dishonest behaviors violating integrity, illegal or violating fiduciary duties. (iii) The Company has formulated Employee Code of Conduct to sincerely treat customers, investors, colleagues, suppliers and every business contact object with self-discipline and in the principle of integrity and honesty, and strictly prohibits employees to accept any improper gift and entertainment.	There is no significant difference yet.
ii. Implement integrity operation (i) Whether the Company has assessed the integrity record	✓		(i) Personnel of every level of the Company are of high self-discipline and have never involved in	There is no significant

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
of contacting objects, and explicitly stipulated integrity clauses in the contract signed between the Company and trading objects?			other illegal affairs or purposes in the commercial activity; for those who have the record of dishonest behaviors, the Company will degrade them, stop their powers, or remove them from the list of qualified suppliers.	difference yet.
(ii) Whether the Company has set dedicated (part-time) unit subordinated to Board of Directors to promote corporate integrity operation, and regularly reports to Board of Directors on the execution situation thereof?	✓		(ii) The Company thinks that, the corporate integrity operation must be implemented in the actual behaviors of every employee, hence apart from strengthening propaganda, the Company carries out function division and mutual supervision, summarizes all relevant affairs, together with the regular and irregular examination conducted by auditing office, and reports them in the Board of Directors meeting.	
(iii) Whether the Company has formulated policy to prevent conflict of interest and provided proper statement channel, and implements them?	✓		(iii) Board of Directors of the Company adheres to high self-discipline, for the proposal listed by Board of Directors and those have interest relationship with the Board of Directors or its representing juridical person, such interested relationship shall be described in the current Board of Directors meeting, if such relationship is detrimental to corporate benefits, it shall not join in discussion and voting and shall evade upon discussion and voting, and shall not exercise voting right on behalf of other directors.	
(iv) Whether the Company has established effective accounting system, internal control system for implementing integrity operation, and assigns internal audit unit to conduct auditing regularly or appoints accountants to execute the auditing?	✓		(iv) To establish effective accounting and internal control system, the Company carries out computerized operation in which the management function can be connected through computers, besides, the Company executes abnormality management and assigns internal audit unit to conduct examination regularly or appoints accountants to execute the examination.	
(v) Whether the Company holds internal and external educational training on integrity operation regularly?	✓		(v) The Company propagates and holds internal and external educational training on integrity operation from time to time.	
iii. Operation situation of company reporting system (i) Whether the Company has formulated specific reporting and rewarding system and established convenient reporting channel, and assigned appropriate dedicated handling personnel for the object being reported?	✓		The Company accepts any notification on illegal or immoral circumstances, assigns independent dedicated unit to be responsible for the investigation, and actually keeps the identity of whistleblower and reporting contents confidential; besides, the investigation result will be announced to all employees regularly and reported to members of Board of Directors.	There is no significant difference yet.

Assessment item	Operation situation			Difference from Listed Company Integrity Operation Rules and the reason therefor
	Yes	No	Description abstract	
(ii) Whether the Company has formulated investigation standard operation procedures and relevant confidentiality mechanism for accepting reporting matters? (iii) Whether the Company has taken measures to protect whistleblower from improper treatment due to the reporting?	✓ ✓			
iv. Strengthen information disclosure (i) Whether the Company has disclosed the contents of Code of Integrity Operation formulated and the promotion effect thereof at the company website and mops.twse.com.tw?	✓		The Company discloses company profile at the company website and announces real time information at the mops.twse.com.tw as required by laws and decrees.	There is no significant difference yet.
v. If the Company has formulated its own Code of Integrity Operation according to the "Listed Company Integrity Operation Rules", please describe its operation and the difference circumstance therebetween: NA.				
vi. Other important information good for understanding the operation situation of integrity operation of the company (such as the Company reviews and amends the Code of Integrity Operation formulated etc.): NA.				

(vii) If the Company has formulated the Code of Corporate Governance and relevant regulations, the inquiry method thereof shall be disclosed:

The Company has not formulated the Code of Corporate Governance, but has formulated operation procedures such as "Code of Integrity Operation", "Codes of Ethical Conduct", "Code of Corporate Social Responsibility", "Rules of Procedure for Shareholders' Meetings", "Specification of Procedure for Board of Directors", "Interested Party Specific Company and Group Enterprise Transaction Operation Procedure", "Measures for Supervision and Management of Subsidiary" and "Internal Control System" etc., operating and executing corporate governance related specifications according to the spirit of corporate governance, in the future, the Company will amend the management measures according to relevant laws and decrees as the case may be, so as to strengthen the corporate governance.

(viii) Other important information sufficient enough to enhance the operation situation of corporate governance shall be disclosed all together: please refer to "Paragraph vii of Operation situation of corporate governance and its difference from Listed Company

Governance Best Practice Principles and the reason therefor".

(ix) Execution situation of internal control system

1. Internal Control System Statement: please refer to the next page.
2. Accountant's examination report: NA.

OBI Pharma, Inc.

Internal Control System Statement

Date: March 25, 2016

For the 2015 internal control system of the Company, based on the result of self-examination, it is hereby make the statement as follows:

i. The Company acknowledges that the establishment, implementation and maintenance of internal control system are the responsibilities of Board of Directors and managers of the Company, and the Company has established such system. Its purpose is to provide a reasonable guarantee for achieving the objectives such as operation effect and efficiency (including profit making, performance and safeguarding assets safety etc.), reliability of financial report and the compliance of relevant laws and decrees etc.

ii. The internal control system has its own inherent limitation, no matter how perfect its design is, an effective internal control system can only provide reasonable guarantee for achieving three objectives mentioned above; and due to the change of environment and circumstance, the effectiveness of internal control system might be changed accordingly. But the internal control system of the Company has set self-supervision mechanism, once the deficiency has been identified and confirmed, the Company will take correction action immediately.

iii. The Company stipulates the determination items of internal control system effectiveness according to the "Guidelines on Public Company to Establish Internal Control System" (hereinafter referred to as "Guidelines"), so as to determine whether the design and execution of internal control system are effective. The determination items of internal control system adopted in such "Guidelines" are the processes of management control, dividing internal control system into five elements: 1. Environment control; 2. Risk assessment; 3. Operation control; 4. Information and communication, and 5. Supervision. Each element further includes several items. Please refer to the provisions of "Guidelines" for the preceding items.

iv. The Company has adopted the determination items of internal control system mentioned above to examine the effectiveness of the design and execution of internal control system.

v. Based on the examination result in preceding paragraph, the Company thinks that the internal control system of the Company on December 31, 2015 (including supervision and management of subsidiary), including the design and execution of internal control system related to the known operation effect and achievement degree of efficiency objective, reliability of financial report and compliance of relevant laws and decrees etc. is effective, and it can reasonably guarantee the achievement of above objectives.

vi. This Statement will become major contents of the annual report and public prospectus of the Company, and will be disclosed externally. If the preceding disclosed contents have any false, concealing or illegal circumstance, it will involve in the legal responsibilities as prescribed in Article 20, Article 32, Article 171 and Article 174 etc.

of Securities Exchange Act.

vii. This Statement is passed by Board of Directors of the Company on March 35, 2016, among 7 attending directors, no one holds opposing opinion and all agree upon the contents of this Statement, it is hereby declared as well.

OBI Pharma, Inc.

Chairman: Michael N. Chang (Signature/Seal)

General Manager: Amy Huang (Signature/Seal)

(x) In the last year and as at the publication date of annual report, whether the Company and its internal personnel is punished according to law, whether the Company punishes its internal personnel for violating the provisions of internal control system, major deficiencies and improvement situation: NA.

(xi) In the last year and as at the publication date of annual report, important resolution of Shareholders' Meeting and Board of Directors Meeting:

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
Board of Directors Meeting	The Fourth Session the Twentieth Board of Directors Meeting, March 13, 2015	1. 2015 business plan. 2. 2014 financial statements of the Company. 3. 2014 deficit compensation of the Company. 4. In order to utilize the capitals of the Company, it is planned to engage in investment activity within the "Regulations Governing the Acquisition and Disposal of Assets" of the Company. 5. It is planned to formulate and amend internal control system operation of the Company. 6. The determination of the date, place and agenda of the 2015 General Meeting. 7. The Company increases the investment amounts in OBI Pharma USA, Inc. 8. Transfer of employee stock option certificate into ordinary shares. 9. 2014 "Internal Control System Statement" acknowledgment. 10. The Company's distribution principle of year-end bonus to managers in 2014. 11. The Company's policy on performance assessment and remuneration of directors and managers. 12. The Company plans to adjust the salary structure of the Company according to the market salary survey.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 3. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, Chairman Michael N. Chang, Director Lung-Yen Cho and Independent Director Cai Yangzhong are elected as the investment group, and the rest contents of this case have been passed without objection. 5. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 7. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 8. Per consultation among all attending directors as requested by the chairman,

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
		13. Formulate the measures for the first issue and subscription of employee stock option certificate in 2015 of the Company, based on which the employee stock option certificate will be issued.	this case has been passed without objection. 9. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 10. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 11. Per consultation among all attending members as requested by the chairman, resolutions passed are as follows: i. Handle according to the work plan of Remuneration Committee in 2014, review the policy on the remuneration of directors and independent directors of the Company, see meeting documents for details. ii. For the 2015 remuneration policy of the Company, see meeting documents for details. Upon the discussion of 2015 manager performance assessment and salary, Chairman Michael N. Chang, Vice Chairman Youe-Kong Shue, General Manager Amy Huang, and Chief Operating Officer Meng Zhiyun left for evasion. 12. According to the resolution of Remuneration Committee: in case of special circumstance, upon recruitment or salary adjustment of non-manager employees of the company, General Manager of the Company is authorized to make adjustment within twenty percent according to the Salary Structure Table in the attachment. But the remuneration of managers shall be proposed to Remuneration Committee for discussion and approval before proposing to Board of Directors. Per consultation among all attending members as requested by the chairman, the rest contents of this case have been passed without objection. 13. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-First Board of Directors Meeting, May 6, 2015	1. Amendments of the "Regulations Governing the Acquisition and Disposal of Assets" of the Company. 2. Amendments of the "Authorization Authority List" and "Procedures for Election of Directors". 3. Subsequently confirm or endorse new office leasing of the Company. 4. Proposal on 2015 the first issuing list of employee stock option certificate.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. According to the First Session the Ninth Audit Committee resolution: the "Authorization Authority List" will be further proposed when the Financial Division has more specific planning, it is hereby canceled this case from discussion. For the amendments of

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
			"Procedures for Election of Directors", per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 3. Since this case involves in the transaction with interested party (Run Tai Group), due to the reason of conflict of interest, directors Lung-Yen Cho and Tamon Tseng (acted by Lung-Yen Cho) don't participate in the discussion and voting. This case is in the manner of major resolution, per consultation among all attending directors as requested by the chairman, it has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Shareholders' Meeting	2015 General Meeting, June 3, 2015	Report items: 1. 2014 business report. 2. 2014 Audit Committee's examination report. 3. Amendment of the "Directors and Managers Guidelines for the Ethical Conduct". 4. Amendment of the "Codes of Ethical Conduct". 5. Amendment of the "Code of Integrity Operation". Items for acknowledgment: 1. 2014 financial statements (proposed by Board of Directors). 2. 2014 deficit compensation (proposed by Board of Directors). Discussion items: 1. Amendment of the "Procedures of Making Endorsement and Guarantees" (proposed by Board of Directors). 2. Amendment of the "Procedures of Granting of Loans" (proposed by Board of Directors). 3. Amendment of the "Regulations Governing the Acquisition and Disposal of Assets" (proposed by Board of Directors). 4. Amendment of the "Procedures for Election of Directors" (proposed by Board of Directors). 5. Amendment of the "Rules of Procedure for Shareholders' Meetings" (proposed by Board of Directors).	Report items: 1. Per consultation among all attending shareholders as requested by the chairman, this report case is confirmed without objection. 2. Per consultation among all attending shareholders as requested by the chairman, this report case is confirmed without objection. 3. Per consultation among all attending shareholders as requested by the chairman, this report case is confirmed without objection. 4. Per consultation among all attending shareholders as requested by the chairman, this report case is confirmed without objection. 5. Per consultation among all attending shareholders as requested by the chairman, this report case is confirmed without objection. Items for acknowledgment: 1. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection. 2. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection. Discussion items: 1. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection. 2. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection. 3. Per consultation among all attending

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
			shareholders as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection. 5. Per consultation among all attending shareholders as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Second Board of Directors Meeting, July 20, 2015	1. The Company plans to transfer the right of DIFICID to MERCK-TAIWAN BRANCH	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Third Board of Directors Meeting, August 4, 2015	1. 2015 semiannual report of the Company. 2. Plan to amend the competent authority of "Authorization Authority List" and some articles of "Research & Develop". 3. The Company plans to appoint Run Ya Biotechnology Co., Ltd. for the production of OBI-822 and OBI-82. 4. Director, Supervisor and important personnel liability insurance (D&O Insurance). 5. Transfer of employee stock option certificate into ordinary shares. 6. Proposal on 2015 the second issuing list of employee stock option certificate. 7. Appointment, salary and welfare of the Senior Business Development Director in Asia Pacific, OBI Pharma (Shanghai) Limited, subsidiary of the Company.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 3. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 5. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 7. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. Only the subscription price per share of Yu Xiaofeng's employee stock option certificate is still pending, when Yu Xiaofeng reports for duty, after agreed in the issuing list proposed in the next Remuneration Committee and Board of Directors Meeting according to the company regulations, it will be issued according to the laws of Taiwan and company regulations.
Board of Directors Meeting	The Fourth Session the Twenty-Fourth Board of Directors Meeting, November 6, 2015	1. 2015 the third quarter consolidated financial statement of the Company. 2. In order to strengthen the management of the acquisition, maintenance and utilization of intellectual property by legal department, the Company plans to amend some contents of the "Research & Develop". 3. Plan to amend some articles of the	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. This case is discussed and resolved by Audit Committee, it is planned to ask R&D and legal department etc. to give full consideration on the management of acquisition, maintenance and

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
		"Articles of Incorporation" and "Approval Authority List", and add "R&D Analysis Service Operation" in the "Sales and Collection Cycle". 4. Auditing Department plans to propose the 2016 audit plan of the Company. 5. Transfer of employee stock option certificate into ordinary shares. 6. Subsequently confirm or endorse new laboratory leasing of the Company. 7. Proposal on 2015 the third issuing list of employee stock option certificate. 8. Personnel changes. 9. Proposal on formulation of turnover bonus system for managers of special contribution.	utilization of intellectual property of the company, and then coordinate to introduce the implementation of Taiwan Intellectual Property System (TIPS), and it will be proposed for discussion again in the next meeting, hence it is hereby canceled this case from discussion. 3. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 5. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, for the leasing of new laboratory, it is resolved to authorize the General Manager to assess different schemes subsequently and sign contract within the limit scope of this case. 7. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 8. Vice Chairman Youe-Kong Shue evades pursuant to law, and Director Tony Chang presides over the meeting. Per consultation among all attending directors, this case has been passed without objection. 9. Vice Chairman Youe-Kong Shue evades pursuant to law, and Director Tony Chang presides over the meeting. Per consultation among all attending directors, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Fifth Board of Directors Meeting, December 15, 2015	1. The Company plans to select Run Ya Biotechnology Co., Ltd. as the business (or manufacturing) strategic partner. 2. The Company plans to appoint TTY Biopharm Company Limited to manufacture (Full CDMO service) clinical trial drugs of [OBI-858] and the appointment of manufacturing and producing commercial sales drugs of [OBI-858]. 3. Amendment of the "2010, 2013 and 2015 Employee Stock Options Issuance and Exercise Provisions". 4. It is planned to amend some articles of "Approval Authority List". 5. It is planned to formulate the "Procedures of Application for Suspension and Resumption of Trading" of the Company. 6. In order to strengthen the management	1. Chairman Michael N. Chang and Director Tamon Tseng have evaded pursuant to law and don't participate in the voting of this case, and Vice Chairman Youe-Kong Shue is the acting chairman. Resolution per consultation among attending directors on the spot: apart from amending and passing "Description 2: for all kinds of cooperation contracts between both parties subsequently, Vice Chairman is authorized to call on three independent directors and Director Howard Lee to establish a special committee of five persons to discuss and formulate all kinds of cooperation contracts between both parties subsequently, and then otherwise propose to Board of Directors for resolution.", the rest of the case has been passed.

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
		of the acquisition, maintenance and utilization of intellectual property by legal department, the Company plans to formulate "Measures for Intellectual Property Management" and amend the fourth version of Research & Develop. 7. Proposal on special contribution incentives of the Company. 8. Proposal on special contribution bonus of the Company. 9. Proposal on 2015 the third issuing list of employee stock option certificate. 10. Examine the proposal of the Company's distribution principle of year-end bonus to managers in 2015.	2. Per consultation among all attending directors as requested by the chairman, **after amendment,** it is passed that: "For the cooperation contract of this case, the Chairman and General Manager are authorized to discuss and formulate detailed cooperation plan with TTY Biopharm Company Limited, and then propose it to Board of Directors for resolution.". 3. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 5. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 7. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 8. This case is withdrawn by the Second Session the Thirteenth Remuneration Committee, hence it is not discussed by the Board of Directors. 9. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 10. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Sixth Board of Directors Meeting, January 22, 2016	1. Special Committee plans to propose to amend the Company's first resolution of the Fourth Session the 25th Board of Directors Meeting held on December 15, 2015. 2. Special Committee plans to propose the business (or manufacturing) strategic cooperation between the Company and Run Ya. 3. Special Committee plans to propose the supply agreement between the Company and Run Ya. 4. The Company plans to purchase raw materials of OBI-822 from Run Ya Biotechnology Co., Ltd. 5. The Company plans to sign equipment purchase contract with Run Ya Biotechnology Co., Ltd. 6. Transfer of employee stock option certificate into ordinary shares.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. Chairman Michael N. Chang and Director Lung-Yen Cho have evaded pursuant to law and don't participate in the discussion and voting of this case, and Vice Chairman Youe-Kong Shue is the acting chairman. Per resolution of attending directors on the spot as requested by the acting chairman, this case has been passed without objection. 3. Chairman Michael N. Chang and Director Lung-Yen Cho have evaded pursuant to law and don't participate in the discussion and voting of this case, and Vice Chairman Youe-Kong Shue is the acting chairman. Per resolution of attending directors on the spot as

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
			requested by the acting chairman, this case has been passed without objection. 4. Chairman Michael N. Chang and Director Lung-Yen Cho have evaded pursuant to law and don't participate in the discussion and voting of this case, and Vice Chairman Youe-Kong Shue is the acting chairman. Per resolution of attending directors on the spot as requested by the acting chairman, this case has been passed without objection. 5. Chairman Michael N. Chang and Director Lung-Yen Cho have evaded pursuant to law and don't participate in the discussion and voting of this case, and Vice Chairman Youe-Kong Shue is the acting chairman. Per resolution of attending directors on the spot as requested by the acting chairman, this case has been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Seventh Board of Directors Meeting, February 24, 2016	1. In order to safeguard company credit and shareholders' rights and interests, the Company plans to carry out the first buyback of company shares.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection.
Board of Directors Meeting	The Fourth Session the Twenty-Eighth Board of Directors Meeting, March 25, 2016	1. 2015 financial statements of the Company. 2. 2015 deficit compensation of the Company. 3. It is planned to ask the Company to complete self-assessment on the financial report preparation capability, and the formulation of "Plan for Company to Improve the Capability of Financial Report Self-preparation" is exempted. 4. It is planned to amend some articles of the "Articles of Incorporation", "Rules of Procedure for Shareholders' Meetings", "Procedures for Election of Directors" and "Approval Authority List", and formulate the "Board of Directors Performance Assessment Measures". 5. Budget in 2016. 6. It is planned to propose the 2016 business plan of the Company. 7. Re-election of nine seats of the Fifth Session directors (including three seats of independent directors) of the Company. 8. Nomination of independent director. 9. Accept the nomination of independent director candidates. 10. The determination of the date, place and agenda of the 2016 General Meeting.	1. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 2. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 3. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 4. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 5. Per consultation among all attending directors as requested by the chairman, apart from that the stipulation of authorizing leave, overtime and business trip related to personnel administration as prescribed in "Approval Authority List" will be further discussed after confirming the reorganization of the Company, the rest amendment and formulation cases have been passed without objection. 6. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 7. Per consultation among all attending

Shareholders' Meeting / Board of Directors Meeting	Date	Important resolution	Resolution and execution situation
		11. In order to confirm the handling direction of Mackay dispute case, it is planned to provide the current discussing consultation and legal strategy. 12. 2015 "Internal Control System Statement" acknowledgment. 13. The Company plans to purchase the new laboratory in Nangang. 14. It is planned to propose the 2016 work plan of Remuneration Committee of the Company. 15. Examine the salary adjustment of the Company planned to be implemented in 2016, and the salary adjustment and performance bonus of managers of the Company in 2016. 16. Proposal on 2016 the first issuing list of employee stock option certificate. 17. Proposal on special contribution bonus of the Company. 18. Proposal on personnel changes of the Company.	directors as requested by the chairman, this case has been passed without objection. 8. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 9. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 10. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 11. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 12. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 13. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 14. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 15. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection: it is agreed that the Company will implement salary adjustment in 2016 according to the average standard of 3.5% in merit increase, and the proposal on salary adjustment and performance bonus of managers of the Company in 2016 is agreed. 16. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 17. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection. 18. Per consultation among all attending directors as requested by the chairman, this case has been passed without objection: it is agreed to promote Wang Zhendong to take the post of Deputy General Manager of Financial Division, Li Shujuan to take the post of Director of Public Relations Division, Yang Zilian to take the post of Director of Investors Relations Division, and Chen Jianguo to take the post of Business Information Director of Commercial Division.

(xii) In the last year and as at the publication date of annual report, if a director or supervisor has different opinion on the important resolution passed in the Board of Directors Meeting and with record and written statement, major contents thereof: NA.

(xiii) In the last year and as at the publication date of annual report, summary of the resignation or dismissal of Chairman, General Manager, Accounting Director, Financial Director, Internal Audit Director and R&D Director etc.: NA.

iv. Accountant's fees information

(i) Accountant's fees information:

Monetary unit: NT$thousand

Name of accounting firm	Name of accountant		Examination period	Notes
PwC Taiwan	Zeng Huijing	Zhang Minghui	January 1, 2015 to December 31, 2015	

Monetary unit: NT$thousand

	Fees item / Numerical range of amounts	Audit fees	Non-audit fees	Total
1	Below NT$2,000 thousand	-	1,090	1,090
2	NT$2,000 thousand (inclusive) ~ NT$4,000 thousand	3,080	-	3,080
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	-	-	-
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand	-	-	-
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand	-	-	-
6	Above NT$10,000 thousand (inclusive)	-	-	-

(ii) If the non-audit fees paid to the certified public accountant and affiliated firm and enterprise of certified public account are more than one fourth of the audit fees, the amounts of audit and non-audit fees and the non-audit service contents shall be disclosed:

Monetary unit: NT$thousand

Name of accounting firm	Name of accountant	Audit fees	Non-audit fees					Accountant's Examination period	Notes
			System design	Business registration	Human Resources	Other (Notes 1)	Subtotal		
PwC Taiwan	Zeng Huijing / Zhang Minghui	3,080	-	250	-	840	1,090	January 1, 2015 to December 31, 2015	Notes 1:

Notes 1: Service contents and fees of "Other" non-audit fees are listed as follows:

1. Counseling on assets safety and intellectual property management system: NT$400 thousand;
2. Application for change of income tax rate of American subsidiary: NT$200 thousand;
3. Review of documents on newly issuing employee's subscription right: NT$150 thousand;
4. Taxation difference description: NT$50 thousand.

(iii) In case of change of accounting firm and the audit fees paid in the year of change is reduced comparing with that in the year before change, amounts of audit fees before and after change and reasons shall be disclosed: NA.

(iv) If the audit fees is reduced by more than fifteen percent comparing with that in the last year, the reduced amount of audit fees, proportion and reason shall be disclosed: NA.

v. Information on change of accountant: in the last two years and the subsequent period thereafter, the Company has no circumstance of changing accountant.

vi. Whether the Chairman, General Manager, and managers responsible for financial and accounting affairs of the Company once worked in the affiliated firm or enterprise of the certified public accountant in the last year: NA.

vii. In the last year and as at the publication date of annual report, stock right transfer and pledge of stock right in the directors, supervisors, managers and shareholders with shareholding ratio over ten percent.

(i) Stock right transfer and pledge of stock right in the directors, supervisors, managers and shareholders with shareholding ratio over ten percent:

Unit: thousand shares

Title	Name	2015		2016 As at April 30	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Chairman	Michael N. Chang	10	0	0	0
Director	Hui Hong Investment Co., Ltd. Representative: Tamon Tseng; Lung-Yen Cho	0	0	0	0
Director	Youe-Kong Shue	0	0	0	0
Director	British Virgin Islands merchant Alpha Corporate Holdings Limited Representative: Howard Lee (Notes 1)	(624)	0	128	0
Independent Director	Jimmy Tsay	0	0	0	0

Title	Name	2015		2016 As at April 30	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Independent Director	Jerry Fong	0	0	0	0
Independent Director	Tony Chang	0	0	0	0
Substantial shareholder holding 10% or more	Yi Tai Investment Co., Ltd.	0	5,000	0	7,500
Substantial shareholder holding 10% or more	Hui Hong Investment Co., Ltd.	(196)	0	0	7,500
General Manager	Amy Huang	(113)	0	0	0
Dean of Research and Development	You Chengde	163	335	0	0
Chief Operating Officer	Meng Zhiyun	117	0	(22)	0
Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development	Chen Chuncheng (Notes 2)	0	0	0	0
Deputy General Manager of Translational Medicine, R&D Division	Yu Feiwen (Notes 3)	0	0	0	0
QA Deputy General Manager	Zeng Yujun	194	0	0	0
Deputy General Manager of Financial Division	Wang Zhendong	24	0	(9)	0
Director of Human Resources & Administration Division	Luo Tingyu	35	0	(5)	0
Director of Clinical Medicine Division	Liao Zongzhi	58	0	(58)	0
Director of Commercial Division	Hong Yifeng (Notes 4)	0	0	0	0
Director of Clinical Operation Division	Yang Menghui	(15)	0	0	0
Director of R&D Division	Xie Yihuang	12	0	(12)	0
Senior Director of R&D Division	Lai Jiandong	100	0	(19)	0

Title	Name	2015		2016 As at April 30	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Manager of Auditing Office	Jian Zhizhong	3	0	(3)	0
Deputy General Manager of Medical Division	Zhang Kaiping (Notes 5)	0	0	0	0
Business Information Director, Commercial Division	Chen Jianguo (Notes 6)	0	0	0	0
Director of Investor Relations Department	Yang Zilian (Notes 7)	0	0	16	0
Director of Public Relations & Government Affairs Division	Li Shujuan (Notes 8)	0	0	26	0

Notes 1: It includes the number of shares held by British Virgin Islands merchant Alpha Corporate Holdings, Ltd. and the special investment account of British Virgin Islands merchant Alpha Holdings, Co., Ltd. under trustee custody of E.Sun Bank.

Notes 2: Such manager reports on duty on January 1, 2015.

Notes 3: Such manager reports on duty on February 1, 2015.

Notes 4: Such manager leaves the Company on May 4, 2015.

Notes 5: Such manager reports on duty on March 31, 2016.

Notes 6: Such manager takes up the post on March 25, 2016.

Notes 7: Such manager takes up the post on March 25, 2016.

Notes 8: Such manager takes up the post on March 25, 2016.

(ii) Information that the counterpart in the director, supervisor, manager and substantial shareholder's stock right transfer is the interested party: NA.

(iii) Information that the counterpart in the director, supervisor, manager and substantial shareholder's pledge of stock right is the interested party: NA.

viii. Information that the top ten shareholders in shareholding are of interested party, spouse or relatives within second degree relationship mutually:

April 29, 2016 Unit: thousand shares; %

Name	Personal Shareholding		Shareholding of spouse, minor children		Total shareholding in the name of other person		If the top ten shareholders are of interested party, spouse or relatives within second degree relationship mutually, the name of or relationship between them.		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Yi Tai Investment Co., Ltd.	25,765	15.05	0	0	0	0	Hui Hong Investment Run Tai Global	Enterprise under the same Group	NA
Representative of Yi Tai Investment Co., Ltd.: Zhang Kunlong	0	0	0	0	0	0	NA	NA	NA
Hui Hong Investment Co., Ltd.	15,545	9.08	0	0	0	0	Yi Tai Investment Run Tai Global	Enterprise under the same Group	NA
Representative of Hui Hong Investment Co., Ltd.: Liu Zhongxian	0	0	0	0	0	0	NA	NA	NA
Run Tai Global Co., Ltd.	7,733	4.52	0	0	0	0	Yi Tai Investment Hui Hong Investment	Enterprise under the same Group	NA
Representative of Run Tai Global Co., Ltd.: Wang Qifan	0	0	0	0	0	0	NA	NA	NA
British Virgin Islands merchant Alpha Corporate Holdings, Ltd.	6,497 (Notes)	3.79	0	0	0	0	NA	NA	NA
British Virgin Islands merchant Alpha	32	0.02	0	0	0	0	NA	NA	NA

Corporate Holdings, Ltd. Representative: Ken, Chung-Hsuan									
Zheng Xiuzhen	3,304	1.93	0	0	0	0	NA	NA	NA
Fu Tai Investment Co., Ltd.	2,848	1.66	0	0	0	0	NA	NA	NA
Representative of Fu Tai Investment Co., Ltd.: Tan Wenxu	0	0	0	0	0	0	NA	NA	NA
Yu Shan Venture Investment Co., Ltd.	2,530	1.48	0	0	0	0	NA	NA	NA
Representative of Yu Shan Venture Investment Co., Ltd.: Lin Longzheng	0	0	0	0	0	0	NA	NA	NA
Michael N. Chang	2,311	1.35	0	0	0	0	NA	NA	NA
Xu Qingxiang	1,838	1.07	0	0	0	0	NA	NA	NA
Weng Yuxiu	1,805	1.05	0	0	0	0	NA	NA	NA

(Notes) It includes the number of shares held by British Virgin Islands merchant Alpha Corporate Holdings, Ltd. and the special investment account of British Virgin Islands merchant Alpha Holdings, Co., Ltd. under trustee custody of E.Sun Bank.

ix. Number of shareholding of the Company; the director, supervisor, manager of the Company, and the enterprise under direct or indirect control of the Company in the same reinvestment enterprise, and the consolidated comprehensive shareholding ratio:

April 30, 2016 Unit: share; %

Reinvestment enterprise (Notes 1)	Investment of the Company		Investment of director, supervisor, manager and enterprise under direct or indirect control		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
OBI Pharma Limited	600,000	100%	0	0%	600,000	100%
OBI Pharma (Shanghai) Limited (Notes 2)	0	0%	0	100%	0	100%
OBI PHARMA USA,INC.	2,701,000	100%	0	0%	2,701,000	100%

Notes 1: It is the investment of company by adopting Equity Method. The Company had completed the incorporation registration of Hong Kong OBI Pharma Limited, OBI Pharma (Shanghai)

Limited and OBI PHARMA USA, INC. in November 2012, March and April 2013 respectively.

Notes 2: Hong Kong OBI Pharma Limited has reinvested in OBI Pharma (Shanghai) Limited in capital and has no shares.

IV. Fundraising Situation

i. Capital and stock

(i) Sources of share capital (in the last five years):

April 30, 2016 Unit: thousand shares; NT$thousand

Month & Year	Issue price	Authorized share capital		Paid-up share capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Compensation of shares payment with property other than cash	Other
March 2012	Cash capital increase: NT$15	150,000	1,500,000	136,000	1,360,000	Cash capital increase of 36,000 thousand shares	NA	Approved by Shou-Shang-Zi No. 10101048720 Letter on March 23, 2012
March 2012	Employee stock subscription: NT$10	150,000	1,500,000	136,384	1,363,843	384 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10101048720 Letter on March 23, 2012
September 2012	Employee stock subscription: NT$10	150,000	1,500,000	136,717	1,367,166	332 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10101192650 Letter on September 14, 2012
November 2012	Employee stock subscription: NT$10	150,000	1,500,000	138,252	1,382,520	1,535 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10101239060 Letter on November 16, 2012
April 2013	Employee stock subscription: NT$10	150,000	1,500,000	138,951	1,389,515	699 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10201073270 Letter on April 23, 2013
July 2013	Employee stock subscription: NT$10	150,000	1,500,000	139,402	1,394,017	450 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10201139840 Letter on July 17, 2013
October 2013	Cash capital increase: NT$158 and employee stock subscription: NT$10	150,000	1,500,000	148,996	1,489,959	Cash capital increase of 9,494 thousand shares and 100 thousand	NA	Approved by Shou-Shang-Zi No. 10201217180 Letter on October 29, 2013

						shares of employee subscription right have been executed		
March 2014	Employee stock subscription: NT$10	150,000	1,500,000	149,189	1,491,892	193 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10301044610 Letter on March 14, 2014
July 2014	Employee stock subscription: NT$10	150,000	1,500,000	149,786	1,497,857	597 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10301128410 Letter on July 2, 2014
August 2014	Employee stock subscription: NT$10	150,000	1,500,000	149,876	1,498,762	90 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10301165080 Letter on August 12, 2014
October 2014	Employee stock subscription: NT$10	150,000	1,500,000	149,994	1,499,935	117 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10301211920 Letter on October 8, 2014
January 2015	Employee stock subscription: NT$10	300,000	3,000,000	150,267	1,502,672	273 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10401006770 Letter on January 16, 2015
March 2015	Cash capital increase: NT$310	300,000	3,000,000	170,267	1,702,672	Cash capital increase of 20,000 thousand shares	NA	Approved by Shou-Shang-Zi No. 10401056370 Letter on March 30, 2015
April 2015	Employee stock subscription: NT$10	300,000	3,000,000	170,656	1,706,564	389 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10401071630 Letter on April 27, 2015
July 2015	Employee stock subscription: NT$10	300,000	3,000,000	170,697	1,706,974	41 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10401172200 Letter on August 18, 2015
October 2015	Employee stock subscription: NT$10	300,000	3,000,000	170,720	1,707,120	23 thousand shares of employee subscription right have	NA	Approved by Shou-Shang-Zi No. 10401249070 Letter on November 27, 2015

						been executed		
January 2016	Employee stock subscription: NT$10, NT$247.40	300,000	3,000,000	170,970	1,709,702	250 thousand shares of employee subscription right have been executed	NA	Approved by Shou-Shang-Zi No. 10501028350 Letter on February 15, 2016

Notes: The outstanding shares issued by the Company are 171,199,584 shares (including 862,000 company shares in buyback). Besides, number of shares issued in employee's exercise of subscription right are 229,321 shares, totally NT$2,293,210 is still pending for change of registration.

April 29, 2016 Unit: share

Class of shares	Authorized share capital			Notes
	Outstanding shares	Unissued shares	Total	
Ordinary shares	171,199,584 (Notes)	128,800,416	300,000,000	OTC shares

Notes: Including 862,000 company shares in buyback. Besides, 229,321 shares issued in employee's exercise of subscription right are still pending for change of registration.

(ii) Shareholder structure:

April 29, 2016 Unit: thousand shares

Shareholder structure / Quantity	Government institution	Financial institution	Other juridical person	Individual person	Foreign institution and foreigner	Total
Number of person	0	1	120	12,253	307	12,681
Number of shareholding	0	403	64,697	81,320	24,779	171,199
Shareholding ratio (%)	0	0.24	37.79	47.50	14.47	100

(iii) Dispersion of stock right:

April 29, 2016 Unit: thousand shares; %

Classification of shareholding		Number of shareholders	Number of shareholding	Shareholding ratio (%)
1 to	999	2,208	351	0.205
1,000 to	5,000	8,222	15,359	8.972
5,001 to	10,000	969	7,347	4.292
10,001 to	15,000	376	4,792	2.799
15,001 to	20,000	226	4,050	2.366
20,001 to	30,000	213	5,349	3.124
30,001 to	50,000	185	7,155	4.179
50,001 to	100,000	141	10,017	5.851
100,001 to	200,000	60	8,218	4.800
200,001 to	400,000	36	10,067	5.880
400,001 to	600,000	13	6,356	3.713
600,001 to	800,000	9	6,419	3.749
800,001 to	1,000,000	2	1,779	1.039
Over 1,000,001		21	83,940	49.031
Total		12,681	171,199	100.000

(iv) List of major shareholders:

Name, shareholding amount and proportion of the shareholders with over five percent share proportion or the top ten shareholders in share proportion

April 29, 2016 Unit: thousand shares; %

Name of major shareholders \ Share	Number of shareholding	Shareholding ratio
Yi Tai Investment Co., Ltd.	25,765	15.05%
Hui Hong Investment Co., Ltd.	15,545	9.08%
Run Tai Global Co., Ltd.	7,733	4.52%
British Virgin Islands merchant Alpha Corporate Holdings, Ltd.	6,497 (Notes)	3.79%
Zheng Xiuzhen	3,304	1.93%
Fu Tai Investment Co., Ltd.	2,848	1.66%
Yu Shan Venture Investment Co., Ltd.	2,530	1.48%
Michael N. Chang	2,311	1.35%
Xu Qingxiang	1,838	1.07%
Weng Yuxiu	1,805	1.05%

(Notes) It includes the number of shares held by British Virgin Islands merchant Alpha Corporate Holdings, Ltd. and the special investment account of British Virgin Islands merchant Alpha Holdings, Co., Ltd. under trustee custody of E.Sun Bank.

(v) Market price, net value, earnings, dividend per share and relevant materials in the last two years:

Unit: NT$; thousand shares

Item \ Year			2014	2015	As at April 30, 2016 in current year
Market price per share	Maximum		455	755	718
	Minimum		189	250	321
	Average		308.90	417.36	489.24
Net value per share	Before distribution		9.63	42.08	38.45
	After distribution		9.63	42.08	38.45
Earnings per share	Weighted-average shares		149,572	166,294	170,606
	Earnings per share		(4.46)	(5.66)	(2.04)
Dividend per share	Cash dividend		Not applicable	Not applicable	Not applicable
	Stock grants	Allotment of shares with earnings	Not applicable	Not applicable	Not applicable

Item \ Year			2014	2015	As at April 30, 2016 in current year
		Allotment of shares with Capital surplus	Not applicable	Not applicable	Not applicable
	Accumulated unpaid dividends		Not applicable	Not applicable	Not applicable
Return on investment analysis	Price-to-earnings ratio		Not applicable	Not applicable	Not applicable
	Price-to-dividend ratio		Not applicable	Not applicable	Not applicable
	Cash dividend yield (%)		Not applicable	Not applicable	Not applicable

Notes: Financial information in 2014 and 2015 have been audited and certified by the accountant. Net value per share and earnings per share as at April 30, 2016 in the current year is the information of the first quarter in 2016 after examined by the accountant.

(vi) Corporate dividend policy and execution condition

1. Dividend policy stipulated in Articles of Incorporation of the Company:
   If the annual general final accounts of the Company have surplus, taxes shall be withheld and accumulated deficits shall be covered first, and then 10% will be allocated as statutory surplus reserve, as for the rest thereof, apart from dividend distribution, if there is still surplus, shareholder dividend will be distributed according to the resolution of Shareholders' Meeting. The operating business of the Company belongs to capital intensive industry, and currently the Company is at the stage of operating growth and shall reserve surplus in respond to the funds needed for operating growth and investment, in principle, the Company will adopt balance dividend policy, mutually matched with part stock dividend and part cash dividend, among them, in principle, the cash dividend shall not be lower than 10% of the total dividend issued. Provided the type and ratio of such surplus distribution shall be proposed to Board of Directors for drafting a proposal according to the actual profit and capital position of the current year, and then it shall be resolved in Shareholders' Meeting.
   Notes:
   Relevant amendments of dividend policy in Articles of Incorporation of the Company have been passed in the fourth session the 24th Board of Directors Meeting held on November 6, 2015 by the Company and recorded, and it will be proposed to the General Meeting in this year (2016) for resolution.
2. Situation of dividend distribution to shareholders planned to be (already) discussed in this year:

The Company had no surplus in 2015, and there was no surplus distribution, hence it was not applicable.

(vii) The impact of stock grants proposed by Shareholders' Meeting this time on company business performance and earnings per share: as passed in board resolution on March 25, 2016, stock dividend is not distributed due to recovery of losses, hence it is not applicable.

(viii) Employee, director and supervisor remuneration:

1. Percentage or scope of remuneration of employee, director and supervisor stated in Articles of Association:

   If the Company has annual profit, it shall be allocated no less than two percent as employee remuneration and no more than two percent as director remuneration. But when the Company still has accumulated deficits, it shall reserve the compensation amount in advance.

   Employee remuneration will be paid in stock or cash, which shall be resolved by the consent of more than half of attending directors in the board meeting attended by more than two third of directors, and reported to the Shareholders' Meeting.

   The object of issuing remuneration in stock or cash mentioned in preceding paragraph may include employees subordinated to the company and conforming to certain conditions, and the conditions and methods thereof will be stipulated by Board of Directors.

   Notes:

   Relevant amendments of employee and director remuneration in Articles of Incorporation of the Company have been passed in the fourth session the 24th Board of Directors Meeting held on November 6, 2015 by the Company and recorded, and it will be proposed to the General Meeting in this year (2016) for resolution.

2. Estimation base of employee, director and supervisor remuneration in this estimation, the number of shares calculation base for employee remuneration in stock distribution, and accounting treatment when the actual distribution amount is different from and estimated amount:

   (1) Employee, director and supervisor remunerations are not estimated due to the losses in this period.

   (2) If the distribution amount resolved in Shareholders' Meeting is different from the estimated amount in financial statement, it will be deemed as estimated change and listed as distribution of current profits and losses.

3. Situation of remuneration distribution as passed by Board of Directors: the Company had no surplus available for distribution in 2015, hence it was not applicable.
4. For the actual distribution situation of employee, director and supervisor remuneration in last year (including distributed shares, amount and stock price), if it is different from the recognized employee, director and supervisor remuneration, the balance, reason and handling situation shall be specified: the Company had no surplus available for distribution in the last year, hence it was not applicable.

(ix) Situation of the Company in buying back the shares of the Company:

April 30, 2016

Buyback phase	First time (phase)
Buyback purpose	Safeguard company credit and shareholders' rights and interests
Buyback period	From February 25, 2016 to April 24, 2016
Buyback interval price	NT$348-933
Class and quantity of shares bought back	862,000 ordinary shares
Amount of shares bought back	NT$386,720,591
Quantity of shares eliminated and transferred	0 shares
Accumulated quantity of company shares held	862,000 shares
Proportion of accumulated quantity of company shares held in total shares issued (%)	0.50%

ii. Handling situation of corporate bonds: NA.

iii. Handling situation of special shares: NA.

iv. Handling situation of issuing global depository receipt: NA.

v. Handling situation of employee stock option certificate

(i) Handling situation of employee stock option certificate:

April 30, 2016

Type of employee stock option certificate	First time (phase) Employee stock option certificate	Second time (phase) Employee stock option certificate	Third time (phase) Employee stock option certificate
Effective registration date	Not applicable (Notes 1)	July 9, 2013	April 15, 2015
Issuing date	March 8, 2010	November 27, 2013	May 6, 2015
Duration	10 years	10 years	10 years
Number of issuing unit	7,996,000	4,140,000	4,679,000
Proportion of total shares issued for subscription in total issued shares	4.67%	2.42%	2.73%
Period available for subscription	One year after the subscription right has been granted with employee stock option certificate	Two years after the subscription right has been granted with employee stock option certificate	Two years after the subscription right has been granted with employee stock option certificate
Method of performance	Issue new shares for delivery	Issue new shares for delivery	Issue new shares for delivery
Limited subscription period and proportion (%)	25% subscription right can be exercised after 1 year 50% subscription right can be exercised after 2 years 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years Starting from the second year, the subscription right can be exercised in equal proportion on monthly basis ever year.	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48. 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)	50% subscription right can be exercised after 2 years (namely starting from the third year) Within 24 months after 2 years, for every expiration of one month, the accumulated maximum exercisable subscription proportion will increase by 1/48. 75% subscription right can be exercised after 3 years 100% subscription right can be exercised after 4 years (namely starting from the fifth year)
Executed number of shares obtained	5,281,914 shares	423,999 shares	0 share

Executed subscription amount	NT$52,819,140	NT$97,979,489	NT$0
Unexecuted subscription quantity	2,714,086 shares	3,716,001 shares	4,679,000 shares
Subscription price per share for those who have not executed the subscription	NT$10	NT$247.40; NT$214.42; NT$227.62 (Notes 2)	NT$334; NT$283 NT$422; NT$727; NT$420 (Notes 2)
Proportion of unexecuted subscription quantity in total shares issued (%)	1.59%	2.17%	2.73%
Impact on shareholders' rights and interests	The Company's issue of employee stock option certificate aims at attracting and retaining professional talents, and encouraging and improving employees' centripetal force and productivity, so as to jointly create company and shareholder benefits. The maximum dilution rate of unexecuted subscription quantity in shareholders' rights and interests is 6.49%.		

Notes 1: The Company was not a public company when issuing employee stock option certificate, hence it was passed in the resolution of Board of Directors Meeting held on March 8, 2010 by the Company according to Article 167-2 of Company Act.

Notes 2: It is issued respectively per board resolution, hence the subscription price per share is otherwise determined pursuant to law.

(ii) Name of managers acquiring employee stock option certificate and top ten employees acquiring subscription quantity in stock option certificate, acquisition and subscription situation:

Unit: thousand shares; NT$thousand

First time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	Vice Chairman and Global Clinical and Legal Chief Planner	Youe-Kong Shue	6,180	3.61%	4,078	10	40,783	2.38%	2,102	10	21,017	1.23%
	General Manager	Amy Huang										
	Dean of Research and Development	You Chengde										
	QA Deputy General Manager	Zeng Yujun										
	Director of Clinical Medicine Division (left)	Lin Yuxin										
	Senior R&D Director (left)	Liao Weicheng										
	Director of Business Development Division (left)	Li Minshuo										
	Director of Financial Division	Wang Zhendong										
	Assistant Audit Manager	Jian Zhizhong										
	Director of Human Resources Division (left)	Bao Peihua										
Employee	Senior Manager	Zhang Suifen	1,064	0.62%	583	10	5,832	0.34%	481	10	4,808	0.28%
	Director of Financial Division (left)	Yao Xuemei										
	Manager of Clinical Operation Division (left)	Huang Yuman										

	Senior Manager of R&D Division	Ke Lina										
	Manager of R&D Division of American subsidiary (left)	Wang Zhengqi										
	Manager of Pharmacy R&D Division (left)	Xiao Jiaxin										
	Deputy Director of Product Planning Division (left)	Wu Huihua										
	Immunological Pharmacology Manager of R&D Division	Chen Yiru										
	Researcher of R&D Division (left)	Zhuang Jingyi										
	Deputy Director of Clinical Operation Division (left)	Zhang Jingrong										

Notes: Unexecuted subscription quantity includes 703 thousand shares of managers and employees left, which have been canceled.

Unit: thousand shares; NT$thousand

Second time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	General Manager	Amy Huang	1,535	0.90%	0	214.42~247.40	0	0%	1,535	214.42 ~ 247.40	348,265	0.90%
	Chief Operating Officer	Meng Zhiyun										
	Dean of Research and Development	You Chengde										
	QA Deputy General Manager	Zeng Yujun										

	Senior Director of R&D Division	Lai Jiandong										
	Director of R&D Division	Xie Yihuang										
	Director of Clinical Operation Division	Yang Menghui										
	Director of Financial Division	Wang Zhendong										
	Director of Human Resources Division	Luo Tingyu										
	Audit Manager	Jian Zhizhong										
Employee	Chief Business Officer of American subsidiary	Kevin Poulos	1,470	0.86%	80	214.42~ 247.40	19,439	0.05%	1,390	214.42 ~ 247.40	332,501	0.81%
	Chief Operating Officer of American subsidiary	Mitch Che										
	Global Pharmaceutical & Legal Deputy General Manager of American subsidiary	David Hallinan										
	Deputy Director of Human Resources & Administration Division of American subsidiary	Dee Warren										
	Deputy Director of Commercial Division	Chen Jianguo										
	Deputy Director of Commercial Division	Yang Zilian										
	Deputy Director of Information and Procurement Division (left)	Zhang Junbo										

	Deputy Director of Public Relations & Government Affairs Division	Li Shujuan										
	Manager of R&D Division of American subsidiary (left)	Wang Zhengqi										
	Procurement Manager of Information and Procurement Division	Sun Yanling										

Notes: Unexecuted subscription quantity includes 135 thousand shares of managers and employees left, which have been canceled.

Unit: thousand shares; NT$thousand

Third time employee subscription right	Title	Name	Acquired subscription quantity	Proportion of acquired subscription quantity in total shares issued	Executed				Unexecuted			
					Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued	Subscription quantity	Subscription price (NT$)	Subscription amount	Proportion of subscription quantity in total shares issued
Manager	Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development	Chen Chuncheng	2,235	1.31%	0	334 ~ 420	0	0%	2,235	334 ~ 420	796,800	1.31%
	Deputy General Manager of Translational Medicine, R&D Division	Yu Peiwen										
	General Manager	Amy Huang										
	Director of Clinical Medicine Division	Liao Zongzhi										
	Dean of Research and Development	You Chengde										
	Chief Operating Officer	Meng Zhiyun										

	Deputy General Manager of Quality Assurance Division and Supply Chain Division	Zeng Yujun										
	Senior Director of R&D Division	Lai Jiandong										
	Deputy General Manager of Financial Division	Wang Zhendong										
	Director of Human Resources Division	Luo Tingyu										
	Director of R&D Division	Xie Yihuang										
	Director of Clinical Operation Division	Yang Menghui										
	Business Information Director, Commercial Division	Chen Jianguo										
	Director of Investor Relations Department	Yang Zilian										
	Director of Public Relations & Government Affairs Division	Li Shujuan										
	Deputy General Manager of Medical Division	Zhang Kaiping										
Employee	Chief Business Officer of American subsidiary	Kevin Poulos	1,094	0.64%	0	334 ~ 422	0	0%	1,094	334 ~ 422	413,190	0.64%
	Senior Business Development Director in Asia Pacific	Yu Xiaofeng										
	Chief Operating Officer of American subsidiary	Mitch Che										

	Global Pharmaceutical & Legal Deputy General Manager of American subsidiary	David Hallinan										
	Deputy Director of Clinical R&D Division	Ou Jianzhi										
	Deputy Director of Information and Procurement Division	Yang Rujin										
	Deputy Director of Legal Affairs and Intellectual Property Division	Chen Yingjie										
	Pharmaceutical & Legal Deputy Director of American subsidiary	Patricia Ha										
	Deputy Director of Human Resources & Administration Division of American subsidiary	Dee Warren										
	Manager of Clinical Project Group, Clinical Operation Division	Liang Chengxin										

vi. Handling situation of restricted stock awards: NA.

vii. Handling situation of acquiring or transferring shares of other company to issue new shares: NA.

viii. Execution of fund application plan

(i) Execution situation of uncompleted previous issue or private placement of securities: not applicable.

(ii) The issue or private placement of securities in the last three years has been completed and the planned benefit has not been achieved yet: not applicable.

(iii) Analysis on the last cash capital increase, and the fund application plan in acquiring or transferring shares of other company to issue new shares or issue corporate bonds:

The Company has not engaged in acquiring or transferring shares of other company to issue new shares or issue corporate bonds, up to now, the Company has completed the last cash capital increase plan, it is hereby described the contents, execution situation and benefit analysis of the last plan as follows:

1. Cash capital increase in 2013

(1) Contents of plan:

A. Date of approval by competent authority of target business and document No.: approved by Guan-Zheng-Zi No. 1020026625 Letter on July 9, 2013.

B. Total fund needed in this plan: NT$1,500,000 thousand

C. Fund source: issue 9,493,671 ordinary shares in cash capital increase, the issuing price per share is NT$158, and the total fund-raising is NT$1,500,000 thousand.

(2) Plan progress and fund application situation (as at March 31, 2016):

Unit: NT$ thousand

Plan item	Expected application		Actual application	
	Amount	Rate (%)	Amount	Rate (%)
OBI-822 Breast cancer therapeutic vaccine	944,061	100	811,026	85.91
OBI-833 New generation cancer therapeutic vaccine	209,577	100	169,325	80.79
OBI-868 Carbohydrate membrane array cancer test reagent	193,573	100	37,580	19.41
OBI-858 Clostridium botulinum toxin preparation	152,789	100	39,952	26.15
Total	1,500,000	100	1,057,883	70.52

(3) Reason for execution progress falling behind and expected improvement measure:

Plan item	Reason for progress falling behind	Expected improvement measure
OBI-822 Breast cancer therapeutic vaccine	(A) The China Mainland clinical phase II/III trial is still pending for the approval by the new drugs competent authority of China before carrying out the subsequent new drug clinical trial operation.	(A) The China Mainland clinical phase II/III trial has been submitted to the new drugs competent authority of China for approval at the end of 2012, after approval, the subsequent new drug clinical trial operation will be carried out.

Plan item	Reason for progress falling behind	Expected improvement measure
	(B) In order to increase the chance of success of global clinical phase III trial to safeguard shareholders' rights and interests, the schedule of global clinical phase III trial plan is readjusted.	(B) The design of global clinical phase III trial has been adjusted according to the result of Taiwan clinical phase II/III trial, so as to carry out the subsequent new drug clinical trial operation.
Strategic cooperation in acquiring license	In order to spread the research and development risk of the new drug OBI-822, the Company actively seeks for expansion of product line simultaneously - expand the new drug research and development project of the Company through joint research and development or license. The Company has entered into the specific licensing negotiation stage with three companies before, it is hereby described as follows respectively: (A) IV (intravenous injection) and oral antibiotic / broad-spectrum antibiotic / clinical phase III: Board of Directors of the Company resolves that, external licensing assessment will be conducted when the clinical phase III of Company A has a preliminary result. (B) Non-opiate IV (intravenous injection) / cancer pain / clinical phase II: since the progress of clinical phase II trial of Company B has been postponed, licensing negotiation will be conducted after the work out of preliminary result thereof. (C) Insulin / type 2 diabetes / clinical phase II: Company C has completed the licensing agreement in China and Taiwan region with other objects.	(A) Based on the clinical phase III achievement of Company A, licensing negotiation will be restarted in 2016. (B) According to the preliminary result of clinical phase II cancer pain trial of Company B, the Company will decide whether or not to continue to discuss with the licensing object on the licensing matters in 2016. (C) The Company will seek for and assess other licensing opportunity of innovative insulin products of ideal cost to conduct marketing in China and Taiwan region.
OBI-833 New generation cancer therapeutic vaccine	OBI-833 research and development project is the first clinical trial entering into human body, as suggested by the cooperative developing manufacturer, two stages of toxicity tests will be added to	OBI-833 has been approved by US FDA and Taiwan Ministry of Health and Welfare in November 2014 and July 2015 respectively to enter into clinical phase I trial, currently it is under new drug clinical trial.

Plan item	Reason for progress falling behind	Expected improvement measure
	ensure drug safety and increase the chance of success in research and development, hence the pre-clinical trial cannot be completed in 2013 as scheduled.	
OBI-868 Carbohydrate membrane array cancer test reagent	Failed to complete the product design and process research and development (including proof-of-concept study and pre-clinical trial) of carbohydrate membrane array prototype in 2013, causing relevant research and development costs cannot be input as scheduled.	In 2015, in the development of OBI-868 carbohydrate membrane array, prototype product design of high specification was completed, quality control was set to increase the accuracy of test result, and one provisional patent case was applied. Besides, in the fourth quarter of 2015, the Company completed the comparisons on the effect of anti-carbohydrate antibody in the blood of 350 pancreatic cancer patients and healthy persons, initially verified the difference in the antibody proportion of specimens of pancreatic cancer patients and healthy persons. In the beginning of 2016, per assessment, currently the carbohydrate membrane array is applied to support the clinical test of anti-carbohydrate antibody effect in the development of OBI carbohydrate vaccine, it has more product values, the application of the part developed first will increase the success rate of carbohydrate vaccine development. And the execution of cancer diagnosis related application is postponed first.
OBI-858 Clostridium botulinum toxin preparation	In order to improve product purity and optimize process to improve product competitiveness, the Company needs to carry out continuous experiments before acquiring the research and development achievement, hence the Company failed to complete the GMP process study and special biological activity test in 2013 as scheduled.	In 2015, the Company had completed toxicity test and clinical use bulk drug production, and carried out bulk drug stability test. At the present stage, we are working on the development of finished drug bacteria-free packing process and dosage form research, in the future, we will appoint manufacturing place conforming to "Current Good Manufacturing Practice (cGMP)" to carry out production of finished drugs for clinical trial.

For the use of fund in this cash capital increase, the Company mainly uses it for enriching the working capital, and allocates the fund to the fund needed in drug research and development plans such as OBI-822, OBI-833, OBI-858 and OBI-868. Since the

Company's checking on the direction and progress of research and development and clinical plan is very rigorous, and due to the new drug research and development has a long schedule and of uncertain industrial characteristics, together with relevant clinical application shall coordinate with the laws and administrative procedures of each country, causing slight adjustment of execution progress.

In order to increase the new drug success rate and ensure shareholders' rights and interests, for the schedule of each new drug research and development plan, the Company assesses it prudently before inputting capital, hence it causes difference between the execution amount and the original plan, but currently it is still meeting the research and development strategy and progress of the company.

The current ratio, liquidity ratio and debt ratio etc. after capital increase are better than those before capital increase, and the allocation of fund necessary for future research and development of the Company will increase the future operation stability of the Company, so the execution effect of cash capital increase should be good.

Unit: %

Item/Year	June 2013 (Before cash capital increase)	December 2013 (After cash capital increase)
Current ratio	758.12	3,144.22
Liquidity ratio	737.27	3096.00
Debt ratio	10.09	2.09

(4) Date of inputting in the information declaration website designated by Financial Supervisory Commission: July 11, 2013.

2. Cash capital increase in 2015

(1) Contents of plan:

A. Date of approval by competent authority of target business and document No.: approved by Zheng-Gui-Shen-Zi No. 1030035504 Letter on January 16, 2015.
B. Total fund needed in this plan: NT$6,200,000 thousand.
C. Fund source: issue 20,000,000 ordinary shares in cash capital increase, the issuing price per share is NT$310, and the total fund-raising is NT$6,200,000 thousand.

(2) Plan progress and application situation:

Unit: NT$ thousand

Plan item	Expected completion date	Total fund needed	Expected fund application progress
			2015

			First quarter
Enrich working capital	March 2015	6,200,000	6,200,000

(3) Fund application situation and plan execution condition:
The cash capital increase of NT$6,200,000 thousand has completed the fund-raising in March 2015, it will be used for enriching working capital according to the execution progress of plan; the current ratio, liquidity ratio and debt ratio etc. after capital increase are better than those before capital increase, and the allocation of fund necessary for future research and development of the Company will increase the future operation stability of the Company, so the execution effect of cash capital increase is good.

Unit: %

Item/Year	December 2014 (Before cash capital increase)	March 2015 (After cash capital increase)
Current ratio	2,118.82	12,523.99
Liquidity ratio	2,035.23	12,457.36
Debt ratio	2.97	0.74

(4) Date of inputting in the information declaration website designated by Financial Supervisory Commission: March 19, 2015.

ix. Matters shall be recorded for this plan of cash capital increase, issuing corporate bonds or issuing of employee stock option certificate: NA.

x. Matters shall be recorded for this acquisition issue of new shares: NA.

xi. Matters shall be recorded for this transfer of shares of other company to issue new shares: NA.

V. Operation Overview

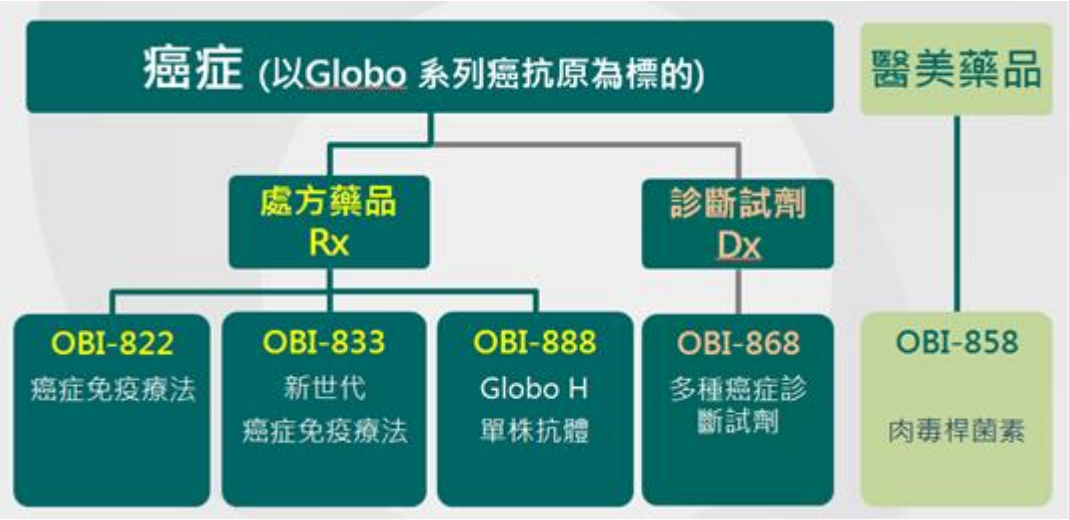
i. Business content

(i) Business scope:

1. Major contents of operating business:
   (1) IG01010 Biotechnology service.
   (2) F108021 Western medicine wholesale.
   (3) F208021 Western medicine retail.
   (4) F401010 International trade.
   (5) IG02010 R&D service.
   (6) F601010 Intellectual property right.

2. Operating proportion of major products in 2015:
   In 2015, each new drug product of the Company was still at the stage of research and development, hence there was no net revenue in the current year.

3. Current commodity items of the Company are as shown in the following photo:



Product lines of the Company under development are as follows:

(1) OBI breast cancer therapeutic vaccine (active cancer immunotherapy): this product has entered into clinical phase II/III trial in Taiwan, conducting trials in over 40 clinical medical centers worldwide, including 15 in Taiwan, 1 in Hong Kong, 13 in USA, 11 in Korea and 2

in India; this trial had received 342 targets (actually received 349 persons) in July 2014, blind deconvolution was conducted in February 2016, and it was passed per deliberation to be reported in the Oral Abstract Session of annual meeting held by American Society of Clinical Oncology (ASCO) in June 2016. Besides, OBI cooperated with Mackay Memorial Hospital and announced to launch the plan of OBI-822 phase II clinical trial for ovarian cancer therapy, expanding the indication of OBI-822 from the previous breast cancer, which is of highest occurrence rate among female cancers, to the ovarian cancer, the one of highest death rate among female cancers, as at April 2016, 77 patients had been received.

(2) OBI-833 New generation cancer therapeutic vaccine (active cancer immunotherapy): this new cancer therapeutic vaccine will aim at other cancers difficult to be treated, OBI has filed IND application and acquired the approval from US FDA and Taiwan TFDA. Phase I clinical research already started in Taiwan in the fourth quarter of 2015, receiving patients with gastric cancer, colorectal cancer, lung cancer and breast cancer.

(3) OBI-858 Clostridium botulinum toxin preparation: this product will develop the new strains into new clostridium botulinum toxin, and the preparation is used for medical cosmetology. In 2015, the Company had completed toxicity test and clinical use bulk drug production, and carried out bulk drug stability test. At the present stage, we are working on the development of finished drug bacteria-free packing process and dosage form research, in the future, we will appoint manufacturing place conforming to "Current Good Manufacturing Practice (cGMP)" to carry out production of finished drugs for clinical trial.

(4) OBI-868 Carbohydrate membrane array cancer test reagent: in 2015, OBI-868 carbohydrate membrane array detection completed the design of product prototype of required specification in clinical detection, together with setting several groups for comparison and quality control

upon production, it dramatically increased the accuracy and reproducibility of detection results, and application for one provisional patent case was completed. Besides, in the fourth quarter of 2015, the Company completed the comparisons on the effect of anti-Globo series carbohydrate antibody in 350 specimens of pancreatic cancer and healthy person, initially verify the product design concept, significant difference was achieved in the antibody numeric ratio of specimens of pancreatic cancer and healthy person. Hence at the beginning of 2016, the Company completed several product validation tests, and researched comparing with the test results of ELISA, verifying that OBI-868 carbohydrate membrane array can exclusively detect the amount of antibody combined with target carbohydrate molecules in the serum; and the results obtained were of high relevance to the results of standard ELISA method; in the future, OBI-868 project will devote to assist OBI in developing relevant tests necessary for anti-carbohydrate antibody, achieving the objective of increasing the success rate in carbohydrate vaccine development.

(5) OBI-888 Globo H passive cancer immunotherapy: the monoclonal antibody is still the target immunotherapy mostly used in cancer therapy currently, OBI-888 is the passive immunotherapy monoclonal antibody designed taking Globo H as the target. OBI has already worked out antibody structure sequence of drug suitable for development, and has proposed patent application. As at the end of April 2016, OBI has completed single dose toxicity test on monkey, and hasn't found any clinical symptoms; and has selected the antibody cell line of high production, currently it is under mass production.

(ii) Industry overview:

1. Global drug market condition and development trend:
   With the rising of emerging economies, it increases the medical demand and disease of civilization in emerging market; the trend of aging population drives the increase of senile disease treatment demand and medical cost, and the demand drives the growth of global drugs market; in 2014, the sales

volume of global drugs market calculated based on effective exchange rate was approximately USD1.1 trillion, grew by 6.9% comparing with the last year. From 2008 to 2014, the scale of global drugs market increased USD262 billion, with Compound Annual Growth Rate (CAGR) of 4.9%. In the future, the aging trend in developed countries will increase the demand in chronic diseases treatment, and the population growth and medical progress in developing countries will drive the increase of medical expenditure, becoming the dynamic of drugs market growth, but the market will still face the factors such as medical expenses controlled by national governments, generic drugs price competition, and weakening of best-selling drugs' sales channel etc., which will become the obstruction affecting the growth of drugs market, from 2014 to 2018, it is expected that the global drugs market scale will increase by USD223~253 billion, with approximately 5~6% GAGR, and the global drugs market will reach to approximately USD1.28~1.31 trillion in 2018.

2008～2018 Global drugs market forecast

資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

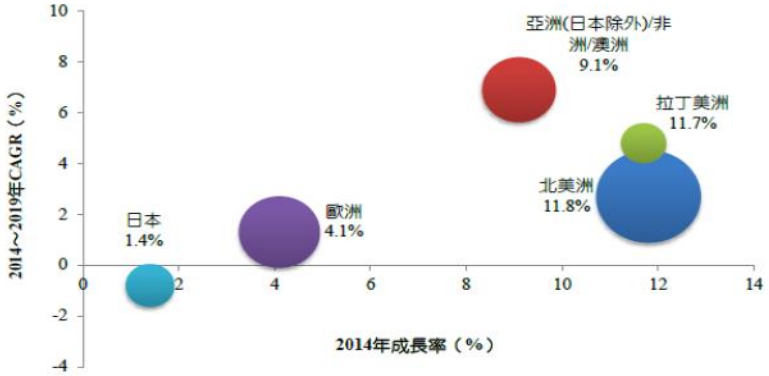
North America is the regional market of highest market share in global drugs market, accounting for 38% of global market in 2014, with market scale reached to USD406.2 billion, sharply grew by 11.8% comparing with the last year, the major causes for growth include factors such as innovative drugs entered into the biggest market USA successively, mitigating the impact on the decline of drugs revenue in drugs sales due to patent expiry, continuous growth in the sales of new biotechnological drugs, the success of high drug

price strategy in new C type anti-hepatitis drug, and American health care reform increased insured population etc., driving American to record the high growth rate ever since 2001, achieving 11.7% of growth rate in 2014.

Regional markets of high growth as North America include Latin America and Asia (Japan excluded)/Africa/Australia, the growth rate in 2014 was 11.7% and 9.1% respectively. These two major regional markets are mainly in emerging countries, the performance of drugs market in emerging countries were outstanding in recent years, according to the statistics of IMS, in 2014, the growth rates of emerging market were approximately 11~12%, especially in Mainland China, the health care reform drove the increase of drugs demand, making Mainland China become the important market in global drugs market. The growth in European drugs market was flat due to the impact of economic downturn, the growth rate was 4.1% in 2014, under the policy of drug discount and drug price reduction, the growth of drugs market in some countries were impacted significantly.

From the perspective of the CAGR of each regional market from 2014 to 2019, the growth rates in Asia/Africa/Australia (6.9~9.9%) and Latin America (4.8~7.8%) are higher than that in the markets of developed countries, such as North America (2.7~5.7%), Europe (1.3~4.3%) and Japan (-0.8~2.2%) etc., it will become the major driving force for the growth of global drugs market. In the future, developed markets of high income will increase the demand on and use of new innovative drugs, and the capacity of emerging market in consuming new drugs will increase rapidly.

2014~2019 Global regional drugs market situation and forecast



註：成長率及複合年成長率（CAGR）以 2014 年第四季之平均滙率常數計算；泡泡大小為 2014 年市場規模；%為 2014 年成長率
資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

In 2014, anti-neoplastic drugs was the biggest medication category globally, with annual sales volume reached to USD74.45 billion, the second largest category was anti-diabetic medication, and the third was pain medication, the sales volume of top 3 efficacy categories drugs was totally accounting for 18.7% of global drugs market approximately, the top 10 categories accounting for 43.2%, top 20 categories accounting for 63.4%, the proportions thereof were decreased comparing with 2013, indicating that the efficacy category markets tended to be scattered.

In 2014, all top 10 markets of drugs of efficacy category exceeded USD28 billion, and those with growth rate exceeding 9% orderly included anti-diabetic (18.0%), autoimmunity (17.5%), anti-neoplastic (12.2%) and skin (9.5%); those with grate rate below 1% included anti-bacterial (0.8%), mental disease (0.6%), regulation on blood lipids (0.2%); and the efficacy item of negative growth was hypotensive (-1.2%).

Despite anti-diabetic drug already has multiple drugs in the market, it still maintains high market growth, the main reason is owing to the unsatisfied medical demand, high morbidity rate and launch of expensive new drug. In recent years, there are new drugs of new functional mechanisms come into the market successively, including GLP-1 type new drugs, such as Trulicity and Tanzeum, and SGLT-2 type new drugs, such as Farxiga and Jardiance etc.; in the future, with the improvement of innovative therapy and diagnostic rate, it will drive the diabetes drug market achieving over 10% high growth

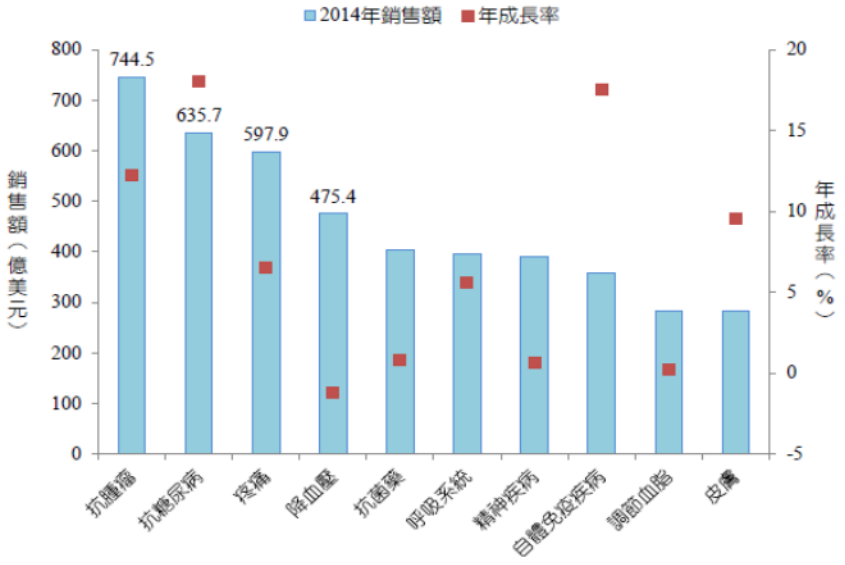
performance in developed countries and emerging markets.

The market scale of autoimmunity drugs in 2015 was USD35.91 billion, ranking No. 8 in the top 10 drugs of efficacy category, its growth rate is only second to anti-diabetic drugs. The autoimmunity drug market is mainly driven by the growth of rheumatoid arthritis bestselling biological drugs such as Humira, Enbrel, Remicade etc., the growth rate of overall autoimmunity drug market in 2014 was 3.1% higher than the growth rate in 2013.

The sales volume of antineoplastic drugs in 2014 reached to USD74.45 billion, the most among all kinds of drugs, with continuous increase of patient population, and the hot sell of expensive monoclonal antibody drugs such as Rituxan and Avastin etc., driving the growth rate of antineoplastic drugs in 2014 reached up to 12.2%. In recent years, practitioners have been developing cancer innovative therapy actively, and the cancer immunotherapy utilizing the immune system of human body to eliminate the tumor is the new turning point in cancer therapy, and it is hoped to generate paradigm shifting in pharmaceutical industry; in recent years, US FDA even gives examination qualification of breakthrough therapy for the drugs related to cancer immunotherapy, encouraging more new cancer drugs to apply for coming into the market. In the future, with more new cancer breakthrough drugs approved to come into market, and continuous increase of patient population, it will drive the global anti-neoplastic drugs market to increase USD30~40 billion in 2018, achieving the scale of USD100 billion.

The hypotensive drugs market is the only type with negative growth among the top 10 drugs of efficacy category, in 2014, its market scale was USD47.54 billion, and the annual growth rate was -0.8%, the main reason for decline lied in the result of price reduction due to the competition with generic drugs after the bestselling drugs such as Lipitor etc. facing patent expiry.

Top 10 drugs of efficacy category in sales volume worldwide in 2014



資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

2. Current development status of drug market of our country:

The total population of our country in 2014 reached to 23.46 million, among them, the elderly population (above 65 (inclusive) years old) was accounting for 12% of the total population, about 2.8 million persons, the Compound Annual Growth Rate (CAGR) of elderly population within ten years (2004~2014) reached to 2.7%. In 2014, the medical expenditure of our country was USD33.15 billion, accounting for 6.3% of GDP, if converted with fixed USD exchange rate, the annual growth rate was 4.1%. In 2014, the average drug expenditure per person reached to USD236.1, the overall drugs market was USD4.8 billion, the sales of drugs was accounting for 1.04% of GDP and 16.7% of medical expenditure; the drugs market scale of our country was accounting for approximately 0.5% of global drugs market ratio.

According to the statistics of IMS Health on drug market of our country, in 2014, the drug market of our country reached to NT$145.6 billion, grew by 2% comparing with 2013, the CAGR from 2010~2014 was 3.7%; the adjustment of health insurance drug price is the biggest reason affecting the growth rate of drug market of our country in recent years, in 2013, the Bureau of National Health Insurance pilot implemented "Drug Costs Target

System" for two years, starting from April 2015, the prices of 6,963 drugs were adjusted due to the exceeding of drug costs, in the future, the growth of drug market of our country will has certain change according to the development of overall health insurance system and subsequent implementation condition of "Drug Costs Target System".

The drug market of our country is mainly occupied by foreign pharmaceutical factories, in 2014, in the drug market of our country, the sales quantity of drugs of foreign pharmaceutical factories was approximately accounting for 57%, but the sales volume was accounting for up to eighty percent, since Taiwan pharmaceutical factories were mainly producing generic drugs, there is a certain gap between the drug prices and patent drug prices of foreign pharmaceutical factories, together with the factors such as high product homogeneity, fierce market competition and continuous reduction of drug price due to health insurance etc., causing the sales volume of pharmaceutical factories of our country was only accounting for twenty percent of the drug market despite accounting for forty percent of sales quantity, the sales market share couldn't be increased dramatically for years, in 2014, the market share was slightly increased by 1.1% comparing with the last year.

Overview of medicine and health environment of our country in 2014

指標項目	現況
人均 GDP（美元）	22,415
實質 GDP 成長率（%）	3.7
總人口數（千人）	23,456
醫療支出（億美元）	331.5
醫療支出占 GDP 之比率（%）	6.3
藥品市場規模（億美元）	48.0
藥品市場成長率（%）	2.0
占全球藥品市場比率（%）	0.5
平均每人藥品支出（美元）	236.1
藥品銷售占整體 GDP 之比率（%）	1.04
藥品銷售占整體醫療支出之比率（%）	16.7

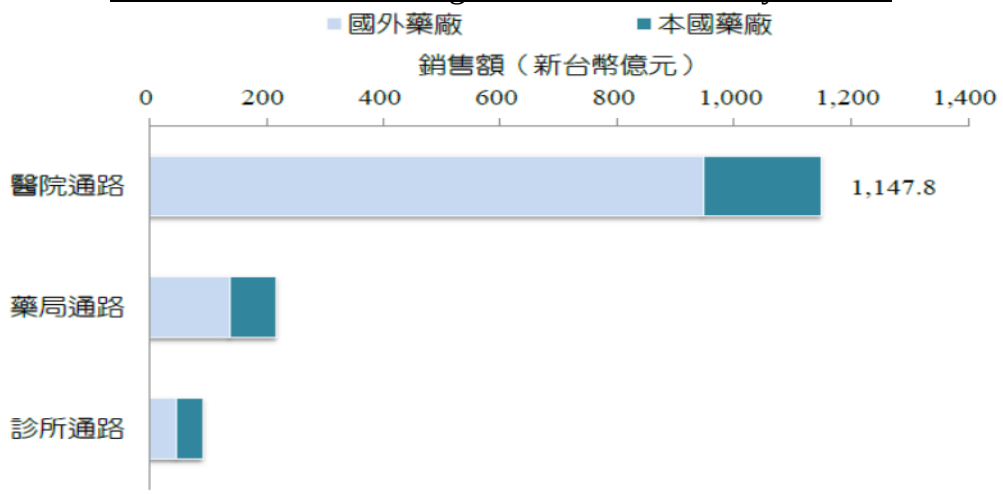
資料來源：BMI, IMS Health，內政部統計處；DCB 產資組 ITIS 計畫整理

The scale and growth trend of drug market of our country from 2010~2014

資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

In respect of the channel structure of drug market of our country, hospitals are accounting for 78.8%, the highest, secondly it is the drugstore, accounting for 14.9%, and the clinics take up the least proportion in drug market, which is 6.3%. According to the sales status of each channel, the major hospital channel still takes drugs of foreign pharmaceutical factories in a large quantity, approximately accounting for 82.5% in 2014, and the market share of drugs of Taiwan pharmaceutical factories in hospital channel maintained at 17.5%. For the part of drugstore channel, it is still mainly drugs of foreign pharmaceutical factories, with market share accounting for over sixty percent in 2014, and the drugs of pharmaceutical factories of our country have a high market share in drugstore channel comparing with hospital channel, with market share stably maintained at nearly forty percent. In the past, pharmaceutical factories of our country played a main role in clinic channel, as foreign pharmaceutical factories gradually stepped into the clinic channel, making the sixty percent market share of pharmaceutical factories of our country in the clinics previous was surpassed by the foreign pharmaceutical factories for the first time in 2013, in 2014, the proportion of Taiwan pharmaceutical factories in the clinics dropped to 49.6%.

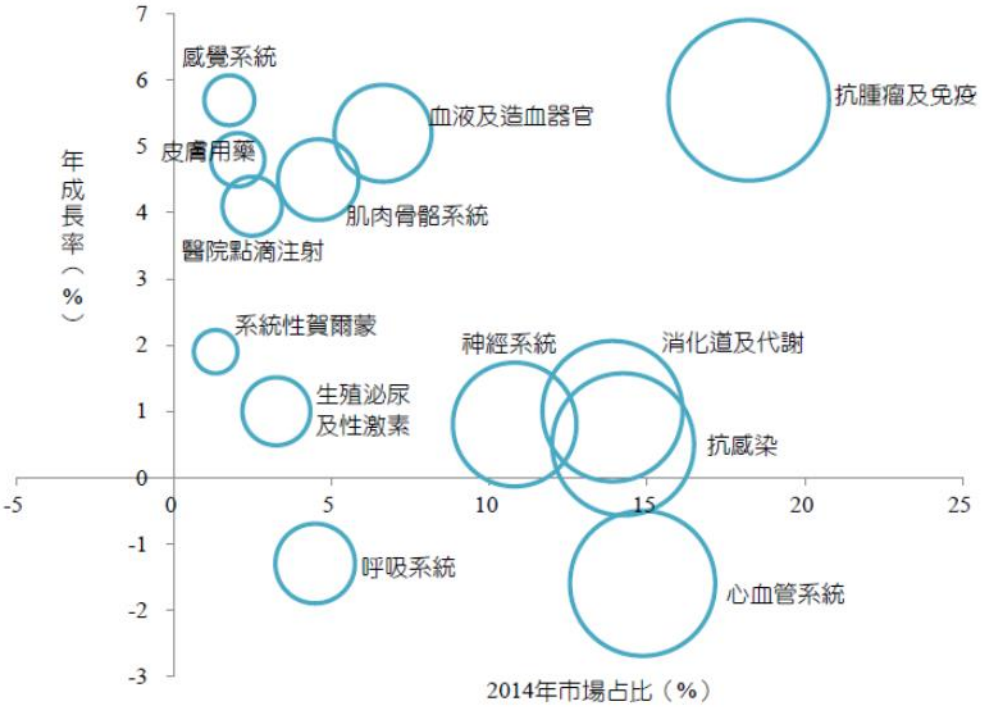
Channel structure of drug market of our country in 2014



資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

From the perspective of each efficacy field, in 2014, the top 5 fields in drugs market of our country was anti-neoplastic and immune substance, followed by cardiovascular system, anti-infection, digestive tract and metabolism, and nervous system; the top 5 efficacy categories were accounting for 70% of the domestic drugs market, with sales volume reached to NT$104.88 billion. Patients with cancer and immunological diseases have been increasing continuously in our country, and the prices of therapeutic medication are high, ever since 2012~2014, it had been ranking the first in efficacy category medication in drugs market of our country, the sales volume reached to NT$26.53 billion in 2014, and the growth rate was also higher than most efficacy category medications, which was 5.7%. As far as annual growth rate is concerned, for the top 5 diseases category medication, apart from anti-neoplastic and immune medication, the annual growth rates were all lower than 2%, especially the cardiovascular medication ranking No. 2, its sales volume even declined by 1.6%. For the growth rates of other diseases category medication ranking from No. 6~13, those higher than 5% included sensory system medication of 5.7%, and blood and blood-forming organ medication of 5.2%.

2014 Efficacy category medication market distribution and growth performance in our country



註：圓圈大小為 2014 年市場銷售額
資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

3. New drug development industry and its relevance to upstream, midstream and downstream:

After experiencing several decades of development in the past, the modern pharmaceutical industry has formed a mature industrial chain in European and American markets, from the study on new drug development, production, marketing to generic drugs market, it all has a certain development and labor division mode. Since drugs are used in human body, hence the drug's safety and effectiveness must be strictly controlled by competent authority of national governments. Take micromolecule new drug development as an example, the research and development of drug is a series of complicated, time consuming and capital-intensive processes, it is estimated that only one new drug can be researched and developed successfully to come into market from 10,000 candidate molecules, the average success rate is 0.01%, hence it always takes 15 years or even longer for a drug to come into market, and the average research and development expenditure at least reaches to USD1.2 billion. Therefore, comparing with

other general industries, pharmaceutical industry has the following features: under strictly management of government competent authority, high technical threshold, long research and development duration, high cost and high risk, combined industry crossing technical fields, market specialization, large product market, long life cycle and high profit.

US drug development and review procedure

<table>
<tr><td>階段</td><td>新藥探索</td><td>臨床前試驗</td><td rowspan="5">IND 申請</td><td>臨床 I 期</td><td>臨床 II 期</td><td>臨床 III 期</td><td>NDA 申請</td><td>IV 期</td></tr>
<tr><td>所需年數</td><td>5</td><td>1.5</td><td>1～2</td><td>2～3</td><td>2～3</td><td>1～2</td><td>2</td></tr>
<tr><td>試驗對象</td><td>實驗室</td><td>實驗室及動物試驗</td><td>20～100 個健康受試者</td><td>100～500 個自願病患</td><td>1,000～5,000 個自願病患</td><td rowspan="2">登記審核核准</td><td rowspan="2">上市後新藥監視（FDA 要求）</td></tr>
<tr><td>目的</td><td>發現候選藥物</td><td>評估安全性及生物活性</td><td>決定安全性及使用劑量</td><td>評估有效性，監視副作用的產生</td><td>確認有效性，做長期之副作用監視</td></tr>
<tr><td>成功率</td><td>評估 10,000 個化合物</td><td>250 個化合物進入臨床前</td><td colspan="3">5 個化合物進入臨床</td><td>1 個化合物核准</td><td></td></tr>
</table>

資料來源：FDA；DCB 產資組 ITIS 計畫整理

(1) New drug exploration:

The new drug exploration usually finds the new lead compound through the new research object found in the research of upstream basic research units, such as school, research institution or laboratory of pharmaceutical factory. Then carries out biological activity assessment on lead compound, test from in vitro to in vivo, such as from enzyme, receptor, G-protein, cell, tissue, organ, living animals to all kinds of disease animal models etc., the research on functioning molecular level is good for compounding and improving the drug of optimization, and it can understand the due pharmacological efficacy, physiological reaction, side effect and interaction between drugs of the drug. A lead compound with drug efficacy usually needs to further compound thousands of derivatives, after assessing and comparing their activity, toxicity, stability and pharmacokinetics, select several potential candidates to enter into the pre-clinical trial at the next stage.

(2) Pre-clinical trial:

In pre-clinical trial, chemical synthesis or extraction of drug, pharmaceutical analysis study, pharmacodynamics, pharmacokinetics and toxicology study and pharmaceutics study will be carried out. This period usually takes about 1.5 years to carry out the following trials:

According to the analysis of IMS, in 2010, the global breast cancer market reached up to USD13 billion, the clinical phase II/III breast cancer clinical trial product of OBI Pharma, namely OBI-822, is designed for Globo series carbohydrate on cancer cell surface, its Globo series carbohydrate has high effect in most of the breast cancer groups, it is expected that such product will bring benefits to most of breast cancer patients.

A. Synthesis or extraction:

Based on the known effect of therapeutic drugs or from the functional mechanism of physiology or disease, carry out continuous tests and experiments to find out the new compound of better activity, identify its chemical structure, and then extract from natural sources or carry out small-scale production in the manner of artificial synthesis.

B. biological activity detection and pharmacological test:

Through the way of animal, cell tissue or cell cultivation or computer simulation, carry out efficacy test study, screen out compounds of activity effect to detect the scope of best activity performance.

C. Drug dosage, dosage form and stability test:

Determine the dosage range and dosage form suitable for human body use, such as water agent, tablet, capsule, ointment, spray, patch etc., find out the stable and effective component and auxiliary material and excipient suitable for human body absorption.

(3) Investigational New Drug (IND) application:

After the end of pre-clinical trial, the research result and clinical trial plan can be attached to propose Investigational New Drug (IND) to the competent authority, so as to carry out human body clinical trial. Take USA

as an example: during the 30 days of IND review period, if competent authority doesn't propose any doubt and consideration, applicant can start to carry out clinical trial after 30 days.

(4) Clinical trial:

The purpose of clinical trial is to confirm the effectiveness and safety of new drug to human body, applicant appoints clinical doctor to carry out the trial, and it can only be executed after passing the review of Institutional Review Board (IRB), the clinical trial is divided into three phases:

A. Phase I clinical trial:

Take 20~100 voluntary health adults to carry out safety test, the purpose is to establish the tolerance of human body to different dosages, and create materials related to the absorption, distribution, metabolism and excretion of drug in human body; usually this period takes 1~2 years.

B. Phase II clinical trial:

Take 100~500 voluntary patients to carry out controlled effectiveness test, the purpose is to test the most suitable dosage, effect, tolerance and side effect when applying to human body, this period takes 2~3 years on average.

C. Phase III clinical trial:

Take 1,000~5,000 patients to carry out large-scale or even transnational effectiveness test, the purpose is to verify the efficacy of phase II trial with greater samples, and find out the undiscovered adverse reaction, and to acquire all materials related to indication, taboo and side effect of new drug, usually this period takes 2~3 years, or depends on the design of clinical trial and receiving progress.

(5) New Drug Application (NDA):

After completing clinical trial successfully, trial results (including

pre-clinical trial results) and all relevant materials can be prepared to propose New Drug Application (NDA) to the competent authority, namely the examination registration procedure, the review period takes about 1~2 years on average. If in those materials it can prove that the new drug under application has better therapeutic or preventive effect than the drugs in the market on the same disease, it will have the opportunity to enter into quick review procedure to shorten the review period to about 6 months.

(6) Post-marketing surveillance:

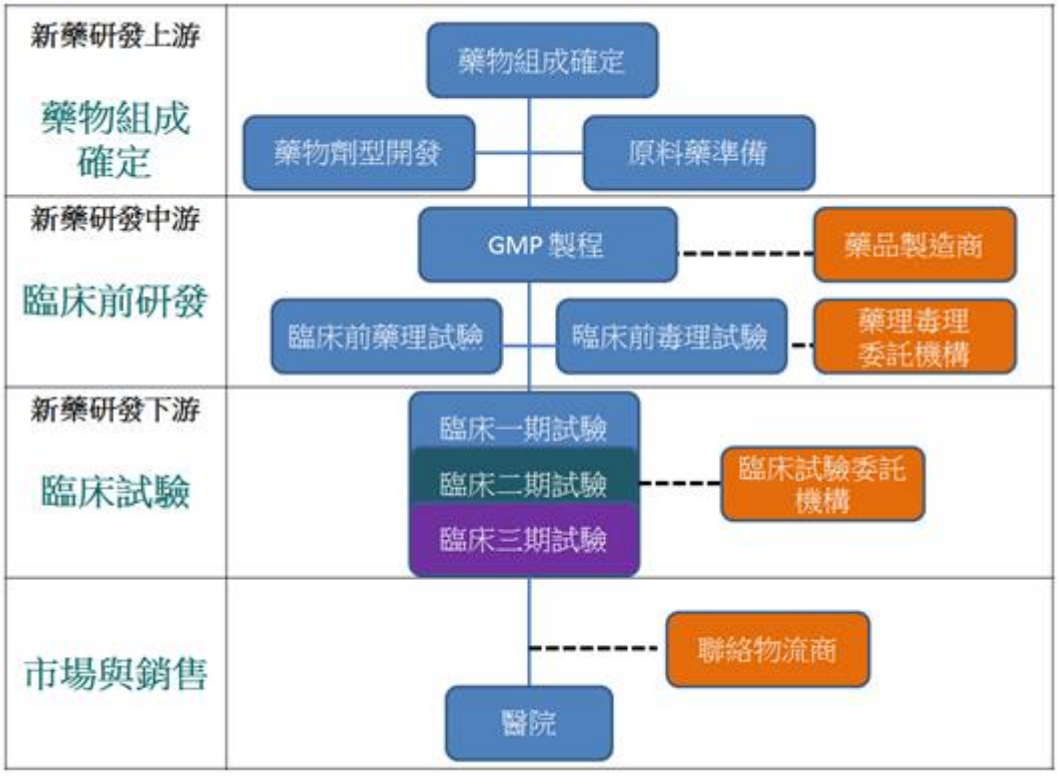
The post-marketing surveillance of drug, the indispensable part to ensure medication safety of the public, through adverse drug reaction report system, clinical doctor will monitor the long term reaction after using the new drug, so as to carry out post-marketing surveillance of the drug.

During such long new drug research and development process, how to effectively connect the upstream, midstream and downstream of the industry to shorten the development schedule to accelerate the launch of product is a very important key for competition. From the study on upstream basic science, combine the outstanding domestic academic research achievement into the midstream technology development and application, and private practitioners closely cooperate with relevant juridical persons to develop the downstream drug commercialization and marketing strategy, so as to promote the joint development of production, management, academics and research of Taiwan biotechnology industry, making the biotechnology of Taiwan develop more extensively and comprehensively, and further march towards international market.

Based on innovation, apart from emphasizing independent research and development, OBI Pharma also actively seeks for new drug research and development case of development potential from all walks of academics and research, so as to reduce the cost input at the early stage of new drug

research and development. And accelerates to complete product development through effective management of drug development procedures at exploration stage to launch on the market. The operation model of OBI Pharma research, development and marketing add value, apart from rooting in research and development energy and self-establishing marketing team, the production part is outsourced in combination of domestic manufacturing capacity. The object of outsourcing partner will give priority to the local manufacturers in Taiwan, so as to assist the new biotechnological drug to root in Taiwan. According to such model, the thing first introduced by OBI Pharma is the OBI-822 already completed clinical phase I trial in Memorial Sloan-Kettering Cancer Center (MSKCC), then it is the OBI-833 and OBI-868 still at the pre-clinical stage and introduced from Academia Sinica; meanwhile, based on the internal research and development capacity, the R&D team of OBI has independently researched and developed the OBI-888. Regardless of the case acquired from technology transfer or of independent research and development, OBI Pharma will spare no efforts to execute the pre-clinical and clinical phase I, II, and III trials under the most outstanding management team and high efficient management model, and further apply for medicament license to promote the launch of new drug. OBI hopes to create international Taiwan brand through such operation model, and to base in Taiwan and expand the horizon worldwide.

OBI Pharma adopts the operation model of research and development and marketing add value to create the industrial economy at home and abroad, relevance of upstream, midstream and downstream of the industry is as shown in the following photo:



4. Taiwan industrial competitiveness analysis:

   The pharmaceutical industry of our country includes bulk drug, preparations of western medicine and traditional Chinese medicine. The bulk drug manufacturers mainly product bulk drugs of effective components, the products are of less categories but of large quantity, most of them are mainly exported. Preparations manufacturers process bulk drugs to product preparations, there are 143 of them in total, and about 50 of them are the manufacturers of preparations of western medicine passing the PIC/S GMP evaluation, and have certain productivity. But Taiwan pharmaceutical industry mainly produces generic drugs with expired patent, because the domestic market is small, products are of small quantity, large categories and high homogeneity, the drug prices are low, and the competition is fierce. Taiwan pharmaceutical industry already has new drug development capacity, the analysis on competitiveness and industry trend are as follows:

   Advantage - The capacity of Taiwan in new drug clinical trial is strong,

taking an advantage in Asia. Apart from excellent medical environment and rich experience of clinician involving in new drug clinical trial, there are plenty of patients which can represent the east Asian race in Taiwan, therefore, Taiwan possesses the conditions of becoming the development base for early clinical trial, developing phase I/II clinical trials, and attracting international cooperation with such achievements. Besides, Taiwan has high education level and has cultivated many biotechnology and pharmaceutical related talents both at home and abroad, further consolidating Taiwan industry capacity.

Weakness - Lack of experience is the difficult problem in Taiwan biotechnology industry. How to enrich the industrial experience of Taiwan biotechnology talents and establish the confidence of capital market for long-term support of biotechnology and pharmaceutical industry is the challenge of Taiwan currently.

Development trend - Since biotechnological industry is an industry of high risk, high investment, long term and high profit, for the investment to biotechnological new drug development in Taiwan, we need to introduce R&D talents and management team with international view within a short term, and jointly bear the development risk through strategic alliance with foreign companies, which is good for entering into international market. In medium and long term, we are in need of cooperation among Industry, Official and University, and talents cultivation to base on Taiwan and look around the world. In the course of growth, we are in need of continuous fund-raising, strategic alliance or going through corporate combination to compete with world first class pharmaceutical factories.

5. OBI product competitiveness analysis:

   OBI Pharma takes new drug research and development in self-orientation,

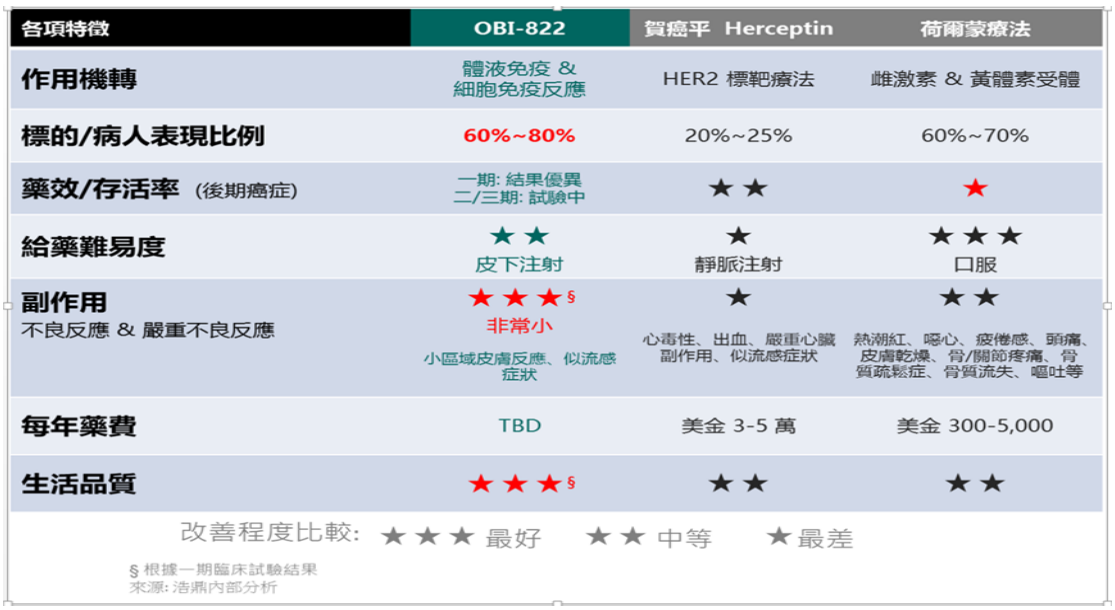
challenging the fields of disease still lack of effective treatment currently, hoping to make up the unsatisfied medical demand with innovative drugs, so as to improve people's health and life quality. The Company takes cancer and infectious disease as the core therapeutic field, taking the carbohydrate antigen "Globo Series" on cell surface having high effect on multiple cancers as the target, and actively developing a series of innovative cancer therapy new products, so as to develop into the first-class biotechnology industry in Taiwan. At the early stage of development, the Company refers to the market demand and future competitiveness as the basis for subject selection, analysis on the competitiveness of each product is as follows:

(1) OBI-822 Active immunotherapy of cancer:

Safety - OBI-822 is the new medicament for active immunotherapy, fighting against cancer through training the immune system of human body, the dosage needed is very low, and it only occurs on the surface of cancer cells at the cancer target, hence it has no harm to normal cell tissue. The active immunotherapy has the advantage of relatively durable effect and low side effect, people from all walks of life are eagerly hoping that it can improve and change the cancer therapy, bringing the therapy safer and more effective than the current chemical therapy and target therapy to the cancer patients. OBI-822 is absorbed through subcutaneous injection, every course of treatment lasts nine months in total, only 9 injections are needed, and outpatient treatment will be fine. Much more convenient than the Herceptin course of treatment, in which weekly treatment is needed or 17 consecutive injections are needed once every 3 weeks. According to the clinical data currently collected, when patients are accepting OBI-822 treatment, the side effect is mostly limited to the red and swollen and pain phenomenons occurred at the injection part, obviously far lower than the side effect in general cancer chemical therapy and target therapy, effectively improving the life quality of patients and their families.

Large potential market - since currently there is not drug for active cancer immunotherapy of breast cancer worldwide, and there is no new drug designed for cancer carbohydrate antigen, hence OBI-822 has no similar competitor in the market. All patients with positive Globo series carbohydrate antigen can accept the OBI-822 treatment, approximately accounting for over 60~80% of breast cancer groups; this includes all kinds of groups of breast cancer patients, including ER/PR positive/negative patients, HER-2 positive/negative patients, and intractable triple negative breast cancer patients having very few choice of drugs. Besides, since such target immunotherapy is not in conflict with other therapies, so regardless of accepting hormonal therapy or other therapy not affecting the immunity of patients, OBI-822 is available for possible combined therapy, so it has a very large market potential in the future. Currently OBI-822 has carried out clinical trial for breast cancer and ovarian cancer, in the future, it will be developed to the indication such as pancreatic cancer etc. Besides, the new drug Ibrance (palbociclib) of Pfizer launched in February 2015 is the differentiated enzyme cyclin D kinase 4 and cyclin D kinase 6 inhibitor will block the division process of cancer cells, and the tumor will stop growing as a result, the combined letrozole is applicable to advanced metastatic breast cancer patients with estrogen receptor positive and HER2 receptor negative after ischomenia. What is noteworthy is that its side effect will cause the reduction of white blood cell count.

The competitive advantages of OBI-822 and leading drugs for breast cancer therapy in the market are listed as follows:



各項特徵	OBI-822	賀癌平 Herceptin	荷爾蒙療法
作用機轉	體液免疫 & 細胞免疫反應	HER2 標靶療法	雌激素 & 黃體素受體
標的/病人表現比例	60%~80%	20%~25%	60%~70%
藥效/存活率 (後期癌症)	一期: 結果優異 二/三期: 試驗中	★★	★
給藥難易度	★★ 皮下注射	★ 靜脈注射	★★★ 口服
副作用 不良反應 & 嚴重不良反應	★★★§ 非常小 小區域皮膚反應、似流感症狀	★ 心毒性、出血、嚴重心臟副作用、似流感症狀	★★ 熱潮紅、噁心、疲倦感、頭痛、皮膚乾燥、骨/關節疼痛、骨質疏鬆症、骨質流失、嘔吐等
每年藥費	TBD	美金 3-5 萬	美金 300-5,000
生活品質	★★★§	★★	★★

改善程度比較: ★★★ 最好 ★★ 中等 ★ 最差

§ 根據一期臨床試驗結果
來源: 浩鼎內部分析

Comparison between OBI-822 and other competitive drugs under development: apart from the products of OBI Pharma under research and development, there are two drugs of active immunotherapy for breast cancer therapy and have entered into clinical trial, namely Neuvax of Galena and AE37 Vaccine of Generex respectively. In these two trials, both the drug targets are peptides related to HER2, namely E75 and AE37 respectively. In the breast cancer patient groups, HER2 positive patients are only accounting for 25%; comparatively, the target Globo H of OBI-822 of OBI Pharma will have effect on 60%~80% breast cancer patients. Therefore, OBI-822 has more extensive potential patient groups comparing with other drugs already approved or under trial, in the future, it is of extreme development potential in the field of cancer therapy.

(2) The new generation cancer immunotherapy OBI-833 and Globo H monoclonal antibody OBI-888:

The main new drug product OBI-833 developed by the Company is the drug derived from unique Globo H polysaccharides research and development technology platform and chemical enzyme synthesis method, its innovative functional mechanism is the breakthrough cancer immunotherapy new drug. Due to the manufacturing bottleneck in carbohydrate synthesis, currently except for OBI Pharma, there is no target drug developed for carbohydrate antigen Globo H. The OBI-822 and OBI-833 products are positioned as the active immunotherapy for anti-cancer target, for the patients with Globo H effect in cancer cells,

doctor can give priority to choose OBI-822 or OBI-833 for drug therapy, it can adopt independent cancer treatment strategy or combine with other strategies, and it can obviously differentiate other types of drugs.

OBI-888 is the Globo H exclusive monoclonal antibody, for the patients with Globo H effect in cancer cells and have weaker reaction to the active immunotherapy, the provision of such target therapy choice provides more comprehensive treatment to breast cancer patients. Therefore, the OBI-888 developed by OBI Pharma has its own irreplaceable advantage in the market in the aspect of passive cancer immunotherapy. Currently, the approved drugs for breast cancer passive cancer immunotherapy include the Trastuzumab and Pertuzumab taking HER2 as the target, but their limitation is that only 25% breast cancer patients will show HER2. Besides, there are other drugs under development aiming at carbohydrate antigen passive cancer immunotherapy, such as GNX-8 and BIW-8962, their targeting cancers are colorectal cancer and myeloma respectively. The carbohydrate antigen molecule identified by OBI-888 developed by OBI Pharma is different from the preceding two drugs.

OBI-833 and OBI-888 take the brand new anti-cancer target Globo series carbohydrate as the therapeutic strategy, they have the same advantages as OBI-822, with large patient groups. And since Globo series carbohydrate has already been found in over 14 types of cancer cells, in the future, the potential of expanding application scope is also very large.

(3) OBI-858 Botulinum toxin:

According to the data of GBI research in 2014, in 2013, the global market scale of medical cosmetology was about USD2.5 billion, in the future, it is expected to grow at 11% of Compound Annual Growth Rate (CAGR), expected to reach USD5.4 billion in 2020. Currently the

medical cosmetology market takes micro-plastic as the mainstream, among mainstream products in the market, botulinum toxin, hyaluronic acid, collagen protein, chemical peel (such as tartaric acid, vegetable acid) and laser cosmetology are of large quantity; among them, for the botulinum toxin product, according to the 2014 financial report of Allergan, the performance of market leading brand Botox® reached to USD2.2 billion in 2014.

According to the forecast of GlobalDta, the global market of Botox® will reach to USD3.7 billion in 2020, the compound annual growth rate from 2014~2020 is 8.8%, which is quite impressive. OBI-858 is the botulinum toxin of good stability and safety, the Company masters high quality manufacturing technology, it is expected that its efficacy and safety will be equivalent to the market leading brand Botox® after completing the clinical trial, and then with competitive price, it will enter into the high growing botulinum toxin market, and profit-making is expectable.

(4) OBI-868 Carbohydrate membrane array cancer test reagent:

According to the market survey report of TriMark in 2013, it points out that the cancer diagnosis demand will increase year by year along with the increasing cancer population in recent years, it is expected that the Compound Annual Growth Rate (CAGR) of cancer test reagent worldwide will reach to 8.6% from 2012~2019, and its market will reach to USD5.7 billion in 2019, it is the section of largest growth in medical test reagent. According to the analysis on the current cancer detection products in the market, all manufacturers of main products possess mature clinical chemical and immunoassay technologies, and collocated with existing large detection machine layout, representing manufacturers include Roche, Abbott, BD, J&J and Beckman Coulter etc. Take USA as an example, US cancer detection products can be

divided into three major categories, namely nucleic acid analysis, immunoassay and histochemical stain etc.; histochemical staining method had already entered into product maturity period, as at 2012, in the market of detection products, immunoassay was accounting for 51.9%, and nucleic acid analysis was accounting for 27.3%; and the future detection product will take immunoassay method in large quantity. And carbohydrate membrane array is the first-in-class neoteric cancer detection reagent in the market, it is expected that its market scale will be greater than the traditional immunoassay method. The carbohydrate membrane array OBI-868 developed by OBI Pharma takes polysaccharide structure as the target for diagnosing cancer cells or cancer therapy, it utilizes specific carbohydrate molecules as the probe, by placing the carbohydrate on the array, it can be used for simulating cell surface to develop the cancer detection reagent. Such product can be used for seeking antibody fighting against specific carbohydrate molecules and might be generated from cancerous lesion in the blood of human body, and it can be applied in the detection of multiple cancers. The objective of OBI Pharma is to develop more exclusive and sensitive product comparing with the existing tumor blood screening reagents, with the particularity of excellent performance and simultaneously diagnosing multiple cancers, it will have more advantages comparing with the existing products.

(iii) Technology and research and development overview:

1. Innovative drug mechanism and exclusive production technology of the Company:
   (1) Globo series carbohydrate cancer immunotherapy:
   Globo series carbohydrate is the new anti-cancer object found in recent years, it only effects in cancer cells and will not effect the existing characteristics in normal cells, together with the role it plays upon the spreading of cancer cells, which makes it become an ideal anti-cancer object. OBI chooses to use advanced active immunotherapy of cancer to develop such innovative drugs of carbohydrate antigen, introducing the

research achievements of Memorial Sloan-Kettering Cancer Center (MSKCC) and Academia Sinica to develop OBI-822 and OBI-833. Besides, the Company also has passive immunotherapy with monoclonal antibodies under OBI-888 R&D, those are targeting the particularity of Globo series carbohydrate in cancerated cells. Currently, the latest research points out that, Globo series carbohydrate effects on the surface of more than 14 cancer cells, hence such therapies has the advantages of high specificity and therapeutic safety, and the potential of large application scope to cancer cells. The products planned by OBI will develop Globo series products for refractory cancers such as breast cancer, colorectal cancer, pancreatic cancer, lung cancer and gastric cancer etc., hoping to provide cancer patients safer and more effective choice than the existing drugs.

(2) OBI Special carbohydrate production technology, large-scale chemo-enzymatic process:
The method of traditional chemical synthesis of carbohydrate molecules needs to go through several protecting groups and de-protecting groups before getting carbohydrate molecules compound needed, such chemical synthesis method needs to consume a lot of time and operation steps, and multiple operational steps will finally cause extremely low productivity, it is lack of possibility for commercial production , and thereby restricts the development of cancer vaccine, and cannot be pushed forward to clinical research.

OBI introduces the technology of polysaccharides production through technology transfer from US Optimer Pharmaceuticals Inc. and Academia Sinica, breaking through the dilemma in the past decades, in which despite scientists had found the important role played by carbohydrate in cancer treatment, but mass production cannot be proceeded. Now, OBI owns the most sophisticated carbohydrate production technology, it can break through the bottleneck that carbohydrate cannot be extensively applied in new drugs R&D and mass production, dramatically reduce synthetic procedures and production costs, allowing carbohydrate drugs can enter into medical market through mass production.

OBI special carbohydrate production technology can effectively produce the final product needed, such chemical synthesis method. Due to the development of such technology, the commercialized production of carbohydrate molecules will no longer a unattainable dream, establishing the foundation of cancer immunotherapy.

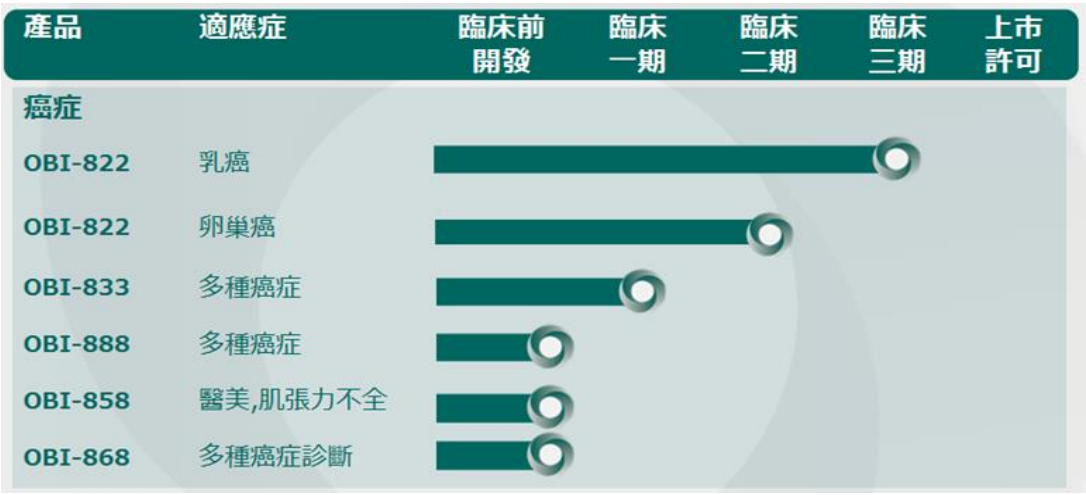
Large-scale chemo-enzymatic process further produces hexaose with the carbohydrate through enzymes after several steps of reaction, this is the updated breakthrough after OBI special carbohydrate production

technology. OBI's technology transfer is introduced from the large-scale enzyme synthesis developed by President Weng Qihui from Academia Sinica, it breaks through the traditional concept that the functional groups of carbohydrate molecules need to be protected upon chemical synthesis of carbohydrate molecules. Such new technology directly utilizes the specificity of enzyme inside bacteria, assisted by all kinds of appropriate reagents for synthesis, synthesizing monosaccharides into polysaccharides one by one under the status without protecting carbohydrate molecules. Also due to such invention, the synthesis steps of Globo H carbohydrate molecules are simplified into several steps, in the future, pretreatment of monosaccharides will no longer be needed before production, but can use natural carbohydrates to produce polysaccharides, dramatically improving productivity and reducing costs, and reducing the environmental pollution caused by chemical drugs.

(3) Synthetic technology of glycoprotein vaccine:
After chemical crosslinking of Globo H and KLH (hemocyanin), bulk drug of cancer vaccine OBI-822 will be obtained. Such chemical synthesis technology is the achievement of OBI team by combining the said polysaccharides immunotherapy technology and sophisticated carbohydrate synthesis technology through joint hard work and gradual adjustment and optimization, technologies related to key production steps and control parameters are completely mastered by OBI, it is expected that when coming into the market in the future, it can produce drugs of consistent quality under optimized conditions and good quality control environment, so as to ensure the safety and effectiveness of patients using drugs, and provide to needed patients for use for a long term.

2. R&D overview:
Progress chart of new drug research and development projects of OBI Pharma is as follows:

Progress chart of new drug research and development projects of OBI Pharma is as follows:



(1) OBI-822 Active immunotherapy of cancer:

This clinical trial already started to receive the case of patients with metastatic breast cancer in December 2010, in Taiwan, it was phase III clinical trial; in Hong Kong, India, USA and Korea, it was phase II clinical trial, it was the international clinical trial with several centers in several countries; in Taiwan, there were 15 cancer medical centers admitting patients, including National Taiwan University Hospital, Veterans General Hospital (Taipei, Taichung and Kaohsiung), Chang Gung Memorial Hospital (Taipei, Linkou and Kaohsiung), Mackay Memorial Hospital, Tri-Service General Hospital, Chinese Hospital, Changhua Christian Hospital, Chi Mei Medical Center, National Cheng Kung University Hospital, Kaohsiung Medical University Hospital and Shuang Ho Hospital; and the UNIMED Medical Institute in Hong Kong, in USA, there were 13 large-scale medical centers executing clinical trial, and the first patient was received in January 2012; this trial had completed on 342 targets (349 patients were received actually) in July 2014, and blind deconvolution was conducted in February 2016, and it was reported in Oral Abstract Session of the annual meeting held by American Society of Clinical Oncology (ASCO). Besides, OBI cooperated with Mackay Memorial Hospital and announced to launch the plan of OBI-822 phase II clinical trial for ovarian cancer therapy,

expanding the indication of OBI-822 from the previous breast cancer, which is of highest occurrence rate among female cancers, to the ovarian cancer, the one of highest death rate among female cancers, as at April 2016, 77 patients had been received.

(2) OBI-833 The cancer immunotherapy of new generation:

This new cancer therapeutic vaccine will aim at other cancers difficult to be treated, OBI has filed IND application and acquired the approval from US FDA and Taiwan TFDA. Phase I clinical research already started in Taiwan in the fourth quarter of 2015, receiving patients with gastric cancer, colorectal cancer, lung cancer and breast cancer.

(3) OBI-888 Globo H passive cancer immunotherapy:

The monoclonal antibody is still the target immunotherapy mostly used in cancer therapy currently, OBI-888 is the passive immunotherapy monoclonal antibody designed taking Globo H as the target. OBI has already worked out antibody structure sequence of drug suitable for development, and has proposed patent application. As at the end of March 2016, OBI has completed single dose toxicity test on monkey, and hasn't found any clinical symptoms. In the future, repeated dose toxicity test will be carried out on monkeys and rats to further assess the safety of OBI-888. As at the end of March 2016, OBI has selected the antibody cell lines of high production, and mass production has been carried out, and the progress thereof meets the plan schedule; besides, OBI also has assessed the finished drugs packing factories among the qualified manufacturers at home and abroad.

(4) OBI-858 Botulinum toxin:

OBI-858 development strategy will first complete clinical trial on medical cosmetology and migraine in Taiwan. Since botulinum toxin is highly toxic, the specification of manufacturing factory is extremely

strict, only a few companies are capable of production in the world. At the beginning of development of this project, the Company reported to the Center for Disease Control (CDC) immediately, and absolutely followed relevant regulations to carry out small volume production under the condition of meeting biological safety specification. The initial result verified that, the botulinum toxin product produced by the Company was completely meet European pharmacopoeia specifications, and communication meeting with Food and Drug Administration, Ministry of Health and Welfare was held. This product will develop the new strains into new clostridium botulinum toxin, and the preparation is used for medical cosmetology. As at the end of July 2014, OBI had produced sufficient botulinum toxin, and subsequently completed toxicity test and production of bulk drug for clinical use in 2015, and carried out bulk drug stability test. At the present stage, we are working on the development of finished drug bacteria-free packing process and dosage form research, in the future, we will appoint manufacturing place conforming to "Current Good Manufacturing Practice (cGMP)" to carry out production of finished drugs for clinical trial.

(5) OBI-868 Carbohydrate membrane array cancer test reagent:

R&D team of the Company currently carries out carbohydrate membrane array research and development on Globo series carbohydrate, the design can detect whether the blood contains anti-Globo series carbohydrate antibody, and assist in cancer diagnosis and treatment based on this. The detection of carbohydrate membrane array is of high sensitivity, multiplex detections can be conducted at the same time, and the detection time is short, it can detect the infinitesimal anti-Globo series carbohydrate antibody in the blood rapidly. This product can be applied to detect the volume of anti-Globo series carbohydrate antibody triggered inside the patient's body after accepting carbohydrate vaccine therapy, so as to determine the efficacy, or use for subsequent tracking of cancer. In

2015, OBI-868 carbohydrate membrane array detection completed the design of product prototype of required specification in clinical detection, together with setting several groups for comparison and quality control upon production, it dramatically increased the accuracy and reproducibility of detection results, and application for one provisional patent case was completed. Besides, in the fourth quarter of 2015, the Company completed the comparisons on the effect of anti-Globo series carbohydrate antibody in 350 specimens of pancreatic cancer and healthy person, initially verify the product design concept, significant difference was achieved in the antibody numeric ratio of specimens of pancreatic cancer and healthy person.

After completing phased task, according to overall product development assessment and the future R&D strategy blueprint of OBI, it would support the use determined in the effect of anti-Globo series carbohydrate antibody necessary for internal carbohydrate vaccine development, showing the value of carbohydrate membrane array product substantially and rapidly. Hence at the beginning of 2016, the Company rapidly completed several product validation tests, and researched comparing with the test results of ELISA, verifying that OBI-868 carbohydrate membrane array can exclusively detect the amount of antibody combined with target carbohydrate molecules in the serum; and the results obtained were of high relevance to the results of standard ELISA method; in the future, OBI-868 project will devote to assist OBI in developing relevant tests necessary for anti-Globo series carbohydrate antibody, achieving the objective of increasing the success rate in carbohydrate vaccine development.

3. R&D personnel and their education background & experience:

Full-time personnel	Title	Education background	Relevant experience
Michael N.	Chairman	Senior Research	With over 30 years of R&D and management experience in

Full-time personnel	Title	Education background	Relevant experience
Chang		Doctor, Massachusetts Institute of Technology Doctor of Organic Chemistry, Brandeis University	pharmaceutical companies such as Merck, Aventis, ArQule, Pharmanex and Optimer Pharmaceuticals etc., responsible for supervising and assisting in the development of various new western medicine, among them three of them were approved by US FDA to launch on the market, personally owns 35 product patents, and has published over 60 research articles in famous scientific journals worldwide.
Youe-Kong Shue	Vice Chairman	Senior Research Doctor, Massachusetts Institute of Technology Doctor of Organic Chemistry, University of Pittsburgh	Postdoctoral Research of Massachusetts Institute of Technology (MIT), has engaged in drug research and development for over 25 years, once served in Abbott Laboratories, Cubist Pharmaceuticals and AstraZeneca; apart from taking management post, he has also led many research plans, such as neuroscience, anti-helicobacter pylori new therapy and anti-infection products; owns 18 joint invention patents and has published nearly 30 works; has many years of clinical trial practical experience, among them, the Fidaxomicin used for curing pseudomembranous colitis (CDI) has passed the new drug application in US, European Union, Canada, Taiwan and Australia.
You Chengde	Dean of Research and Development	Doctor of Pharmacy of University of Michigan Doctor of Clinical Pharmacy of University of Florida	With 35 years of new drug research and development and management experience in major international pharmaceutical companies, including leading candidate drug modification (from research and development to the stage of IND), drug delivery research and formulation development ()from IND to the stage of NDA, and has won the "Ebert Prize" issued by American Academy of Pharmacy. Once served as the Deputy Director of Bristol Myers Squibb, new drug General Manager of MICROBIO. Canyon Pharma Co-founder, President and CSO
Chen Chuncheng	Chief Medical Officer and Deputy General Manager for Clinical Drug Research and Development	Doctor of Medicine of China Medical University Doctor of University of London, MBA of University of South Australia	From 2001 to 2014, totally served in Pfizer for 13 years and took several important posts, including Taiwan Medical Director of Pfizer, and the person in charge of several new drug development plan, also once served as Pfizer North America Clinical Development Director, Asia Pacific Clinical Development General Director and Pfizer China Clinical Research Responsible Person. Under his strategic planning and supervision, Pfizer products have smoothly acquired the medicament license in China. Before entering into pharmaceutical industry, once was the Director and Associate Professor of Department of Psychiatry, National Cheng Kung University.
Zeng Yujun	QA Deputy General Manager	Doctor of Clinical Chemistry, Cleveland State University	With 30 years of quality management / quality control experience, familiar with Taiwan and US GMP laws and regulations; once served in American Cyanamid Company, American Home Product as Technology Director, responsible for quality management and product research and development; when serving as Senior Director in Nu Skin, responsible for global product quality control.
Yu Peiwen	Deputy General Manager of Translational Medicine, R&D Division	Doctor of Immunology, Madison Campus, University of Wisconsin	With over 18 years of research and development experience, skilled in molecular and cellular pharmacology, in vitro pharmacology and toxicology. She has abundant experience in pre-clinical and clinical plan management an cooperative research and development etc. in the fields of new drug development, translational biomedicine, cancer, inflammation, signal transduction, cell biology and immunology etc.; specialized in cytology and biological target experimental research and development and establishing important

Full-time personnel	Title	Education background	Relevant experience
			system platform to improve new drug development efficiency and quality. Once took important posts in Exelixis, Rigel Pharmaceuticals and Hoffman-La Roche.
Liao Zongzhi	Director of Medical Division	Department of Medicine, Taiwan University	20 years of experience in medical field, nearly 14 years of evidence-based medicine experience, and with experience in clinical laws and regulations and major international pharmaceutical factory BMS and Eli Lilly Medical Advisor.
Yang Menghui	Director of Clinical Operation Division	Master of Institute of Medical and Veterinary Science, National Chung Hsing University	Once served as Clinical Research Deputy Director/Manager, Quality & Executive Manager in Pfizer; Clinical Research Director / Specialist in Glaxo Wellcome; and Clinical Research Manager in Dutch merchant GlaxoSmithKline.
Xie Yihuang	Director of R&D Division	Doctor of Chemistry Institute, Simon Fraser University	Specialized in organic synthesis, physical organic chemistry and theoretical chemistry. Over ten years experience in drug design research and development, production management, analytical method development and quality management, familiar with application requirements in GMP related laws and regulations and international CMC laws and regulations. Once served as Deputy Director of Pharmaceutical Chemistry Research Department in OBI Pharma, Examiner and Researcher of Center for Drug Evaluation and responsible for CMC related drug counseling work, Chemical Pharmaceutical Deputy General Manager of Ningbo Smart Pharmaceutical Co., Ltd., Adjunct Professor of Ningbo Institute of Technology, Zhejiang University, Researcher of Industrial Technology Research Institute.
Lai Jiandong	Senior Director of R&D Division	Doctor of Inheritance Institute, State University of New York at Stony Brook	Postdoctoral Research of Massachusetts Institute of Technology, Genetics Doctor of Cold Spring Harbor Laboratory, Stony Brook University, and Master in Microbiology and Immunology, National Yang-Ming University; with over 20 years of experience in monoclonal antibody new drug research and development and management, including leading candidate drugs screening, optimization, mass production cell line development, pre-clinical pharmacological, pharmacokinetic and toxicity test design. Once served as the Consultant in the fields of biotechnology, medicine and living materials chemistry in Technology Division of Ministry of Economic Affairs; Group Leader of Protein engineering Group, Biopharmaceutical Institute, Development Center for Biotechnology (DCB), Assistant Researcher of Biomedical Institute, Academia Sinica.
Zhang Kaiping	Deputy General Manager of Medical Division	Doctor of International Relations, Birmingham University	Physician of Spanish Medical University, Doctor of International Relations, Birmingham University, with years of abundant experience in global pharmaceutical industry, joined Novartis in 2005, and once worked in Astor Health Leacom, Abbott, Sanofi and Celgene till 2016, totally 11 years, taking several important posts successively, including Medical Director, in charge of Taiwan, Korea, Hong Kong and Macau, the responsible person of several new drug development plans, and Asia Pacific Clinical Development General Director, ensuring smooth acquisition of medicament license. Before entering into pharmaceutical industry, Physician Zhang once was the Head of Surgical Department in Spanish Medical University Hospital, with comprehensive practical experience in cancer therapy.

4. Research and development costs input every year and the technologies or products successfully developed in the last five years:

A. Research and development costs input every year in the last five years:

Unit: NT$ thousand

Year / item	2015	2014	2013	2012	2011
Research and development costs	648,157	485,290	345,482	193,167	99,438
Ending paid-up capital	1,707,200	1,499,936	1,489,959	1,382,520	1,000,000
Proportion of research and development costs in paid-up capital (%)	37.97	32.35	23.19	13.97	9.94

B. Technologies or products successfully developed in the last five years:

Product	Development progress	R&D achievements
DIFICID™	Has acquired medicament license and health insurance subsidy	Has acquired medicament license from Department of Health on September 7, 2012, and approved to launch in Taiwan. In August 2014, it has completed health insurance payment agreement with Department of National Health Insurance. In October 2015, through Optimer Pharmaceuticals, the subsidiary of Merck Sharp & Dohme, exclusively licensed the product development and sales right of DIFICID™ in Taiwan to Merck Sharp & Dohme. OBI can gain signing bonus of USD three million only and gain the milestone payment and product sales royalty.
Breast cancer active immunotherapy OBI-822	Complete process development and clinical trial plan	Has entered into clinical phase II/III trial in Taiwan, conducting trials in over 40 clinical medical centers worldwide, including 15 in Taiwan, 1 in Hong Kong, 13 in USA, 11 in Korea and 2 in India; this trial had received 342 targets in July 2014, and blind deconvolution was conducted in February 2016. Besides, OBI cooperated with Mackay Memorial Hospital and announced to launch the plan of OBI-822 phase II

		clinical trial for ovarian cancer therapy, expanding the indication of OBI-822 from the previous breast cancer, which is of highest occurrence rate among female cancers, to the ovarian cancer, the one of highest death rate among female cancers, as at April 2016, 77 patients had been received.

(iv) Long-term and short-term business development plan:

Based on innovative cancer therapy product lines, the Company utilizes cell surface GSL antigen "Globo Series" that highly effects in various deadly cancers as the first development strategy, and takes becoming the market leader in Taiwan and global cancer immunotherapy as the objective.

The short term development objective of the Company is to successfully develop OBI-822 breast cancer therapeutic vaccine, and expand the indication to other refractory cancers such as ovarian cancer etc., and activate the clinical trial plan of OBI-833 and other products. In the aspect of market, the Company plans to launch OBI-822 on the Taiwan market, making Taiwan the first country having OBI-822 new drug in the world; meanwhile, we will also seek for cooperation possibility in other regions with international big pharmaceutical factories in Europe, USA, Japan and Korea etc.

The medium term objective of the Company is to raise drug revenue into blockbuster status through regional direct sales and global strategic alliance, become the leader in Taiwan bio-pharmaceutical industry, and actively introduce new products to further consolidate the strength of OBI in new drug development.

The long term objective of the Company is to become the world class cancer pharmaceutical company through growth and product diversification strategy. Grow continuously based on the huge potential of utilizing Globo Series product line to expand the new indication and through product life cycle management; and through the development of new drug object and mergers and acquisitions strategy to further achieve the product line diversification. We hope that the long term revenue potential can be equivalent to Amgen and Genetech, which are the bio-pharmaceutical companies mostly respected in international drug industry.

The Company will feed back such achievements to Taiwan, through increasing employment opportunity, leading bio-technology industry march internationally, creating world class Taiwan brand, and utilizing capital investment and new R&D plan for further investment and contribution to Taiwan; hoping to create value to the shareholders and the company.

ii. Market and production and marketing overview

(i) Market analysis:

1. Sales territory of main commodities:

The Company takes deeply rooted in Taiwan, global layout and developed into the first-class international biotechnology brand as the objective, strategically, it is divided into direct sales and non-direct sales regions worldwide, and the operation methods are described respectively as follows:

(1) Direct sales region: operate OBI products and licensed distribution products to achieve revenue growth

The Company takes Taiwan, China, Hong Kong and US as the target direct sales regions, devoting to the objective of acquiring leading status in cancer biotechnology and pharmaceutical industry in such regions; it is planned to create stable income from the innovative cancer immunotherapy product lines and complementary new products to be introduced in the future, and expand the growth continuously.

The Company will take Taiwan as the development headquarter, and will establish sales teams in each region in the future, currently, subsidiary has been established in USA, and the registration of subsidiary has completed in China. The team establishment in every region will be completed through the appointment of experienced talents specialized in oncology, or the acquisition of good drug company already having marketing performance; every team will be operated by one General Manager, and departments regarding the business, sales, medical affairs, legal affairs, drug safety surveillance, financial affairs and other assisting departments related to the operation will be set thereunder. According to the plan, Taiwan will become the first sales region for the products of the Company, operating unique innovative drugs of the Company. The Company also plans to introduce more core products and prescription

drugs having synergistic effect with the company products under research and development (such OBI-822) through licensing, exerting the maximum value of business team. In China, Hong Kong and US, upon the launch of product, OBI will establish business team to properly control the cash flow of the company.

(2) Non-direct sales region: establish strategic partnership with major international pharmaceutical company, and bring revenue from licensing operation.

(3) Expected licensing regions of OBI-822 include Japan, Korea, Europe and other regions worldwide, it is planned to establish strategic partnership with major international pharmaceutical company, so as to bring revenue from licensing operation. If it is planned to voluntarily establish business and operation team in non-direct sales region, the investment will be quite impressive; the Company thinks that, through product licensing to major international pharmaceutical company with abundant successful experience in profit-making, it will bring the maximum profit to the Company. The conclusion of product licensing includes licensing fee, R&D milestone payment and sales royalties, it will also bring short, medium and long term maximum revenue to the Company.

2. Market share:
   OBI-822 and other products are the new drugs under development, hence it is not applicable.

3. Future market supply and demand condition, growth:
   In recent years, the global pharmaceutical industry has been developing towards an active and positive direction, including the improvement of research and development productivity, historic new high in the number of brand new drugs approved to launch on the market, and drugs of breakthrough treatment, such as the launch of Sovaldi used for hepatitis from Gilead Science company, it is predicted that the global pharmaceutical industry will maintain stable growth up to 2020. According to statistics forecast of sales carried out by EvaluatePharma for the top 500 major companies in global pharmaceutical industry, it is estimated that the drug market in 2015 will reach to USD769

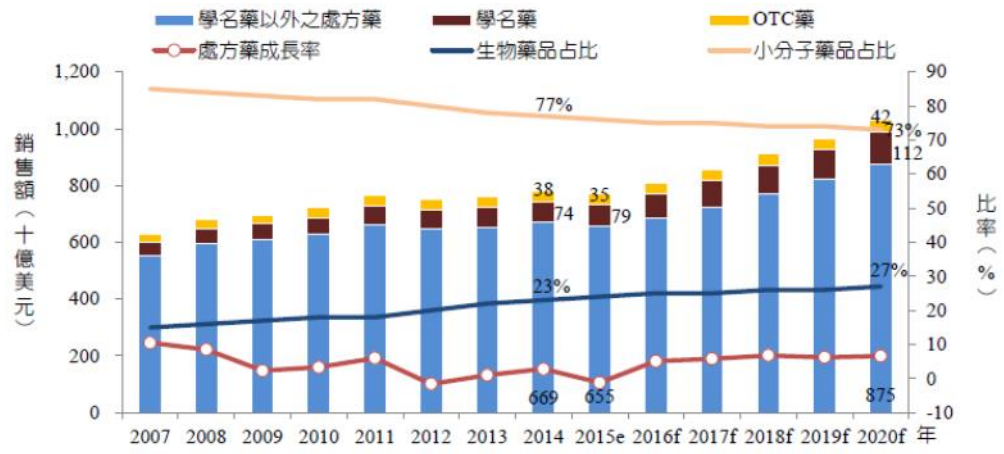
billion, and up to USD1 trillion in 2020, among them, the prescription drugs market (generic drugs and prescription drugs other than generic drugs) will reach to USD987 billion. From 2015 to 2020, the Compound Annual Growth Rate (CAGR) of drug market is 6%.

From 2015~2020, sales volume of USD215 billion of drugs worldwide will face the crisis of decline due to patent expiry, and according to the current market forecast, the actual sales losses caused by patent expiry will be about USD99 billion, less than the losses of USD120 billion from 2009~2014, major affecting factor lies in that the successive launch of biological drugs having acquired patent in the subsequent 6 years will slow down the erosion degree of price competition of the generic drugs in global drug market scale.

It is expected that biological drugs will become the major contribution to the global drug market growth in the future, in 2014, among top 100 bestselling drugs worldwide, 44% are biological drugs, and it is expected that there will be 46% of biological drugs among the top 100 drugs in 2020. Generally speaking, the sales volume of biological drugs is accounting for 23% of the global drug market share in 2014, and it will be increased to 27% in 2020.

When making a comprehensive survey on the development of global drug market in the future, the drug market scale will grow continuously. However, what is noteworthy in the future is the global drug market pricing and market access issue, despite currently innovative drugs of "cured" meaning have been developed gradually, the use of such innovative drugs still needs to pay quite high price; from the perspective of government and private medical treatment, it is very obvious that the payers care about the price, and more and more unwilling to provide fund payment or be recommended to use extremely expensive drug therapeutic scheme. As forming the trend of curtail expenditures, in the future, pharmaceutical industry will have to accept the reduction of product price, or actively prove that the product itself can actually change the medical environment, or the use benefit of drug itself is higher than the use cost.

2007～2020 Global drugs market forecast



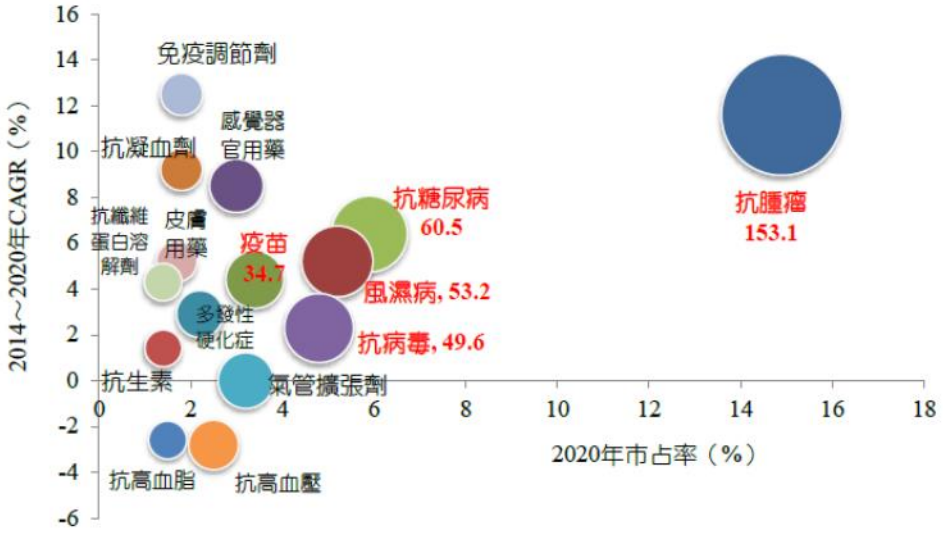
註：上述數據係針對全球製藥產業 500 大公司進行之統計推估
資料來源：EvaluatPharma；DCB 產資組 ITIS 計畫整理

The ranking of drugs of each efficacy category in 2020 will take anti-neoplastic drugs on the top, reaching to USD153.1 billion, with market share of 14.9% in global drug market; from the perspective of future growth, anti-neoplastic drugs is the medication field of second highest CAGR from 2014~2020, up to 11.6%, the main reason for growth is the launch of new cancer immunotherapy drugs such as PD-1 etc., and the new bestselling drugs of anti-cancer potential such as Perjeta from Roche and Imbruvica from Jonhson & Jonhson etc., it is expected to bring the growth of overall cancer medication market.

Anti-diabetic medication (will reach to USD60.5 billion in 2020, with 5.9% market share), rheumatic disease medication (USD53.2 billion, 5.2%), anti-virus medication (USD49.6 billion, 4.8%), and vaccine (USD34.7 billion, 3.4%) will be the top 2~5 medication categories worldwide in 2020. The global sales volume of top 15 medications of efficacy category will be about USD561.4 billion in 2020, with market share about 54.7%.

In the future, the medication category growing fastest will be the immunomodulator, with CAGR from 2014~2020 is 12.5%, the market share will grow from 1.2% in 2014 to 1.8% in 2020, and the sales volume will reach to USD18.6 billion. The anti-hypertension and anti-hyperlipid medications will be the only two items with sales decline among the top 15 medication categories in 2020, with CAGR of -2.8% and -2.6% respectively.

Top 15 drugs of efficacy category worldwide in 2020



註：泡泡大小為 2020 年銷售預測，單位為十億美元
資料來源：EvaluatePharma；DCB 產資組 ITIS 計畫整理

In respond to the preceding extensive medical market demand, the pharmaceutical industry has been developing innovative anti-cancer drugs continuously, apart from that targeting therapy drugs will continuously replace the traditional chemical and radiation therapy, the latest development trend is cancer immunotherapy, in which drugs will directly or indirectly effect in patient's immune system, so as to improve patient's immunity, or block the capability of disease in suppressing immune system, and then achieve the anti-cancer effect. Such brand new immune anti-cancer therapy has attracted great attention in medical industry recently; American and Japanese scholars winning Tang Prize and Biomedical Prize are the pioneers in developing such therapy. Besides, classify according to ingredients, the drug development trend is also changed obviously in recent years, due to the development of traditional small molecule drugs is almost saturated, and the development of protein drugs is also becoming mature, the breakthrough of the Company in carbohydrate synthesis technology opens a new gate for drug development. In recent years, several researches point out that specific carbohydrate molecule only effects on cancer cell surface, making carbohydrate molecule as the new anti-cancer object. The development of carbohydrate drugs has been deemed as one of the key directions in drug development in 21st century.

The Company targets at global market ever since the establishment, develops strategy according to the trend of international industry, focuses on cancer drugs market, which is of great market demand and expected to grow strongly in the coming ten years, for product development, hoping to make OBI-822 become the first-in-class drug aiming at Globo series carbohydrate antigen. In

the aspect of market strategy, the Company looks forward to long-term operation, selecting the America market of greatest drug business volume, and China market of most potential among emerging markets as the proprietary regions, and planning to cooperate with international big factories for operation in other regions, hoping to provide innovative choice to most breast cancer patients in the fast growing breast cancer therapy market year by year.

Main product lines of the Company include OBI-822, OBI-833 and OBI-888, the "Science Magazine" elected the cancer immunotherapy as the innovative technology in 2013; the analysis report issued by Citibank in 2013 also pointed out that, despite currently the cancer immunotherapy drugs are only accounting for 3% of cancer market, such therapy is of great development potential, it is estimated that it will reach to USD35 billion in 2023. Such huge market potential mainly comes from the inhibitor at cancer immune checking point in new product line and the contribution of new active cancer immunotherapy products, such therapy of utilizing human immune system against cancer will be the mainstream anti-cancer therapy in the future.

4. Competition niche:
   OBI-822, OBI-833 and OBI-888 have the potential of applying to over 14 types of cancers, they are the first-in-class carbohydrate cancer immunotherapy; their anti-cancer mechanisms take the Globo series carbohydrate antigen only effecting on cancer cells and without effecting on normal cells as the target, hoping to provide patients a safe, effective anti-cancer new choice with low side effect, so as to improve treatment result and life quality.

   OBI-868 carbohydrate membrane array is targeted to be positioned as the new generation cancer test reagent accurately diagnosing various cancers. From the cancer surface carbohydrate antigen immunotherapy in clinical trial, the Company has a unique and deep understanding on the cancer carbohydrate antigen of human, hoping to thereby develop the cancer test reagent more accurate than the products in the market.

   Since the carbohydrate antigen is of diversity, its application potential is huge, and it can be used for detecting various cancers; currently the Company has been testing the diagnostic rate of carbohydrate membrane array on various

cancers, hoping to maximize the application scope of carbohydrate membrane array, so as to increase the product sales in the future.

OBI-858 is the botulinum toxin of good stability and safety, the Company masters high quality manufacturing technology, it is expected to enter into the high growing botulinum toxin market with competitive price after completing the clinical trial.

5. Favorable and unfavorable factors in development prospect and solutions:
   (1) Favorable factor:
   - The core technology of the Company breaks through the traditional bottleneck in carbohydrate synthesis, it can resolve the difficulty that currently carbohydrate cannot be applied extensively in new drug research and development and commercial mass production.
   - The exclusive production technology of OBI can break through product life cycle, making it not easy to be imitated by other competitors, so as to protect the exclusive composition of product.
   - For the active immunotherapy targeting Globo H, its antigen has high specificity to cancers, it is not easy to affect the functions of normal cells, the product effectiveness is high, and the application scope is extensive.
   - The effect of clinical phase I trial of product OBI-822 is significant, the new generation cancer therapeutic vaccine OBI-833 can be applied to other cancers, the market prospect is expectable.
   - The carbohydrate membrane array OBI-868 is applied to relevant tests needed in the development of anti-carbohydrate antibody, increasing the success rate of carbohydrate vaccine development.
   - The operating research and development team has abundant experience in international new drug development, clinical trial and operating management.
   - Has multiple core products protected by patent.

   (2) Unfavorable factor and solutions:
   - The clinical trial results of OBI-822, OBI-833 and OBI-888 are still pending for acquiring real medical evidence.
     Solutions: the Company plans and executes clinical trial with prudent attitude, regularly consult with top three clinical trial committees to ensure the branding value of clinical trial, and amend the trial direction when appropriate to increase the success rate of trial.
   - The breast cancer therapeutic vaccine clinical trial takes longer time and higher costs, once it is not completed within the expected time, it might need to introduce new capital investment.

Solutions: the Company actively promotes the visibility of clinical trial information to accelerate the speed of recruiting patients, and had completed recruiting patients in July 2014, currently it is maintaining high quality clinical trial, and has conducted blind deconvolution in February 2016. On the other hand, through application to Ministry of Economic Affairs for clinical trial research grants to subsidize the huge research and development expenditures, and opens a dialog for product licensing activity, planning to license at an ideal opportunity in advance, hoping to gain signing bonus income before product launch.

- The popularity of carbohydrate membrane array detection concept.
  Solutions: through education promotion, allow medical circles to understand and further use it.
- It is late for OBI-858 to enter into botulinum toxin market.
- Solutions: successfully erode the existing leading brands in the market with price advantage, so as to facilitate the performance growth.

(ii) Important use and production process of major product:
OBI-822 and OBI-833 and cancer immunotherapy drugs; for relevant production (development) processes, since the drugs used for clinical trial at current stage are the bulk drugs and medicines in outsourcing manufacturing, currently, the processing scale established by outsourced plant is sufficient to supply clinical phase II/III trials carried out in several centers in various countries worldwide. At later stage of clinical trial, we will propose resolutions according to the clinical trial result and future market trend, and consider expanding production domestically, so as to achieve the maximum benefits in company operating strategy.

(iii) Major raw materials' supply condition
Currently the product raw materials supply in each research and development is still stable, the Company also actively seeks for secondary supplier of high quality raw materials supply, so as to ensure certain supply in the future.

(iv) Description on significant change of the gross profit margin of major product type or department type in the last two years:
The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no significant change of the gross profit margin of major product type or department type.

1. Name of supplier once accounting for over ten percent of total purchase amount in any year of the last two years and its purchase amount and proportion, and describe the reason for increase or decrease change:
   The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no commodity purchase in 2014 and 2015.

2. Name of customer once accounting for over ten percent of total sales amount in any year of the last two years and its sales amount and proportion, and describe the reason for increase or decrease change:
   The Company was established in April 2002, it is still at the stage of new drug research and development currently, and there is no sales facts in 2014 and 2015.

(v) Production quantity in the last two years: not applicable.

(vi) Sales quantity in the last two years: not applicable.

iii. Number of employees in the last two years

The works of legal affairs, research and development, toxicology and drug quality control of the Company are mostly outsourced for execution at early stage, in Taiwan and US, the Company has appointed professional consultant for assistance; in recent years, the product research and development has become mature gradually, and the Company has successively recruited professional talents and elites in the industry to join, not only strengthening the team, but also making the company function more complete. As at April 2016, the distribution of human resources of the Company is as follows:

April 30, 2016

Year		2014	2015	As at April 30 in current year
Number of employees	Personnel of director level	9	8	10
	General personnel	24	22	21
	R&D and technical personnel	48	65	75
	Total	81	95	106
Average age		39.6	41.0	40.1
Average length of service		1.65	2.31	2.30
Degree distribution ratio (%)	Doctor degree	22.2	27.37	24.53
	Master degree	49.4	47.37	50.94
	College degree	28.4	25.26	24.53
	Senior high school degree	0	0	0
	Total	100	100	100

iv. Environmental protection expenditure information

(i) Pursuant to laws and decrees, if pollution facility setting license or pollutant discharge permit shall be applied for, or pollution prevention and control costs shall be paid, or environmental protection dedicated unit and personnel shall be set, description on the application, payment or setting circumstances thereof: not applicable.

(ii) Investment of the company regarding major equipment for preventing and controlling environmental pollution, and their use and benefits might be generated: NA.

(iii) In the last two years and as at the publication date of annual report, in the course of the company's improvement of environmental pollution, if there is any pollution dispute, the handling process thereof: NA.

(iv) Losses and penalty amount suffered due to polluting the environment in the last two years: NA.

(v) In the last two years and as at the publication date of annual report, the losses (including compensation) and total penalty amount suffered by the company due to polluting the environment, and the disclosure of future solutions (including improvement measures) and possible expenditure (including estimated amount of possible losses, penalty and compensation due to the failure of adopting solutions, if it cannot be estimated reasonably, the facts of cannot be estimated reasonably shall be described): NA.

(vi) The impact of current pollution status and its improvement on the company earnings, competitive status and capital expenditure, and the expected significant environmental protection capital expenditure in the coming two years: not applicable.

(vii) Working environment and employee personal safety protection measure:

1. Air conditioner: conduct regular maintenance to air conditioner to improve the efficiency of machinery equipment and reduce the failure rate.
2. Improvement of environmental waste reduction: implement garbage classification and set resources classification recycling bin, conduct classification for treatment and recycling according to resources categories.
3. Wastewater treatment: for the biotechnology floor of the company located at Nangang Software Park Phase II, the wastewater produced must be discharged to biotechnology wastewater treatment tank for treatment, and then transferred into general wastewater treatment tank for treatment before discharge, building management unit conducts water quality testing regularly every

month, the testing results thereof are conforming to the government laws and decrees and have passed the test conducted by Sanitary Sewer Engineering Division, Works Bureau of Taipei City Government, and it will not produce pollution to the environment.

4. Preparation, maintenance and use of protective equipment: in each laboratory, personal safety protective equipment are provided according to the possible hazard conditions and types in the nature of operation, and professional or special protective equipment shall be kept and maintained by dedicated personnel.
5. Handling of mechanical equipment and instrument waste: if the mechanical equipment and analytical instruments in the laboratory cannot be used due to the expiry of service life, if the expiry of service life of such instruments have been confirmed, scrapping procedures can be gone through immediately.
6. Power utilization improvement: select and use fluorescent lighting fixtures of high power factor to improve power utilization efficiency and illuminating brightness, and employees form a good habit of turning off lights and the power when leaving, so as to save power utilization.
7. Noise improvement: select and use instrument and equipment of high efficiency and low noise to reduce the environmental noise. Set machine room to isolate the running noise of relevant equipment.
8. The Company implements regular inspection, repair and maintenance to each working equipment, so as to ensure work safety of employees. And holds labor safety and health education and disaster prevention training every year to let employees be familiar with and comply with relevant rules. Laboratories also set laboratory safety and health management organization members to implement the promotion of laboratory safety and health management of the company.

v. Labor-capital relationship

(i) Employee benefit measures, further education, training and retirement system of the company and the implementation condition thereof, agreement between labor and capital and maintenance measures of all kinds of employees' rights and interests:

1. Employee benefit measures:
   (1) Labor insurance: handle pursuant to labor insurance laws and decrees.
   (2) National health insurance: handle pursuant to provisions of National

Health Insurance Act.

(3) Group insurance: all employees can enjoy the life insurance, accident insurance, hospitalization medical insurance, tumor medical insurance etc. borne by the company in full amount.

(4) Festival bonus / recreation: issue birthday gift, marriage or funeral allowance, issue gifts etc. for three major festivals regularly and hold employee tourism regularly every year.

(5) Employee bonus: when surplus is available upon annual settlement, taxes shall be withheld and losses in previous years shall be covered first, and then draft the distribution proportion of employee bonus in current year, after passed by Board of Directors, propose it to Shareholders' Meeting for acknowledgment.

(6) Employee subscription right: in order to attract professionals to join the work team of the Company and retain excellent employees of development potential in the future, and further take care of employees and improve their living standard to jointly create benefits for company and shareholders, after approved by Board of Directors, the employee stock option certificate will be issued pursuant to "Employee Stock Options Issuance and Exercise Provisions".

2. Further education and training measures:

(1) New employee: on the date when employee reports for duty, relevant personnel of the company will be responsible for describing personnel regulations, company profile, working rules, environment introduction, and introduction of supervisors and colleagues.

(2) In-service employee further education measures: in order to implement lifelong learning, facilitate professional knowledge, skill and improve humanistic quality, and further improve service quality and performance, after report and being approved, all in-service full-time employees will be encouraged to participate in all kinds of in-service education and advanced study and training courses.

3. Retirement system:

The Company implements retirement system pursuant to the provisions of Labor Standards Act, regularly allocate the reserve for employee retirement to deposit in the special account in Central Trust of China, and appoints actuary

for actuarial practice to ensure sufficient preparation of retirement pension reserve.

4. Agreement between labor and capital and maintenance measures of all kinds of employees' rights and interests:
   Through mechanisms such as communication, incentive, service and education etc., the Company duly satisfies the demand of employees, allowing employees to established a good relationship with the company under a common goal and in the same boat, so as to improve employees' centripetal force to the company and work satisfaction, making them willing to spare more efforts to create greater contribution and value to the company, and the relationship between labor and capital is harmonious.

(ii) In the last two years and as at the date of annual report publication, the loss suffered by the company due to labor dispute, and disclosure of estimated amount occurred currently and likely to occur in the future and the solutions:
The Company always treats employees as the most valuable assets and attaches great importance to the future development of employees. Therefore, both labor and capital are always maintaining a harmonious relationship, and there is no loss caused by labor-capital dispute.

vi. Important contracts

Agreement	Contracting Parties	Term	Major contents	Restrictions
Assignment Agreement	Optimer Pharmaceuticals, Inc. Sloan-Kettering Institution for Center Research (hereinafter referred to as "SKI")	From May 7, 2009 for a period of twenty years, or until the expiration of patent, whichever is later	SKI signed an agreement with Optimer on July 31, 2002 regarding the patent licensing of cancer vaccine (including manufacturing, research and development and sales), for the rights and obligations of its global license agreement, they will be fully assigned from Optimer to OBI Pharma from May 7, 2009.	NA
Intellectual Property Assignment and License Agreement	Optimer Pharmaceuticals, Inc.	Effective from October 30, 2009	Optimer licenses the patent of OPT-88 and OPT-822/821 to OBI Pharma, and assigns its rights of the agreement signed with Scripps Research Institute and SKI to OBI Pharma.	NA
Supplemental Agreement	Optimer Pharmaceuticals, Inc.	From October 19, 2012 (effective date of supplemental agreement) to July 30, 2022.	Optimer and OBI Pharma sign a supplemental agreement to the Intellectual Property Assignment and License Agreement signed on October 30, 2009, which Optimer confirms that OBI Pharma owns all rights and information related to the manufacturing and sales of OPT-822. OBI Pharma shall stop using relevant words of "Optimer" in the company name, email address and domain name.	NA
Exclusive License Agreement	Optimer Pharmaceuticals, Inc.	From June 2011 until the expiration of patent right of the product or its composition in Taiwan, or for a period of ten years starting from the first sales date in Taiwan, whichever is later.	Optimer license OBI Pharma to research, develop and sell DIFICID™ in Taiwan.	NA
Exclusive License Agreement	Academia Sinica	From July 2010 until terminated by OBI Pharma with 30 day prior written notice or terminated by Academia Sinica with 60 day prior written notice	License the patent for new cancer drugs research based on the Globo H and carbohydrate membrane array cancer detection technology owned by Academia Sinica to OBI Pharma, giving OBI Pharma the right of research and development and sales.	NA
Exclusive license Agreement	Academia Sinica	April 23, 2014 until the expiration of patent.	Academia Sinica exclusively licenses the patent and the relevant rights of carbohydrate molecules synthesis technology to OBI Pharma.	NA
The Right of First Refusal Agreement	Optimer Pharmaceuticals, Inc.	From October 30, 2009 for a period of ten years.	If OBI Pharma intends to license the OPT-822 patent or technologies of OBI Pharma to the third party in the regions other than Taiwan, China, Hong Kong, Indonesia, India, Thailand, Vietnam, Cambodia, Laos, Myanmar, Malaysia,	NA

Agreement	Contracting Parties	Term	Major contents	Restrictions
			Singapore, Brunei, Pakistan and Philippine, Optimer has the first right of refusal, but OBI Pharma still reserves the right to conclude an agreement with the party offering the best conditions for license.	
Development & Manufacturing Agreement	Mycenax Biotech Inc.	From February 24, 2013 to June 30, 2016	Filling and packaging for OBI-822 drug product for clinical trial.	NA
Service Agreement	Jin Jia Co., Ltd.	From July 2010 until terminated by either party with 30 days advance notice in writing.	Clinical trial data processing and analysis.	NA
Service Agreement	INC Research, Inc	From September 2010 until the completion of research.	Assist to collect, summarize and analyze information on serious adverse reaction of clinical trial drugs.	NA
Service Agreement	CoreLab Partners, Inc	From September 2013 to September 2017	Assist to collect, interpret and summarize radiation image data.	NA
Insurance Agreement	Fubon Insurance Co., Ltd.	From March 2014 to March 2018	Human clinical trials liability insurance.	NA
Service Agreement	Zuellig Pharma Specialty Solutions Group Pte Ltd.	From September 2010 until terminated by either party with 30 day prior written notice	Storage and transportation of study drugs.	NA
Service Agreement	Total Trial Management Consulting Co., Ltd.	From April 2014 to July 2016	Assist the clinical trial hosting physician of hospital to execute the operation of non-clinical part in clinical trial.	NA
Service Agreement	CXN Clinical Research	From September 2011 to September 2016	Execute OBI-822 phase II/III human clinical trial in the territory of the United States.	NA
Service Agreement	Choice Pharma (HK) Limited	From December 2013 to December 2018	Execute OBI-822 phase II/III human clinical trial in Taiwan, Hong Kong, Malaysia and Korea etc.	NA
Service Agreement	Almac Group Incorporated	From December 2013 to December 2015	Storage and transportation of study drugs in the territory of the United States.	NA
Service Agreement	Advion BioServices, Inc.	From January 2012 until terminated by either party with 30 day prior written notice.	Examine all kinds of specimens of patients in the territory of the United States and output report.	NA
Collaborative Research Agreement	Chang Gung Memorial Hospital	From October 30, 2013 to September 30, 2017	Execute the program of "Determination of the expression of Globo H related antigen on breast cancer, and the biological activity of immune sera in patients undergoing OBI-822 treatment ".	NA
Collaborative Research	Linkou Chang Gung Memorial	From June 1, 2014 to	Execute a sub-study of a double-blind phase II -III trial active with Globo H-KLH(OPT	NA

Agreement	Contracting Parties	Term	Major contents	Restrictions
Agreement	Hospital / Doctor Chen Lingjin	September 30, 2016	822) with metastatic breast cancer	
Clinical Trial Agreement	Mackay Memorial Hospital	From November 13, 2013 until the completion of trial work	Use OPT-822/821 product for clinical trial on ovarian cancer etc.	NA
Technology Purchase Agreement	Run Ya Biotechnology Co., Ltd.	March 2, 2012	OBI Pharma purchases Botox technology from Run Ya at the price of NT$45 million, and OBI Pharma acquires all rights of such technology.	NA
Cooperative Development Agreement	Agnitio Science and Technology Inc.	From December 4, 2013 to December 4, 2015	Agnitio licenses technology platform to OBI Pharma for developing OBI-868 product.	NA
Assignment Agreement	Optimer Pharmaceuticals LLC	From May 2015 to May 2018	Assign the marketing right of Dificid in Taiwan to Merck Taiwan branch company.	NA
Memorandum	Run Ya Biotechnology Co., Ltd.	From March 2015 to December 2015	Major framework on the performance of manufacturing by Run Ya Biotechnology..	NA
Service Agreement	Run Ya Biotechnology Co., Ltd.	From August 13, 2015 to August 12, 2017	Manufacture OBI-821AS product for OBI Pharma.	NA
Manufacturing Agreement	Run Ya Biotechnology Co., Ltd.	From January 25, 2016 to January 24, 2026	Manufacture OBI-822DS, OBI-821AS, Globo H, and OBI-858 product.	NA
Equipment Purchase Agreement	Run Ya Biotechnology Co., Ltd.	January 25, 2016	OBI Pharma purchases production equipment from Run Ya Biotechnology,and places them in the plant of Run Ya to be exclusively used for manufacturing OBI-821/822, Globo H and OBI-858 and the related products.	NA

VI. Financial Overview

i. Concise financial information in the last five years

(i) Concise balance sheet and consolidated profit and loss statement

1. Individual concise balance sheet - International Financial Reporting Standards

Unit: NT$ thousand

item \ Year		Financial information in the last five years					Financial information in current year as at March 31, 2016
		2011	2012	2013	2014	2015	
Current assets		-	779,816	1,285,544	913,453	2,314,025	1,182,398
Property, plant and equipment		-	11,916	33,224	44,430	74,317	78,260
Intangible assets		-	80,499	73,924	67,745	56,983	54,350
Other assets		-	1,943	37,035	14,618	34,374	39,324
Total assets		-	874,174	1,970,352	1,486,345	7,317,116	6,728,001
Current liabilities	Before distribution	-	44,402	41,150	42,484	133,124	153,441
	After distribution	-	44,402	41,150	42,484	133,124	153,441
Non-current liabilities		-	-	-	-	-	-
Total liabilities	Before distribution	-	44,402	41,150	42,484	133,124	153,441
	After distribution	-	44,402	41,150	42,484	133,124	153,441
Equity attributable to owners of parent		-	829,772	1,929,202	1,443,861	7,183,992	6,574,560
Share capital		-	1,382,520	1,489,959	1,499,936	1,707,200	1,709,703
Capital surplus		-	203,473	1,634,249	1,804,890	8,277,385	8,401,139
Retained earnings	Before distribution	-	(756,221)	(1,194,805)	(1,861,812)	(2,803,149)	(3,151,230)
	After distribution	-	(756,221)	(1,194,805)	(1,861,812)	(2,803,149)	(3,151,230)
Other equity interest		-	-	(201)	847	2,556	1,669
Treasury share		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	-	829,772	1,929,202	1,443,861	7,183,992	6,574,560
	After distribution	-	829,772	1,929,202	1,443,861	7,183,992	6,574,560

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

2. Consolidated concise balance sheet - International Financial Reporting Standards

Unit: NT$ thousand

item \ Year		Financial information in the last five years					Financial information in current year as at March 31, 2016
		2011	2012	2013	2014	2015	
Current assets		-	779,816	1,303,530	937,345	2,358,277	1,227,481
Property, plant and equipment		-	11,916	33,224	45,234	74,934	78,801
Intangible assets		-	80,499	73,924	67,745	56,983	54,350
Other assets		-	1,943	37,482	15,276	36,139	40,337
Total assets amount		-	874,174	1,970,660	1,488,100	7,310,996	6,724,173
Current liabilities	Before distribution	-	44,402	41,458	44,239	127,004	149,613
	After distribution	-	44,402	41,458	44,239	127,004	149,613
Non-current liabilities		-	-	-	-	-	-
Total liabilities	Before distribution	-	44,402	41,458	44,239	127,004	149,613
	After distribution	-	44,402	41,458	44,239	127,004	149,613
Equity attributable to owners of parent		-	829,772	1,929,202	1,443,861	7,183,992	6,574,560
Share capital		-	1,382,520	1,489,959	1,499,936	1,707,200	1,709,703
Capital surplus		-	203,473	1,634,249	1,804,890	8,277,385	8,401,139
Retained earnings	Before distribution	-	(756,221)	(1,194,805)	(1,861,812)	(2,083,149)	(3,151,230)
	After distribution	-	(756,221)	(1,194,805)	(1,861,812)	(2,083,149)	(3,151,230)
Other equity interest		-	-	(201)	847	2,556	1,669
Treasury share		-	-	-	-	-	(386,721)
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	-	829,772	1,929,202	1,443,861	7,183,992	6,574,560
	After distribution	-	829,772	1,929,202	1,443,861	7,183,992	6,574,560

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

3. Individual concise profit and loss statement - International Financial Reporting Standards

Unit: NT$ thousand

Year / item	Financial information in the last five years					Financial information in current year as at March 31, 2016
	2011	2012	2013	2014	2015	
Net revenue	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Income from operations (loss)	-	(284,102)	(455,936)	(677,392)	(1,060,288)	(280,525)
Non-operating income and expenses	-	28,827	17,352	10,385	118,951	(67,556)
Income before tax	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Income from operations	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Loss from discontinued operations	-	-	-	-	-	-
Net loss for the year	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Other comprehensive income for the year	-	-	(201)	1,048	1,709	-
Total comprehensive loss for the year	-	(255,275)	(438,785)	(665,959)	(939,628)	(348,081)
Net income (loss) attributable to shareholders of the parent	-	-	-	-	-	-
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of the parent	-	-	-	-	-	-
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	-	(1.95)	(3.11)	(4.46)	(5.66)	(2.04)

4. Consolidated concise profit and loss statement - International Financial Reporting Standards

Unit: NT$ thousand

Year / item	Financial information in the last five years					Financial information in current year as at March 31, 2016
	2011	2012	2013	2014	2015	
Net revenue	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Income from operations (loss)	-	(284,102)	(467,650)	(712,325)	(1,063,218)	(281,524)
Non-operating income and expenses	-	28,827	29,066	45,318	123,405	(66,174)
Income before tax	-	(255,275)	(438,584)	(667,007)	(939,813)	(347,698)
Income from operations	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Loss from discontinued operations	-	-	-	-	-	-
Net loss for the year	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Other comprehensive income for the year	-	-	(201)	1,048	1,709	(887)
Total comprehensive loss for the year	-	(255,275)	(438,785)	(665,959)	(939,628)	(348,968)
Net income (loss) attributable to shareholders of the parent	-	(255,275)	(438,584)	(667,007)	(941,337)	(348,081)
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Total consolidated profit and loss attributed to parent company owner	-	(255,275)	(438,785)	(665,959)	(939,628)	(348,968)
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	-	(1.95)	(3.11)	(4.46)	(5.66)	(2.04)

Notes: the above financial information have been audited and certified or checked and approved by the accountant.

(ii) Concise balance sheet and profit and loss statement - financial accounting standards of our country

1. Individual concise balance sheet - financial accounting standards of our country:

Unit: NT$ thousand

Item / Year		Financial information in the last five years (Notes)				
		2011	2012	2013	2014	2015
Current assets		462,781	779,816	Not applicable	Not applicable	Not applicable
Fund and long-term investments		-	-			
Fixed assets		7,046	12,523			
Intangible assets		51,576	80,499			
Other assets		1,314	1,336			
Total assets		522,717	874,174			
Current liabilities	Before distribution	14,273	44,402			
	After distribution	14,273	44,402			
Long-term liabilities		-	-			
Other liabilities		-	-			
Total liabilities	Before distribution	14,273	44,402			
	After distribution	14,273	44,402			
Share capital		1,000,000	1,382,520			
Capital surplus		9,390	203,473			
Retained earnings	Before distribution	(500,946)	(756,221)			
	After distribution	(500,946)	(756,221)			
Unrealized gain/loss on financial instruments		-	-			
Cumulative translation adjustment		-	-			
Net loss not recognized as pension cost		-	-			
Total amount of shareholders' equity	Before distribution	508,444	829,772			
	After distribution	508,444	829,772			
Total liabilities and equity		522,717	874,174			

Notes: Financial information from 2011~2012 have been audited and certified by the accountant, since 2013, International Financial Reporting Standards is adopted.

2. Consolidated balance sheet - financial accounting standards of our country:

Unit: NT$ thousand

Item / Year		Financial information in the last five years (Notes)				
		2011	2012	2013	2014	2015
Current assets		462,781	779,816	Not applicable	Not applicable	Not applicable
Fund and long-term investments		-	-			
Fixed assets		7,046	12,523			
Intangible assets		51,576	80,499			
Other assets		1,314	1,336			
Total assets		522,717	874,174			
Current liabilities	Before distribution	14,273	44,402			
	After distribution	14,273	44,402			
Long-term liabilities		-	-			
Other liabilities		-	-			
Total liabilities	Before distribution	14,273	44,402			
	After distribution	14,273	44,402			
Share capital		1,000,000	1,382,520			
Capital surplus		9,390	203,473			
Retained earnings	Before distribution	(500,946)	(756,221)			
	After distribution	(500,946)	(756,221)			
Unrealized gain/loss on financial instruments		-	-			
Cumulative translation adjustment		-	-			
Net loss not recognized as pension cost		-	-			
Total amount of shareholders' equity	Before distribution	508,444	829,772			
	After distribution	508,444	829,772			
Total liabilities and equity		522,717	874,174			

Notes: Financial information from 2011~2012 have been audited and certified by the accountant, since 2013, International Financial Reporting Standards is adopted.

3. Individual concise profit and loss statement - financial accounting standards of our country:

Unit: NT$ thousand

Item / Year	Financial information in the last five years (Notes)				
	2011	2012	2013	2014	2015
Net sales	-	-	Not applicable	Not applicable	Not applicable
Gross profit	-	-			
Income from operations (loss)	(141,639)	(284,102)			
Non-operating revenue and gain	16,571	30,293			
Non-operating expenses and loss	(2,519)	(1,466)			
Continuing operating unit Pretax gain and loss	(127,587)	(255,275)			
Continuing operating unit Profit and loss	(127,587)	(255,275)			
Gain and loss of discontinued department	-	-			
Extraordinary gain or loss	-	-			
Cumulative effects of accounting principle changes	-	-			
Net income	(127,587)	(255,275)			
Earnings per share retroactive adjustment	(1.38)	(1.95)			

Notes: Financial information from 2011~2012 have been audited and certified by the accountant, since 2013, International Financial Reporting Standards is adopted.

4. Consolidated concise profit and loss statement - financial accounting standards of our country:

Unit: NT$ thousand

Item / Year	Financial information in the last five years (Notes)				
	2011	2012	2013	2014	2015
Net revenue	-	-	Not applicable	Not applicable	Not applicable
Gross profit	-	-			
Income from operations (loss)	(141,639)	(284,102)			
Non-operating revenue and gain	16,571	30,293			
Non-operating expenses and loss	(2,519)	(1,466)			
Continuing operating unit Pretax gain and loss	(127,587)	(255,275)			
Continuing operating unit Profit and loss	(127,587)	(255,275)			
Gain and loss of discontinued department	-	-			
Extraordinary gain or loss	-	-			
Cumulative effects of accounting principle changes	-	-			
Net income	(127,587)	(255,275)			
Earnings per share retroactive adjustment	(1.38)	(1.95)			

Notes: Financial information from 2011~2012 have been audited and certified by the accountant, since 2013, International Financial Reporting Standards is adopted.

(iii) Name and audit opinion of certified public accountants in the last five years:

Year	Accounting firm	Name of accountant	Audit opinion	Reason for change
2011	Ernst & Young	Xiao Cuihui Zeng Xiangyu	Clean opinion	NA
2012	PwC Taiwan	Zeng Huijing Zhang Minghui	Modified style clean opinion	Change the accounting firm due to the consideration of business development and management demand
2013	PwC Taiwan	Zeng Huijing Zhang Minghui	Clean opinion	NA
2014	PwC Taiwan	Zeng Huijing	Clean opinion	NA

		Zhang Minghui		
2015	PwC Taiwan	Zeng Huijing Zhang Minghui	Clean opinion	NA

ii. Financial analysis in the last five years

(i) Individual important financial ratio analysis in the last five years - International Financial Reporting Standards

Analysis item \ Year		Financial analysis in the last five years (Notes 1)					as at March 31, 2016 in the current year
		2011	2012	2013	2014	2015	
Financial structure (%)	Proportion of liabilities in assets	-	5.08	2.09	2.86	1.82	2.28
	Proportion of long-term funds in property, plant and equipment	-	6,963.51	5,806.65	3,249.74	9,666.69	8,400.81
Debt paying ability (%)	Current ratio	-	1,756.26	3,124.04	2,150.11	1,738.25	770.59
	Liquidity ratio	-	1,656.08	3,075.96	2,063.81	1,706.95	739.85
	Interest coverage ratio (ratio)	-	-	-	-	-	-
Operating capacity	Receivables turnover rate (time)	-	-	-	-	-	-
	Average cash collection days	-	-	-	-	-	-
	Inventory turnover rate (time)	-	-	-	-	-	-
	Payables turnover rate (time)	-	-	-	-	-	-
	Average sales days	-	-	-	-	-	-
	Property, plant and equipment turnover rate (time)	-	-	-	-	-	-
	Total assets turnover rate (time)	-	-	-	-	-	-
Profitability	Return on assets (%)	-	(36.55)	(30.84)	(38.59)	(21.39)	(4.96)
	Return on equity (%)	-	(38.15)	(31.79)	(39.55)	(21.82)	(5.06)
	Proportion of net profit before tax in paid-up capital (%)	-	(18.46)	(29.44)	(44.47)	(55.14)	(20.36)
	Net profit ratio (%)	-	-	-	-	-	-
	Earnings per share (NT$)	-	(1.95)	(3.11)	(4.46)	(5.66)	(2.04)
Cash flow (Notes 2)	Cash flow ratio (%)	-	-	-	-	-	-
	Cash flow adequacy ratio (%)	-	-	-	-	-	-

	Cash reinvestment ratio (%)	-	-	-	-	-	-
Degree of leverage (Notes 3)	Degree of operating leverage	-	-	-	-	-	-
	Degree of financial leverage	-	-	-	-	-	-

Description on the reasons for change of all kinds of financial ratios in the last two years:

1. Financial structure: the main reason for the decrease of proportion of liabilities in assets is caused by in cash capital increase of NT$6.2 billion in 2015.
2. Debt paying ability: the reduction of current ratio and liquidity ratio is mainly due to the increase of current liabilities caused by each project costs and the receiving of sales royalties for DIFICID in advance.
3. Operating capacity: since the company is still at the stage of new drug research and development currently, and there is no operating revenue and relevant inventory yet.
4. Profitability: the product line of the Company is still at the stage of active research and development, and there is no profit yet.

Notes 1: International Financial Reporting Standards are only adopted since 2013, and the above financial information have been audited and certified or checked and approved by the accountant.

Notes 2: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow proportions are not calculated.

Notes 3: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

(ii) Consolidated important financial ratio analysis in the last five years - International Financial Reporting Standards

Analysis item \ Year		Financial analysis in the last five years (Notes 1)					as at March 31, 2016 in the current year
		2011	2012	2013	2014	2015	
Financial structure (%)	Proportion of liabilities in assets	-	5.08	2.10	2.97	1.74	2.23
	Proportion of long-term funds in property, plant and equipment	-	6,963.51	5,806.65	3,191.98	9,587.09	8,343.24
Debt paying ability (%)	Current ratio	-	1,756.26	3,144.22	2,118.82	1,856.85	820.44
	Liquidity ratio	-	1,656.08	3,096.00	2,035.23	1,823.31	783.64
	Interest coverage ratio (ratio)	-	-	-	-	-	-
Operating capacity	Receivables turnover rate (time)	-	-	-	-	-	-
	Average cash collection days	-	-	-	-	-	-
	Inventory turnover rate (time)	-	-	-	-	-	-
	Payables turnover rate (time)	-	-	-	-	-	-
	Average sales days	-	-	-	-	-	-
	Property, plant and equipment turnover rate (time)	-	-	-	-	-	-
	Total assets turnover rate	-	-	-	-	-	-

	(time)						
Profitability	Return on assets (%)	-	(36.55)	(30.83)	(38.57)	(21.40)	(4.96)
	Return on equity (%)	-	(38.15)	(31.79)	(39.55)	(21.82)	(5.06)
	Proportion of net profit before tax in paid-up capital (%)	-	(18.46)	(29.44)	(44.47)	(55.05)	(20.34)
	Net profit ratio (%)	-	-	-	-	-	-
	Earnings per share (NT$) retroactive adjustment	-	(1.95)	(3.11)	(4.46)	(5.66)	(2.04)
Cash flow (Notes 2)	Cash flow ratio (%)	-	-	-	-	-	-
	Cash flow adequacy ratio (%)	-	-	-	-	-	-
	Cash reinvestment ratio (%)	-	-	-	-	-	-
Degree of leverage (Notes 3)	Degree of operating leverage	-	-	-	-	-	-
	Degree of financial leverage	-	-	-	-	-	-

Description on the reasons for change of all kinds of financial ratios in the last two years:

1. Financial structure: the main reason for the decrease of proportion of liabilities in assets is caused by in cash capital increase of NT$6.2 billion in 2015.
2. Debt paying ability: the reduction of current ratio and liquidity ratio is mainly due to the increase of current liabilities caused by each project costs and the receiving of sales royalties for DIFICID in advance.
3. Operating capacity: since the company is at the stage of new drug research and development currently, and there is no operating revenue and relevant inventory yet.
4. Profitability: the Company is still at the stage of research and development, and there is no profit yet.

Notes 1: International Financial Reporting Standards are only adopted since 2013, and the above financial information have been audited and certified or checked and approved by the accountant.

Notes 2: Since the Company only invested to establish subsidiary in 2013, hence the consolidated financial report was prepared since 2013.

Notes 3: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow proportions are not calculated.

Notes 4: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

Calculation formulas of the above financial analysis data are as follows:

1. Financial structure
   (1) Proportion of liabilities in assets=total liabilities/total assets.
   (2) Proportion of long-term funds in property, plant and equipment=(total equity+non-current liabilities)/net amount of property, plant and equipment.

2. Debt paying ability
   (1) Current ratio=current assets/current liabilities
   (2) Liquidity ratio=(current assets-inventory-prepaid costs)/current liabilities
   (3) Interest coverage ratio=income tax and net profit before interest expense/current interest expenditure.

3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business) turnover rate=net sales/balance of average receivables in each period (including accounts receivable and notes receivable arising from business).
   (2) Average cash collection days=365/receivables turnover rate.
   (3) Inventory turnover rate=sales cost/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business) turnover rate=net sales/balance of average payables in each period (including accounts payable and notes payable arising from business).
   (5) Average sales days=365/inventory turnover rate.
   (6) Property, plant and equipment turnover rate=net sales/average net amount of property, plant and equipment.
   (7) Total assets turnover rate=net sales/average total assets amount.

4. Profitability
   (1) Return on assets=[post-tax profit or loss+interest expense x (1-tax rate)]/average total assets amount.
   (2) Return on equity=post-tax profit or loss/average total equity amount.
   (3) Net profit ratio=post-tax profit or loss/net sales.
   (4) Earnings per share=(profit and loss attributable to parent company owner-special share dividend)/weighted average number of outstanding shares.

5. Cash flow
   (1) Cash flow ratio=net cash flow in operating activity/current liabilities.
   (2) Cash flow adequacy ratio=net cash flow in operating activities in the last five years/(capital expenditure+inventory increment+cash dividend) in the last five years.
   (3) Cash reinvestment ratio=(net cash flow in operating activity-cash dividend)/(gross amount of property, plant and equipment+long-term investment+other non-current assets+working capital).

6. Degree of leverage
   (1) Degree of operating leverage=(net operating income-changes in operating costs and expenses)/Income from operations.

(2) Degree of financial leverage=Income from operations/(Income from operations-interest expense).

(iii) Individual important financial ratio analysis in the last five years - financial accounting standards of our country

Analysis item \ Year			Financial analysis in the last five years (Notes 1)				
			2011	2012	2013	2014	2015
Financial structure (%)	Proportion of liabilities in assets		2.73	5.08	Not applicable	Not applicable	Not applicable
	Ratio of long-term funds in fixed assets		7,216.07	6,625.98			
Debt paying ability (%)	Current ratio		3,242.35	1,756.26			
	Liquidity ratio		3,198.98	1,656.08			
	Interest coverage ratio (ratio)		-	-			
Operating capacity	Receivables turnover rate (time)		-	-			
	Average cash collection days		-	-			
	Inventory turnover rate (time)		-	-			
	Payables turnover rate (time)		-	-			
	Average sales days		-	-			
	Fixed assets turnover rate (time)		-	-			
	Total assets turnover rate (time)		-	-			
Profitability	Return on assets (%)		(36.79)	(36.55)			
	Return on equity (%)		(37.64)	(38.15)			
	Proportion of net profit before tax in paid-up capital (%)	Income from operations	(14.16)	(20.55)			
		Net profit before tax	(12.76)	(18.46)			
	Net profit ratio (%)		-	-			
	Earnings per share (NT$)		(1.38)	(1.95)			
Cash flow (Notes 2)	Cash flow ratio (%)		-	-			
	Cash flow adequacy ratio (%)		-	-			
	Cash reinvestment ratio (%)		-	-			
Degree of leverage (Notes 3)	Degree of operating leverage		-	-			
	Degree of financial leverage		-	-			
Description on the reasons for change of all kinds of financial ratios in the last two years: not applicable.							

Notes 1: International Financial Reporting Standards are only adopted since 2013, and the 2011~2012 financial information have been audited and certified by the accountant.

Notes 2: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow

proportions are not calculated.

Notes 3: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

Calculation formulas of the above financial analysis data are as follows:

1. Financial structure
   (1) Proportion of liabilities in assets=total liabilities/total assets.
   (2) Ratio of long-term funds in fixed assets=(net shareholders' equity+long-term liabilities)/net fixed assets.

2. Debt paying ability
   (1) Current ratio=current assets/current liabilities
   (2) Liquidity ratio=(current assets-inventory-prepaid costs)/current liabilities
   (3) Interest coverage ratio=income tax and net profit before interest expense/current interest expenditure.

3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business) turnover rate=net sales/balance of average receivables in each period (including accounts receivable and notes receivable arising from business).
   (2) Average cash collection days=365/receivables turnover rate.
   (3) Inventory turnover rate=sales cost/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business) turnover rate=net sales/balance of average payables in each period (including accounts payable and notes payable arising from business).
   (5) Average sales days=365/inventory turnover rate.
   (6) Fixed assets turnover rate=net sales/net fixed assets.
   (7) Total assets turnover rate=net sales/total assets amount.

4. Profitability
   (1) Return on assets=[post-tax profit or loss+interest expense x (1-tax rate)]/average total assets amount.
   (2) Return on equity=post-tax profit or loss/average net shareholders' equity.
   (3) Net profit ratio=post-tax profit or loss/net sales.
   (4) Earnings per share=(net profit after tax-special share dividend)/weighted average number of outstanding shares.

5. Cash flow
   (1) Cash flow ratio=net cash flow in operating activity/current liabilities.
   (2) Cash flow adequacy ratio=net cash flow in operating activities in the last five years/(capital expenditure+inventory increment+cash dividend) in the last five years.
   (3) Cash reinvestment ratio=(net cash flow in operating activity-cash dividend)/(gross amount of fixed assets+long-term investment+other assets+working capital).

6. Degree of leverage
   (1) Degree of operating leverage=(net operating income-changes in operating costs and expenses)/Income from operations.
   (2) Degree of financial leverage=Income from operations/(Income from operations-interest expense).

(iv) Consolidated important financial ratio analysis in the last five years - financial accounting standards of our country:

Analysis item \ Year			Financial analysis in the last five years (Notes 1)				
			2011	2012	2013	2014	2015
Financial structure (%)	Proportion of liabilities in assets		2.73	5.08	Not applicable	Not applicable	Not applicable
	Ratio of long-term funds in fixed assets		7,216.07	6,625.98			
Debt paying ability (%)	Current ratio		3,242.35	1,756.26			
	Liquidity ratio		3,198.98	1,656.08			
	Interest coverage ratio (ratio)		-	-			
Operating capacity	Receivables turnover rate (time)		-	-			
	Average cash collection days		-	-			
	Inventory turnover rate (time)		-	-			
	Payables turnover rate (time)		-	-			
	Average sales days		-	-			
	Fixed assets turnover rate (time)		-	-			
	Total assets turnover rate (time)		-	-			
Profitability	Return on assets (%)		(36.79)	(36.55)			
	Return on equity (%)		(37.64)	(38.15)			
	Proportion of net profit before tax in paid-up capital (%)	Income from operations	(14.16)	(20.55)			
		Net profit before tax	(12.76)	(18.46)			
	Net profit ratio (%)		-	-			
	Earnings per share (NT$)		(1.38)	(1.95)			
Cash flow (Notes 2)	Cash flow ratio (%)		-	-			
	Cash flow adequacy ratio (%)		-	-			
	Cash reinvestment ratio (%)		-	-			
Degree of leverage (Notes 3)	Degree of operating leverage		-	-			
	Degree of financial leverage		-	-			
Description on the reasons for change of all kinds of financial ratios in the last two years: not applicable.							

Notes 1: International Financial Reporting Standards are only adopted since 2013, and the 2011~2012 financial information have been audited and certified by the accountant.

Notes 2: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are negative, hence relevant cash flow proportions are not calculated.

Notes 3: Since the company is still at the stage of research and development, hence it is still under net operating loss, and the degree of leverage is not calculated because it is negative.

Calculation formulas of the above financial analysis data are as follows:

1. Financial structure
   (1) Proportion of liabilities in assets=total liabilities/total assets.
   (2) Ratio of long-term funds in fixed assets=(net shareholders' equity+long-term liabilities)/net fixed assets.

2. Debt paying ability
   (1) Current ratio=current assets/current liabilities
   (2) Liquidity ratio=(current assets-inventory-prepaid costs)/current liabilities
   (3) Interest coverage ratio=income tax and net profit before interest expense/current interest expenditure.

3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business) turnover rate=net sales/balance of average receivables in each period (including accounts receivable and notes receivable arising from business).
   (2) Average cash collection days=365/receivables turnover rate.
   (3) Inventory turnover rate=sales cost/average inventory.
   (4) Payables (including accounts payable and notes payable arising from business) turnover rate=net sales/balance of average payables in each period (including accounts payable and notes payable arising from business).
   (5) Average sales days=365/inventory turnover rate.
   (6) Fixed assets turnover rate=net sales/net fixed assets.
   (7) Total assets turnover rate=net sales/total assets amount.

4. Profitability
   (1) Return on assets=[post-tax profit or loss+interest expense x (1-tax rate)]/average total assets amount.
   (2) Return on equity=post-tax profit or loss/average net shareholders' equity.
   (3) Net profit ratio=post-tax profit or loss/net sales.
   (4) Earnings per share=(net profit after tax-special share dividend)/weighted average number of outstanding shares.

5. Cash flow
   (1) Cash flow ratio=net cash flow in operating activity/current liabilities.
   (2) Cash flow adequacy ratio=net cash flow in operating activities in the last five years/(capital expenditure+inventory increment+cash dividend) in the last five years.
   (3) Cash reinvestment ratio=(net cash flow in operating activity-cash dividend)/(gross amount of fixed assets+long-term investment+other assets+working capital).

6. Degree of leverage
   (1) Degree of operating leverage=(net operating income-changes in operating costs and expenses)/Income from operations.
   (2) Degree of financial leverage=Income from operations/(Income from operations-interest expense).

iii. Supervisor of the financial report in the last year or Audit Committee's Review Report

The Company had established the Audit Committee with three independent directors on November 27, 2013, and the original supervisor was dismissed on that day. Hence it is attached the 2015 Audit Committee's Review Report as follows:

Audit Committee's Review Report

The proposals on 2015 Business Report, consolidated and individual financial statements and Deficit Compensation Table etc. of the Company have been prepared and submitted by Board of Directors of the Company, among them, the consolidated and individual financial statements have been audited by accountant Zeng Huijin and Zhang Minghui from PwC Taiwan and audit report has been issued. Proposals regarding the above Business Report, combined and individual financial statements and Deficit Compensation Table have been reviewed by Audit Committee, and those proposals are appropriate, it is hereby proposed for supervision pursuant to Article 14 of Securities Exchange Act and Article 219 of Company Act.

Sincerely submitted to
2015 General Meeting of the Company

OBI Pharma, Inc.

Convener of Audit Committee:Jerry Fong

Member of Audit Committee: Jimmy Tsay

Member of Audit Committee: Tony Chang

March 25, 2016

iv. Financial statements and accountant's audit report in the last year: please see page 186 to page 231 of this annual report for details.

v. In the last year and as at the publication date of annual report, if the Company and affiliated enterprise have difficulty in financial turnover, its impact on the financial situation of the Company shall be listed: NA.

VII. Financial Situation and Financial Performance Review Analysis and Risks

i. Financial situation

In the last two years, the main reasons for significant changes of assets, liabilities and shareholders' equity and its impact, in case of significant impact, the future solutions shall be described:

Unit: NT$ thousand

Item \ Year	2014	2015	Balance	
			Amount	Percentage (%)
Current assets	937,345	2,358,277	1,420,932	151.59
Financial assets available for sales - non-current	22,500	22,500	-	-
Investment in debt instruments without active markets - non-current	400,000	4,762,163	4,362,163	1,090.54
Property, plant and equipment	45,234	74,934	29,700	65.66
Intangible assets	67,745	56,983	(10,762)	(15.89)
Other non-current assets	15,276	36,139	20,863	136.57
Total assets amount	1,488,100	7,310,996	5,822,896	391.30
Current liabilities	44,239	127,004	82,765	187.09
Total liabilities	44,239	127,004	82,765	187.09
Share capital	1,499,936	1,707,200	207,264	13.82
Capital surplus	1,804,890	8,277,385	6,472,495	358.61
Accumulated deficit	(1,861,812)	(2,803,149)	(941,337)	50.56
Other equity interest	847	2,556	1,709	201.77
Total equity	1,443,861	7,183,992	5,740,131	397.55

If the changes in adjacent periods reach to over twenty percent and the changed amounts reach to over NT$10 million, descriptions on the main reasons and its impact analysis are as follows:

1. The increase of current assets is mainly caused by carrying out OTC cash capital increase of NT$6.2 billion in 2015.
2. The increase of Investment in debt instruments without active markets - non-current is mainly caused by the investment of cash capital increase in the fixed term deposit with maturity date more than one year.

3. The increase of property, plant and equipment is mainly caused by the acceleration of company research and development and the newly purchase of experimental equipment.
4. The increase of other non-current assets is mainly caused by the prepaid clinical laboratory fees and the refundable deposits of office in Nangang Station.
5. The increase of current liabilities is mainly caused by each project costs and the receiving of sales royalties of USD2 million for DIFICID in advance.
6. The increase of ordinary share capital is caused by the cash capital increase and the transfer of employees' subscription right.
7. The increase of capital surplus is caused by the issue at a premium in cash capital increase and the transfer of employees' subscription right.
8. The increase of accumulated deficit is because the company is still at the stage of research and development and has no net revenue, hence the operation in 2015 is still under loss status.

ii. Financial performance

Main reasons for significant changes in net revenue, operating net profit and net profit before tax in the last two years, and expected sales quantity and its basis, and possible impact on future financial affairs of the company and solutions:

Unit: NT$ thousand

Item \ Year	2014	2015	Balance	
			Amount	Percentage (%)
Net sales	-	-	-	-
Operating costs	-	-	-	-
Gross profit	-	-	-	-
Operating expenses	(712,325)	(1,063,218)	(350,893)	49.26
Operating loss	(712,325)	(1,063,218)	(350,893)	49.26
Non-operating income and expenses	45,318	123,405	78,087	172.31
Net loss	(667,007)	(941,337)	(274,330)	41.13
Total comprehensive loss for the year	(665,959)	(939,628)	(273,669)	41.09

Description:

1. The main reason is because the Company is still at the stage of research and development and clinical experiment as at the end of 2015, and there is no net revenue yet.

Item \ Year	2014	2015	Balance	
			Amount	Percentage (%)

2. The main reason for the increase of operating expenses in 2015 is because: (1) In 2015, the number of employees grows from 81 to 95, and the increase of salary and the expenditure in relocation to the office at Nangang Station; (2) Expensing of employee stock ownership, the stock subscription in OTC cash capital increase and the exercise of employee stock option certificate in 2015.
3. The increase of Non-operating income and expenses is mainly caused by the increase of bank interest and foreign currency exchange valuation interest.
4. Currently the product of the Company is still at the stage of development, and it is expected that there will be no significant sales quantity in the coming year; but after completing the analysis on all kinds of product clinical trial data, the Company will apply for investigational new drug as soon as possible, aiming at early launch of product; at that time, the Company has planned to voluntarily establish marketing network in Greater China region and USA, but without excluding joint marketing with major international pharmaceutical companies, so as to exert the maximum effect. In the regions such as Europe, Japan and Korea etc. other than Greater China region and USA, the Company will seek for the license of major international pharmaceutical companies, hoping to guarantee the revenue of the Company and bring stable working capital, and carry out the next stage of cancer drug research and development plan.

iii. Cash flow

(i) Analytical statement of cash flow changes in the last year:

Unit: NT$ thousand

Item \ Year	2014	2015	Balance	
			Amount	Percentage (%)
Cash flows from operating activities (outflow)	(464,217)	(372,204)	92,013	(19.82)
Cash flows from investing activities (outflow)	77,132	(4,433,148)	(4,510,280)	(5,847.48)
Cash flows from financing activities (outflow)	9,977	6,207,264	6,197,287	62,115.74
Description: 1. The decrease of cash flows from operating activities is mainly because the OBI-822 clinical receiving target was completed in July 2014, hence relevant				

costs were decreased.

2. The increase of cash flows from investing activities is mainly caused by placing cash into the fixed term deposit with maturity date more than one year.
3. The increase of cash flows from financing activities is mainly caused by the cash capital increase of NT$6.2 billion in 2015.

(ii) Improvement plan for liquidity shortage: not applicable.

(iii) Cash liquidity analysis in the coming year:

Unit: NT$thousand

Opening cash balance (1)	Expected annual net cash flow from operating activity (2)	Expected annual net cash flow from other activity (3)	Number of residual (insufficient) cash (1)+(2)+(3)	Remedial measure for cash shortage	
				Investment plan	Financial plan
2,300,548	(1,166,475)	8,879	1,142,952	-	-

Analysis description:

1. Analysis on cash flow changes in the coming year:
   Operating activity: in 2016, the Company is still at the stage of new drug research and development, hence it is under net operating cash outflow.
   Other activity: the cash inflow of other activity in 2016 is mainly the stock capital of employee's subscription right.
2. Expected remedial measure for cash shortage and liquidity analysis: not applicable.

iv. The impact of significant capital expenditure on financial affairs in the last year: NA.

v. Reinvestment policy in the last year, main reason for its profit or loss, improvement plan and investment plan in the coming year:

In order to smoothly carry out the clinical trial in China Mainland and USA, in November, 2012, March and April 2013, the Company had completed the registration of establishment of Hong Kong OBI Pharma Limited, OBI Pharma (Shanghai) Limited (reinvestment of OBI Pharma Limited) and OBI PHARMA USA, INC. respectively, up to now, it is still under accumulated deficit status, in the future, with completion of each product clinical trial and smooth launch of product, it will bring revenue and profit to each reinvestment enterprise.

vi. Risk analysis and assessment

(i) In the last year and as at the publication date of annual report, the impact of interest rate, fluctuation in exchange rate, and inflation on company profit and loss and future solutions:

1. The impact of interest rate, fluctuation in exchange rate, and inflation in the last year on company profit and loss:

(1) Interest rate change:

The Company has no financing through loaning, hence the impact of interest rate on liabilities is slight; despite the interest income is declining due to interest rate, but its impact on the Company is not significant.

(2) Fluctuation in exchange rate:

In the operating activities of the Company, those priced in foreign currency and might be impacted by the exchange rate in the future include:

A. Technology licensing fee and royalty paid overseas due to acquiring technology licensing overseas.
B. Technology licensing fee and royalty collected overseas due to licensing technology overseas.
C. Relevant costs needed to be paid due to carrying out clinical trial overseas.

(3) Inflation:

In March 2016, the Consumer Price Index (CPI) is 104.46, dropped by 0.63% comparing with the last month, and increased by 2.00% year-on-year; the Wholesale Price Index is 84.42, dropped by 0.14% comparing with the last month, and dropped by 4.94% year-on-year. In the future, the Company will pay close attention to the impact of inflation on all kinds of costs.

2. Future solutions of the Company in respond to the fluctuation in exchange rate and interest rate change:

(1) Pay attention to the trend and change of each major currency in international foreign exchange market at any time, so as to master the trend of exchange rate and respond promptly, in consideration of the risk generated from fluctuation in exchange rate, adjust the foreign currency position in due time to safeguard the due profits.

(2) The Company adopts natural hedging to control and reduce foreign

currency position as far as possible.

(3) Open foreign currency deposit account in the correspondent bank, keep certain part of foreign currency position in respond to the demand of foreign exchange fund.

(4) Keep a good interactive relationship with the bank, strive for more extensive foreign exchange and interest rate information, and more favorable quotation.

(5) Pay attention to the trend of interest rate at any time, utilize all kinds of financing tools in capital market in due time to reduce the cost of capital acquisition.

3. The impact of inflation on company profit and loss in the last year and future solutions:

The Company pays attention to market price fluctuation at any time, and keeps a good interaction with suppliers and customers, in recent years, there is no significant impact caused by inflation, and there is no inflation risk within a short term, hence it has no significant impact on the annual profit and loss of the Company.

(ii) Policy on engaging in high risk highly leveraged investment, granting of loans, endorsement and derivative securities transaction, main reason for profit or loss, and future solutions:

In 2015 and as at the publication date of annual report in 2016, the Company has not engaged in high risk highly leveraged investment, granting of loans, derivative securities transaction and endorsement. The Company has formulated the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures of Making Endorsement and Guarantees" and "Procedures of Granting of Loans" and have been passed in the resolution of Shareholders' Meeting, in the future, if engaging in relevant business, the Company will handle according to relevant procedures and immediately and accurately announce all kinds of information pursuant to laws and decrees.

(iii) Future research and development plan and expected invested research and development costs:

1. Currently the Company has five research and development plans under

development:

(1) Breast cancer therapeutic vaccine OBI-822 (former name: OPT-822):

OBI-822 is the new drug for active immunotherapy of cancer, it targets at polysaccharides antigen Globo series carbohydrate in cell cancerization, it can trigger the immune system of human body to produce antibody to activate T-cytotoxic cells, and further destroy breast cancer cells and prevent recurrence of cancer. This plan started in December 2010, led in Taiwan, it carried out random double blind phase II/III clinical trial in multiple centers in various countries, and had recruited the fourth phase metastatic breast cancer patients, in July 2014, it had completed the receiving 342 targets (actually received 349 persons) and blind deconvolution was conducted in February 2016, and it was passed per deliberation to be reported in the Oral Abstract Session of annual meeting held by American Society of Clinical Oncology (ASCO) in June 2016. Besides, it also carried out clinical trial for the second phase ovarian cancer, it is expected to consult with US FDA on global phase III breast cancer clinical trial, and actively plan to carry out new indication clinical trial of other cancers.

(2) New generation cancer therapeutic vaccine (OBI-833)

The new generation OBI-833 for active immunotherapy of cancer also targets at polysaccharides antigen Globo series carbohydrate massively effecting on cancer cells surface, the improvement of product composition will effectively trigger the patient's immune function, so as to destroy cancer cells and prevent recurrence of cancer. This product had been approved by US FDA in December 2014 to carry out clinical trial, and sent for Investigational New Drug (IND) application in Taiwan.

(3) Cancer carbohydrate monoclonal antibody (OBI-888)

OBI-888 is the product plan newly developed by the Company, it is the new drug developed for passive immunotherapy targeting at Globo series carbohydrate antigen; in the future, patients having a poor effect in accepting active immunotherapy can be applied with monoclonal antibody OBI-888 to make up the shortage of active

immunotherapy to achieve the all-round anti-cancer purpose; currently OBI-888 has entered into the stage of pre-clinical trial.

(4) Carbohydrate membrane array cancer test reagent (OBI-868):
This product is acquired from technology transfer from Academia Sinica, it detects the cancer related carbohydrate antibody in the blood with high sensitive carbohydrate membrane array, so as to develop cancer test reagent, and it is applied in efficacy tracking. Currently the Company will give priority to develop carbohydrate membrane array application of more product value to support the clinical test of anti-carbohydrate antibody effect in the development of OBI carbohydrate vaccine, and increase the success rate of carbohydrate vaccine development.

(5) Botulinum toxin preparation (OBI-858)
This preparation plan is applied in anti-wrinkle medical cosmetology market, the R&D team of the Company has acquired the special clostridium botulinum strain, and had completed the pre-clinical pharmaceutical process research and development and bulk drug product development in 2014, in 2014, the Company had completed toxicity test and clinical use bulk drug production, and carried out the bulk drug stability test. At the present stage, we are working on the development of finished drug bacteria-free packing process and dosage form research, in the future, we will appoint manufacturing place conforming to "Current Good Manufacturing Practice (cGMP)" to carry out production of finished drugs for clinical trial.

2. Expected invested research and development costs:
The Company mainly invests in the clinical trial, product development and pre-clinical research and development of OBI-822/OBI-833/OBI-858/OBI-868/OBI-888, in the future, the research and development costs will be listed gradually according to the new product development progress, and it is expected to invest research and development costs of about NT$5.2 billion in total from 2016 to 2018.

(iv) The impact of changes in domestic and overseas important policies and laws on company financial affairs and solutions:

In recent years, the government attaches importance to the development of biotechnology industry, under the promotion by policies such as "Biotech and New Pharmaceutical Development Act", "Taiwan Biotechnology Take-off Diamond Action Plan" and "Economic Cooperation Framework Agreement" etc., including the compliance with Good Clinical Practice (GCP) standards, the government gives priority to promote the cross-strait clinical trial, drug research and development cooperation and "Drug Project Advisory Guidelines of Food and Drug Administration, Department of Health, Executive Yuan" in the way of pilot program and project, and has been leading the research and development energy of biotechnology industry.

In September 2010, OBI Pharma was approved as the "Biotechnology New Drug Development Company", apart from actively applying for relevant tax preference and budget subsidy to reduce capital outflow, OBI Pharma also observed the changes of relevant biotechnology policies and laws and regulations both at home and abroad at any time, so as to master the opportunity to respond to the change of market environment. Meanwhile, under the ECFA cooperation framework between the governments across the strait, OBI-822 program of OBI Pharma and other four biotechnology companies in Taiwan had been elected as the first pilot program in cross-strait clinical trial.

Biotechnology industry is under high control by laws and regulations, from research and development stage of product, clinical trial execution, medicament license acquisition to production and launch for sales, every stage must conform to the operation specification of medical laws and regulations. Moreover, due to the territoriality characteristics of medical laws and regulations, if product needs to be exported to other countries, it needs to conform to the requirement of medical laws and regulations of every country. The change of medical laws and regulations in each country will directly impact the development schedule and research funding of biotechnology product. Therefore, the solutions of the Company include:

1. Actively recruit talents with experience in global laws and regulations, and set medical regulatory department.

2. The development of new drug chooses the USA and Taiwan which with the most mature, transparent and open medical laws and regulations as the prior bases for clinical trial execution.
3. Apart from keeping close attention to the changes of laws and regulations in each country, personnel of medical regulatory department will also actively participate in the medical laws and regulations seminar held by each public association in biotechnology industry, and hire experts familiar with local medical laws and regulations in the country of executing clinical trial as the consultant, so as to actually master the change of latest laws and regulations, and reduce the adverse impact caused by the changes of laws and regulations on the developing products of the Company.

(v) The impact of changes of technology and industry on company financial affairs and solutions:

The entry threshold of biotechnology industry is high, the product research and development period is long, and the added value is high but the risk is also high. Hence from research and development to the output of new drug, it might take over ten years, therefore, the Company will always pay attention to the technology development trend of biotechnology industry, commence on assessing possible impacts, and carry out necessary direction or strategy adjustment. In flexible respond to the change of technology or industry, and effectively avoid the possible impact, the Company takes the following solutions:

1. Has prepared adequate funding to complete the OBI-822 new drug clinical trial.

   The total assets value of the Company is NT$6.72 billion as at the end of March 2016, among them, the current assets are NT$1.23 billion (another NT$5.3 billion is the fixed term deposit with maturity date more than one year, and is classified under "Debt instruments investment in inactive market - non-current" according to the financial report preparation standards), hence the Company has prepared sufficient fund to respond to the expenditures in the OBI-822 new drug development application and the clinical experiment in each phase.

2. Prudently assess the opportunity and benefit of the new drug under development

   For products under research and development currently, all kinds of trials are carried out according to the new drug development process, and their success likelihood and market value are assessed gradually

according to the trial result, once the product benefit of competitor is better or its development speed is ahead, all the result of each trial of the Company is not as well as expected etc., the Company will adjust or suspend the plan in due time to reduce unnecessary subsequent risks.

3. Implement saving and costs rationalization
   The Company strictly executes budget management system to reduce unnecessary expenditure.

4. Apply for research and development plan subsidy
   Actively strive for research and development plan subsidy from the government to reduce the costs expenditure of the Company.

5. Cooperate with major pharmaceutical company through technology licensing
   The Company possess sufficient financial resources and experience for independent research and development and developing global market, but not excluding the cooperative development with major pharmaceutical company to accelerate the extension of product research and development progress, and share the research and development risks through collecting early signing bonus and milestone payment.

(vi) The impact of change of corporate image on corporate crisis management and solutions:
Ever since the establishment, the Company has been adhering to the operating principles of sustainability and integrity and concentrating on new drug development, hoping to provide patients a new medical choice; meanwhile, the Company continuously strengthens company internal management, actively marches towards international market and improves quality management capability. In the last year and as at the publication date of annual report, the Company has no relevant corporate crisis derived from the change of corporate image; in the future, the Company will continuously implement corporate governance requirement and consult expert opinion in due time to reduce the impact of such risk on company operation.

(vii) Expected benefit and possible risk of merger and acquisition and solutions: currently the Company has no plan of merger and acquisition.

(viii) Expected benefit and possible risk of plant expansion and solutions: currently the Company has no plan of plant expansion.

(ix) Risk encountered in centralized purchasing or sales and solutions:
Apart from that DIFICID™ of the Company has acquired the new drug license issued by the Ministry of Health and Welfare, other products are still at the stage of development and clinical experiment, and there is no launch and production of other new drug product yet. In October 2015, the Company had licensed DIFICID™ to American merchant Merck Sharp & Dohme, in the future, Merck Sharp & Dohme will be responsible for product purchasing and sales, and the Company will not need to bear the purchasing or sales risks. The future sales of other products mainly target at hospitals, and there is no risk of centralized sales, and the Company may conduct self-production or outsource for manufacturing, the choice of outsourcing manufacturing is large, and there is no risk of centralized purchasing.

(x) The impact and risk of massive transfer or change of the stock rights of directors, supervisors or substantial shareholders with shareholding over ten percent and solutions:
There is no such circumstance.

(xi) The impact and risk of change of operation right and solutions:
Most of the operations of the Company are planned by the business unit and executed after approved by the management echelon, hence a sound and complete operation mode has been established; even if in case of change of operation right, its impact on sustainable operation is limited.

(xii) Litigation or non-litigation case:

1. In the last two years and as at the publication date of public prospectus, the litigation, non-litigation or administrative litigation case already concluded by the final and unappealable judgment or still under litigation, where the result thereof might have significant impact on the shareholders' equity or security price, the facts in dispute, amount of money at stake , the commencement date of litigation, major parties involved in litigation and current status of dispute shall be disclosed:
   (1) The Company applied to the Trademark Office of The State Administration for Industry & Commerce of the People's Republic of China for registration of "OBI PHARMA" trademark in 2013, but the Trademark Office rejected the application of the Company on the ground of likelihood of confusion, and the Company

determined to bring the case to administrative court, and lodged the second instance appeal to the Beijing Intellectual Property Court in November 2015. This case is administrative remedy and has no significant adverse impact on the company financial affairs and business.

(2) The Company applied to the Trademark Office of The State Administration for Industry & Commerce of the People's Republic of China for registration of "浩鼎" trademark in 2014, but the Trademark Office rejected the application of the Company on the ground of likelihood of confusion. In February 2016, the Company reached a coexistence agreement with the cited trademark owner, and filed a lawsuit to the Beijing Intellectual Property Court in April 2016, this case is administrative remedy and has no significant adverse impact on the company financial affairs and business.

(3) The anonymous person named as "OB Lie" posted in the community specially established for breast cancer patients at the US "Inspire.com" website at 2:46pm New York Time on March 23, 2016 (3:46am, March 24, Taipei Time) and accused that, OBI had already known the fact of failure of the breast cancer new drug OBI-822 researched and developed by the company, but had been always concealing it from patients, physicians and investors, even the circumstances of death and serious side effect caused by OBI-822 to several patients once occurred in the course of trial. For the false statements spread by anonymous person at the network, which serious damaged the company reputation and intentionally influenced the stock market, in the afternoon of March 28, 2016, the Company filed a lawsuit to the Taipei District Prosecutors Office, hoping the prosecutors office can find out the truth to safeguard the rights and interests of the Company and all shareholders.

(4) The Next Magazine printed and published on April 6, 2016 by the Next Media Publishing Limited and its relevant personnel deliberately fabricated, published and issued false reports, alleging that "When OBI experiment team was interviewed by investigation bureau and prosecutors office , it was verified that Weng Qihui had already known the negative result of the

unblinded data on February 18" etc., such statements intentionally damaging the reputation of the Company and influencing the stock price of the Company are defamatory, and the Company thereby filed a lawsuit in accordance with law. For the false reports published and issued by Next Media Publishing Limited, which serious damaged the company reputation and intentionally influenced the stock market, in the afternoon of April 7, the Company filed a lawsuit to Taipei District Prosecutors Office, hoping the prosecutors office can find out the truth to safeguard the rights and interests of the Company and all shareholders.

2. In the last two years and as at the publication date of this annual report, whether the director, supervisor, General Manager, any person with actual responsibility for the company and any major shareholders holding a stake of greater than ten percent of the Company are involved in any litigation, non-litigation or administrative litigation case already concluded by the final and unappealable judgment or still under litigation, where, the results thereof might have significant impact on company shareholders' equity or securities price: NA.
3. In the last two years and as at the publication date of this annual report, whether the director, supervisor, manager and major shareholders holding a stake of greater than ten percent of the Company have any circumstance as prescribed in Article 157 of Securities Exchange Act and the current status of the company’s disposition: NA.

(xiii) Other important risks and solutions:

Major operating items of the Company are the new drug development, despite the predictable profits are impressive after successful launch of products, but, relatively, the risk is also high. Overall operating risks of the Company and solutions are summarized as follows:

1. Risk of new drug clinical trial development failure

   If the new drug development and clinical trial result are not as well as expected, the risk that the new drug cannot launch on the market will be caused. Since the variables of cancer patients are more, observation indexes are progression free survival and overall survival, and the difficulty of clinical trial is relatively high. Whether OBI-822 can actually delay the recurrence of advanced breast cancer patients and increase the survival rate, it is still needed to be confirmed after the completion of clinical trial result analysis.

Solutions:

(1) The Company carried out OBI-822 phase III trial in Taiwan and phase II trial in US and other regions; such clinical trial plan regularly convenes Data Safety Monitoring Board meeting to review the OBI-822 safety data, and the trial is only proceeded after confirming such data without any mistake; besides, the Company continuously seeks advice from breast cancer treatment authorities all over the world to discuss all kinds of data and trial details, so as to ensure correct direction of clinical trial, improve the chance of success of clinical trial, and reduce the failure risk.

(2) Apart from appointing clinical trial company to execute human body clinical experiment strictly following the Good Clinical Practice (GCP), the Company also hires international experienced professional manager to follow the clinical trial laws and regulations to ensure the trial quality.

(3) The target of OBI-822 Globo-H polysaccharides antigen has been verified, it has high effect on over fourteen types of cancers in human body, such as breast cancer, ovarian cancer and pancreatic cancer etc.; according to the international clinical experience, the same product always shows different efficacy on different cancers, in order to expand the possible cancer therapy scope of OBI-822 and bring benefits to more patients, the Company has carried out clinical trial plan of this product aiming at other intractable cancers, such as ovarian cancer etc. The diversified development of indication can also increase the change of success of clinical trial.

2. New drug product technical aspect - new drug manufacturing and raw materials supply risks

   The biological preparation and protein drug always encounter the challenge of consistency in supply source and quality, since OBI-822 belongs to carbohydrate protein drug, there is no exception.

   Solutions:

   (1) Apart from currently stable sources of raw materials supply, the Company also actively seeks for secondary supplier of high

quality raw materials supply, so as to ensure the demand of clinical trial and the product supply upon launching on the market in the future.

(2) The Company continuously recruits excellent talents to improve pharmaceutical process and research and development technology, and select cooperative manufacturers conforming to the highest specification of Good Manufacturing Practice (PIC/S GMP) to meet the requirements of laws and regulations upon new drug registration in each country in the future, so that product can launch on the market smoothly.

3. Risk of new drug development industry aspect - despite the profit of cancer new drug is expectable, the research and development schedule is long, and the spending is also considerable.

   Solutions:

   (1) The cash flow of the Company and experience of internal talents are sufficient to handle the current development demand, but in order to maintain strategic flexibility and accelerate new product and new indication development, the Company will not exclude the cooperation with major international pharmaceutical company to carry out clinical trial, through technology licensing signing bonus and milestone payment income, or the joint sharing of trial expenses, so as to reduce the research and development costs and accelerate the speed of product development.

   (2) The R&D team of the Company has abundant international successful experience in new drug development, and has completed the OBI-822 phase II/III clinical trial in Taiwan, currently, it is planned to apply to Taiwan Food and Drug Administration (TFDA) for conditional free sale certificate, and utilize the results of phase II/III to plan to apply to US FDA for global phase III clinical trial again.

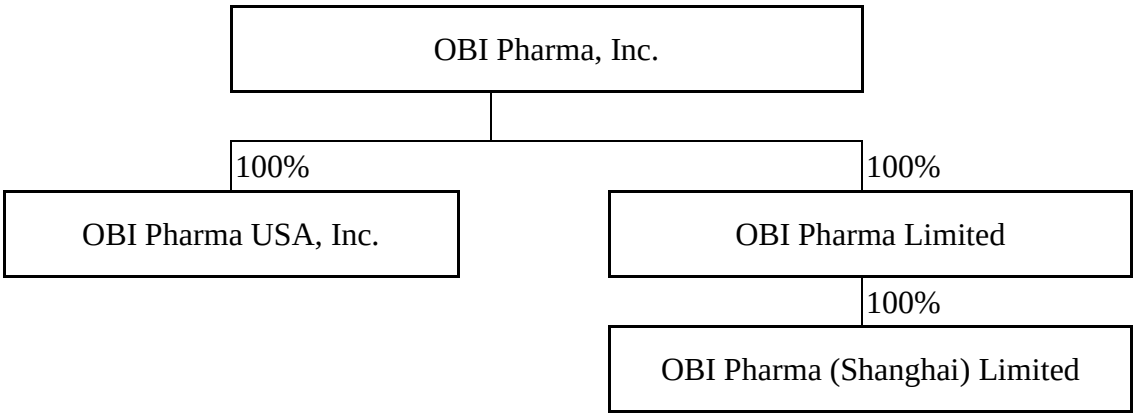
vii. Other important matters: NA.

VIII. Special Recorded Matters

i. Relevant information of affiliated enterprises: not applicable.

(i) Consolidated business report of affiliated enterprises

1. Organization chart of affiliated enterprises



2. Basic information of affiliated enterprise

Date: December 31, 2015

Name of enterprise	Establishment date	Address	Paid-up capital	Main business or production item
OBI Pharma USA, Inc.	April 30, 2013	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801.	USD 2,700,001	Biotechnology research and development
OBI Pharma Limited	November 29, 2012	Rm. 2401, 24/F., 101 King's Road, Fortress Hill, Hong Kong	USD 600,000	Investment and trading business
OBI Pharma (Shanghai) Limited	March 29, 2013	K, Room 1006, No. 376, Zhaojiabang Road, Shanghai	USD 500,000	Biotechnology research and development

3. Same shareholder information of those presumed with control and subordinate relationship: NA.

4. Industries covered by the operating business of overall affiliated enterprises.

1. Industries covered by the operating business of overall affiliated enterprises and divisions are as follows:

   A. Investment and trading: OBI Pharma Limited

   B. Biotechnology research and development: OBI Pharma USA, Inc., OBI Pharma (Shanghai) Limited

2. For details of main business or production item of each affiliated enterprise, please see the preceding Item 2. Basic information of affiliated enterprise.

5. Information of directors, supervisors and General Manager of each affiliated enterprise

Date: December 31, 2015; Unit: NT$thousand; share; %

Name of enterprise	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
OBI Pharma USA, Inc.	Director	OBI Pharma, Inc. (legal representative: Michael N. Chang)	2,701,000	100%
	Director	OBI Pharma, Inc. (legal representative: Tessie M Che)		
	Director	OBI Pharma, Inc. (legal representative: Kevin Poulos)		
OBI Pharma Limited	Director	OBI Pharma, Inc. (legal representative: Amy Huang)	600,000	100%
OBI Pharma (Shanghai) Limited	Director	OBI Pharma Limited (legal representative: Amy Huang)	-	100%

(ii) Operation profile of each affiliated enterprise

Date: December 31, 2015; Unit: NT$thousand; and NT$ for earnings per share

Name of enterprise	Capital amount	Total assets amount	Total liabilities	Net value	Net revenue	Income from operations	Current profit and loss (after tax)	Earnings per share (after tax)
OBI Pharma USA, Inc.	88,628	47,543	3,943	43,600	49,468	2,984	1,460	0.54
OBI Pharma Limited	19,695	9,218	64	9,154	0	(5,913)	(5,364)	(8.94)
OBI Pharma (Shanghai) Limited	16,413	7,674	64	7,610	0	(5,344)	(4,796)	-

(iii) Affiliated enterprise consolidated financial statement

Pursuant to the provisions of "Affiliated Enterprise Consolidated Business Report, Affiliated Enterprise Consolidated Financial Statement and Relationship Report Preparation Standards", the 2015 [from January 1, 2015 to December 31, 2015], the Company shall be included in the company preparing affiliated enterprise consolidated financial statement, and it is the same pursuant to the provisions of Securities Issuer Financial Statement Preparation Standards and No. 27 "Related Party Disclosures" of International Accounting Standards, the Company shall be included in the company preparing parent company and subsidiary consolidated financial report, and relevant information shall be disclosed in affiliated enterprise consolidated financial statement have been disclosed in the preceding parent company and subsidiary consolidated financial report.

(iv) Relationship report: NA.

ii. In the last year and as at the publication date of annual report, handling situation of private placement of securities: NA.

iii. In the last year and as at the publication date of annual report, subsidiary's holding or disposal of shares of the Company: NA.

iv. Other necessary supplementary explanations:

The Company became public listing on March 23, 2015, the execution situation of

commitments for listing so far:

Commitments for listing	Handling situation of commitments
(i) Commits that Taipei Exchange may ask OBI to appoint the accountant or institution designated by Taipei Exchange when necessary, so as to carry out external professional review according to the audit scope designated by it and submit the examination result to Taipei Exchange, and OBI shall bear relevant costs thereof.	There is no such circumstance yet.
(ii). Commits to additionally stipulate that "The Company shall not give up the capital increase to OBI Pharma Limited and OBI Pharma USA Inc. in the coming years; the OBI Pharma Limited shall not give up the capital increase to OBI Bio-pharmaceutical Technology (Shanghai) Co., Ltd. in the coming years; in the future, if the Company needs to give up capital increase to or dispose the said companies due to strategic alliance consideration or other reasons as agreed by Taipei Exchange, special resolution needs to be passed by Board of Directors of the Company." in the "Handling Procedures for Acquisition or Disposal of Assets". And in case of amendment to such handling procedures subsequently, significant information disclosure shall be input at mops.twse.com.tw and reported to Taipei Exchange for future reference.	The commitment on the left have been stipulated and passed by Board of Directors, and it will be listed in the report matters in the General Meeting held on June 27, 2016 for discussion.

v. The first listing (foreign public) company shall include the description on significant difference from the shareholders' equity protection regulations of our country: not applicable

vi. In the last year and as at the publication date of annual report, the occurrence of matter having significant impact on the shareholders' equity or security price as prescribed in Subparagraph 2, Paragraph 3, Article 36 of Securities Exchange Act: NA.

OBI PHARMA, INC. AND SUBSIDIARIES

Consolidated 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

To the Board of Directors and Shareholders of OBI PHARMA, INC.

We have audited the accompanying consolidated balance sheets of OBI PHARMA, INC. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OBI PHARMA, INC. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of OBI PHARMA, INC. (not presented herein) as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 25, 2015

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE DATA)

	Assets	Notes	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,300,548	31	$ 896,959	60
1200	Other receivables		15,130	-	2,656	-
1410	Prepayments		42,599	1	36,980	3
1470	Other current assets	8	-	-	750	-
11XX	**Current Assets**		2,358,277	32	937,345	63
	Non-current assets					
1523	Available-for-sale financial assets - noncurrent	6(2) and 11	22,500	-	22,500	1
1546	Investments in debt instruments without active markets - noncurrent	6(3)	4,762,163	65	400,000	27
1600	Property, plant and equipment	6(4) and 7(2)	74,934	1	45,234	3
1780	Intangible assets	6(5) and 11	56,983	1	67,745	5
1900	Other non-current assets	8	36,139	1	15,276	1
15XX	**Non-current assets**		4,952,719	68	550,755	37
1XXX	**Total assets**		$ 7,310,996	100	$ 1,488,100	100

(Continued)

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE DATA)

Liabilities and Equity	Notes	December 31, 2015 Amount	%	December 31, 2014 Amount	%
Current liabilities					
Notes payable		$ -	-	$ -	-
Other payables	6(18)	53,515	1	43,452	3
Other payables to related parties	7	6,470	-	-	-
Current tax liabilities		1,483	-	-	-
Advance receipts	6(5)	64,580	1	-	-
Other current liabilities – others		956	-	787	-
Total Liabilities		127,004	2	44,239	3
Equity attributable to owners of parent					
Share capital	6(7)(8) and 11				
Share capital - common stock		1,707,200	23	1,499,936	101
Capital surplus	6(7)(8)(9)(14)	8,277,385	113	1,804,890	121
Retained earnings	6(10)(15)				
Total unappropriated retained earnings (accumulated deficit)		(2,803,149)	(38)	(1,861,812)	(125)
Other equity interest		2,556	-	847	-
Total equity		7,183,992	98	1,443,861	97
Significant Contingent Liabilities and Unrecognized Contract Commitments	6(5)(11) and 9				
Significant Subsequent Events	11				
Total liabilities and equity		$ 7,310,996	100	$ 1,488,100	100

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE DATA)

Items	Notes	Years ended December 31, 2015 Amount	Years ended December 31, 2014 Amount
Operating expenses	6(4)(5)(6)(7)(9)(13)(14)(17) and 7		
General & administrative expenses		($ 415,061)	($ 227,035)
Research and development expenses		(648,157)	(485,290)
Total operating expenses		(1,063,218)	(712,325)
Operating loss		(1,063,218)	(712,325)
Non-operating income and expenses			
Other income	6(3)(11)	55,096	46,375
Other gains (losses)	6(12)	68,309	(1,057)
Total non-operating income and expenses		123,405	45,318
Loss before tax		(939,813)	(667,007)
Tax expense	6(15)	(1,524)	-
Loss for the year		($ 941,337)	($ 667,007)
Other comprehensive income			
Components of other comprehensive income that will be reclassified to profit or loss			
Financial statements translation differences of foreign operations		$ 1,709	$ 1,048
Other comprehensive income (loss), net		$ 1,709	$ 1,048
Total comprehensive income for the year		($ 939,628)	($ 665,959)
Loss Per Share (in dollars)	6(16)		
Basic and diluted per share		($ 5.66)	($ 4.46)

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent						
			Capital Surplus					
	Notes	Common stock	Share premium	Employee stock options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total
2014								
Balance at January 1, 2014		$ 1,489,959	$ 1,608,451	$ 22,903	$ 2,895	($ 1,194,805)	($ 201)	$ 1,929,202
Net loss for the year		-	-	-	-	(667,007)	-	(667,007)
Other comprehensive income		-	-	-	-	-	1,048	1,048
Share-based payment transactions	6(7)(8)(9)(14)	9,977	4,825	165,816	-	-	-	180,618
Balance at December 31, 2014		$ 1,499,936	$ 1,613,276	$ 188,719	$ 2,895	($ 1,861,812)	$ 847	$ 1,443,861
2015								
Balance at January 1, 2015		$ 1,499,936	$ 1,613,276	$ 188,719	$ 2,895	($ 1,861,812)	$ 847	$ 1,443,861
Net loss for the year		-	-	-	-	(941,337)	-	(941,337)
Other comprehensive income		-	-	-	-	-	1,709	1,709
Issuance of common stock	6(8)	200,000	6,000,000	-	-	-	-	6,200,000
Share-based payment transactions	6(7)(8)(9)(14)	7,264	107,255	278,288	86,952	-	-	479,759
Balance at December 31, 2015		$ 1,707,200	$ 7,720,531	$ 467,007	$ 89,847	($ 2,803,149)	$ 2,556	$ 7,183,992

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Cash Flows From Operating Activities			
Consolidated loss before tax for the year		($ 939,813)	($ 667,007)
Adjustments to reconcile consolidated loss before tax to net cash used in operating activities			
Income and expenses			
Depreciation	6(4)(13)	22,482	13,357
Amortization	6(5)(13)	10,948	11,103
Interest income	6(11)	(45,383)	(16,145)
Compensation cost for share-based payment transactions	6(7)(9)(14)	472,495	170,641
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Increase in other receivables		(1,975)	(2,026)
(Increase) decrease in prepayments		(5,619)	10,783
Decrease (increase) in other current assets		750	(750)
Net changes in liabilities relating to operating activities			
Decrease in notes payable		-	(1,265)
Increase in other payables		7,808	209
Increase in other payables to related parties		6,470	-
Increase in receipts in advance		64,580	-
Increase in other current liabilities - others		169	738
Cash used in operations		(407,088)	(480,362)
Receipts of interest		34,884	16,145
Net cash used in operating activities		(372,204)	(464,217)
Cash Flows From Investing Activities			
Acquisition of investments in debt instruments without active markets		(4,362,163)	-
Proceeds from disposal of investments in debt instruments without active markets		-	100,000
Acquisition of property, plant and equipment	6(4)(18)	(47,971)	(19,445)
Acquisition of intangible assets	6(5)	(186)	(329)
Increase in refundable deposits		(21,424)	(1,442)
Decrease in refundable deposits		604	349
Increase in other non-current assets		(2,008)	(2,001)
Net cash (used in) provided by investing activities		(4,433,148)	77,132
Cash Flows From Financing Activities			
Issuance of common stock	6(8)	6,200,000	-
Receipt from exercise of employee stock options	6(7)(8)	7,264	9,977
Net cash provided by financing activities		6,207,264	9,977
Effects due to changes in exchange rate		1,677	1,056
Increase (decrease) in cash and cash equivalents		1,403,589	(376,052)
Cash and cash equivalents at beginning of year		896,959	1,273,011
Cash and cash equivalents at end of year		$ 2,300,548	$ 896,959

OBI PHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

OBI PHARMA, INC. (the "Company") was established on April 29, 2002 upon approval by the Ministry of Economic Affairs. The Company conducted the initial public offering in May 2012, and traded its shares on the Emerging Stock Market of the Taiwan GreTai Securities Market since March 23, 2015. Its main activity is to conduct new drugs research.

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

These consolidated financial statements were authorized 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 ("IFRSs") 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 Group will adjust its presentation of the statement of comprehensive income.

B. 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, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group 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 Group

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 IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
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
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	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
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless

otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are

accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group 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 recognized in profit or loss. All amounts previously recognized 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 Group loses control of a subsidiary, all gains or losses previously recognized 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014	Remark
The Company	OBI Pharma Limited	Investing and trading	100.00	100.00	-
The Company	OBI Pharma USA, Inc.	Biotechnolgoy development	100.00	100.00	-
OBI Pharma Limited	OBI Pharma (Shanghai) Limited	Biotechnolgoy development	100.00	100.00	-

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

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

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

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

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the

exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

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

(c) 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 recognized 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 recognized 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".

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

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

(b) Assets held mainly for trading purposes;

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

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

Otherwise, they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as 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.

Otherwise, they are classified as non-current liabilities.

(6) Cash equivalents

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

(7) 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 recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized 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 recognized in other comprehensive income.

(8) Loans and receivables - investments in debt instruments without active market

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

(9) Impairment of financial assets - available-for-sale financial assets

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

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

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

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

(c) 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; or

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

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, the amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

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

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate

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

C. 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:

Lab equipment	3~5 years
Office equipment	3~5 years
Leasehold improvements	4~5 years

(12) Leased assets/leases (lessee)

An operating lease is a lease that the lessor assumes substantially all the risks and rewards incidental to ownership of the leased asset. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(13) Intangible assets

A. Patent:

(a) Patents acquired in intellectual property right as equity are recognized at fair value at the acquisition date, and amortized on a straight-line basis over their estimated useful lives.

(b) Patents acquired in cash are stated at cost and amortized on a straight-line basis over their estimated useful lives.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable

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

(15) 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Derecognition of financial liabilities

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

(17) 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions - Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when

they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the shareholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(19) Employee share-based payment

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

(20) Income tax

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

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

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income 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 income 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 income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

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

(21) Revenue recognition

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

A. Royalties are fixed or cannot be refunded.
B. Contracts are irrevocable.
C. Franchisee has the latitude in dealing with related license.
D. Franchisor has no other obligation after giving the license. If license agreements do not meet the above conditions, royalties are recognised as revenue using a reasonable and systematic method. The recognition should not be a one-time recognition.

(22) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(23) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make 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 Group's accounting policies

Financial assets-impairment of equity investments:

The Group 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 Group 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.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

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

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

The fair value of unlisted stocks held by the Group 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) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	$ 60	$ 60
Checking accounts and demand deposits	126,170	116,499
Time deposits	2,174,318	780,400
	$ 2,300,548	$ 896,959

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

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

(2) Available-for-sale financial assets

Items	December 31, 2015	December 31, 2014
Non-current item:		
Unlisted stocks	$ 22,500	$ 22,500

The Group has no available-for-sale financial assets pledged to others.

(3) Investments in debt instrument without active markets

Items	December 31, 2015	December 31, 2014
Non-current item:		
Time deposits	$ 4,762,163	$ 400,000

A. The Group recognized interest income of $23,310 and $3,360 for time deposits with maturity over 1 year in profit or loss for the years ended December 31, 2015 and 2014, respectively.

B. The Group has no investments in bonds wihout active markets pledged to others.

(4) Property, plant and equipment

	Lab equipment	Office equipment	Leasehold improvements	Total
At January 1, 2015				
Cost	$ 49,295	$ 6,354	$ 15,601	$ 71,250
Accumulated depreciation	(13,447)	(4,496)	(8,073)	(26,016)
	$ 35,848	$ 1,858	$ 7,528	$ 45,234
2015				
At January 1	$ 35,848	$ 1,858	$ 7,528	$ 45,234
Additions	32,736	3,686	13,738	50,160
Reclassifications	2,001	-	-	2,001
Depreciation	(15,689)	(1,988)	(4,805)	(22,482)
Net exchange differences	8	11	2	21
At December 31	$ 54,904	$ 3,567	$ 16,463	$ 74,934
At December 31, 2015				
Cost	$ 84,045	$ 9,787	$ 25,581	$ 119,413
Accumulated depreciation	(29,141)	(6,220)	(9,118)	(44,479)
	$ 54,904	$ 3,567	$ 16,463	$ 74,934

	Lab equipment	Office equipment	Leasehold improvements	Total
At January 1, 2014				
Cost	$ 28,820	$ 5,815	$ 11,627	$ 46,262
Accumulated depreciation	(4,258)	(3,692)	(5,088)	(13,038)
	$ 24,562	$ 2,123	$ 6,539	$ 33,224
2014				
At January 1	$ 24,562	$ 2,123	$ 6,539	$ 33,224
Additions	17,644	926	3,974	22,544
Reclassifications	2,831	-	-	2,831
Depreciation	(9,187)	(1,187)	(2,983)	(13,357)
Net exchange differences	(2)	(4)	(2)	(8)
At December 31	$ 35,848	$ 1,858	$ 7,528	$ 45,234
At December 31, 2014				
Cost	$ 49,295	$ 6,354	$ 15,601	$ 71,250
Accumulated depreciation	(13,447)	(4,496)	(8,073)	(26,016)
	$ 35,848	$ 1,858	$ 7,528	$ 45,234

The Group has no property, plant and equipment pledged to others.

(5) Intangible assets

	Patent					
	OBI-822	OBI-858	OBI-833	OBI-868		
	Therapeutically metastatic breast cancer vaccines	Product development project of botulinum	Next-generation cancer vaccine	Reagent for cancer screening	Software	Total
At January 1, 2015						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 1,500	$ 4,924	$138,359
Accumulated amortization	(56,667)	(12,144)	(288)	(575)	(940)	(70,614)
	$ 30,910	$ 30,714	$ 1,212	$ 925	$ 3,984	$ 67,745
2015						
At January 1	$ 30,910	$ 30,714	$ 1,212	$ 925	$ 3,984	$ 67,745
Additions	-	-	-	-	186	186
Reclassifications	-	-	-	-	-	-
Amortization (Note)	(5,152)	(4,285)	(150)	(300)	(1,061)	(10,948)
At December 31	$ 25,758	$ 26,429	$ 1,062	$ 625	$ 3,109	$ 56,983
At December 31, 2015						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 1,500	$ 5,110	$138,545
Accumulated amortization	(61,819)	(16,429)	(438)	(875)	(2,001)	(81,562)
	$ 25,758	$ 26,429	$ 1,062	$ 625	$ 3,109	$ 56,983

	Patent					
	OBI-822	OBI-858	OBI-833	OBI-868		
	Therapeutically metastatic breast cancer vaccines	Product development project of botulinum	Next-generation cancer vaccine	Reagent for cancer screening	Software	Total
At January 1, 2014						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 1,500	$ -	$133,435
Accumulated amortization	(51,516)	(7,857)	(69)	(69)	-	(59,511)
	$ 36,061	$ 35,001	$ 1,431	$ 1,431	$ -	$ 73,924
2014						
At January 1	$ 36,061	$ 35,001	$ 1,431	$ 1,431	$ -	$ 73,924
Additions	-	-	-	-	329	329
Reclassifications	-	-	-	-	4,595	4,595
Amortization (Note)	(5,151)	(4,287)	(219)	(506)	(940)	(11,103)
At December 31	$ 30,910	$ 30,714	$ 1,212	$ 925	$ 3,984	$ 67,745
At December 31, 2014						
Cost	$ 87,577	$ 42,858	$ 1,500	$ 1,500	$ 4,924	$138,359
Accumulated amortization	(56,667)	(12,144)	(288)	(575)	(940)	(70,614)
	$ 30,910	$ 30,714	$ 1,212	$ 925	$ 3,984	$ 67,745

Note: Except amortisation of computer software is recognised as "Operating expenses – management expenses", amortisation of other intangible assets is recognised as "Operating expenses – research and development expenses".

A. The Company purchased patents named "OPT-822", therapeutically metastatic breast cancer vaccines, and "OPT-80", Macrolide, from Optimer Pharmaceuticals, Inc. (the name "Optimer" is no longer used and the name was changed to "OBI-822/821" after the organization changed in October 2012) on December 29, 2003. The main contract information are as follows:

(a) The patent amounting to USD 6 million (approximately TWD 204 million) based on the appraisal report, was acquired as intellectual property right through equity of 20,400 thousand shares.

(b) The Company signed an authorized sale contract for Antibiotics-Fidaxomicin with OPT on June 6, 2011. The contract states that the Company must pay royalty fees to OPT based on 17% or 22% of sales under the revenue achievements. The payment period of

the royalty fee is the duration of patent right or ten years starting from the initial sales, whichever is later.

(c) The Company signed a patent transfer contract for Macrolide with Optimer Pharmaceuticals, Inc. on October 30, 2009. The price was $109,126 and the Company recognized a gain on disposal of assets amounting to $26,660 by deducting the costs of $116,423 and accumulated amortization of $33,957.

(d) The Company needs to pay annual fee and for achieved milestones. As of December 31, 2015, the remaining unpaid amount for achieved milestones amounted to US$13,250 thousand. The amount of payment was determined based on whether the milestones in the agreement are achieved or not. Furthermore, the Company must pay royalty fees based on a certain percentage of the sales of patented products annually.

B. In order to improve mass production and manufacturing process of OBI-822 for expanding global market, the Company has signed an exclusive patent license for chemosynthesis of carbohydrates with Academia Sinica on April 23, 2014, and the contract period is from April 23, 2014 to the expiration of protection duration of the last patented product. The Company must pay patent licensing fees and royalty fees in accordance with the contract. Except for royalty fees, the Company assesses whether to pay patent licensing fees based on 4 archived milestones. The total contract amount was approximately $60,000. As of December 31, 2015, except for the royalty fees of $20,000 that had already been paid in 2014, the Company has not yet paid other royalty fees.

C. The Company purchased a patent named “product development project of botulinum” from Amaran Biotechnology Inc. on March 2, 2012, which amounted to $42,858 based on external experts’ valuation. Please refer to Note 7 for the detailed information.

D. The Company acquired patents named “next-generation cancer vaccine” and “reagent for cancer screening”. The contract states that the Company must pay royalty fees based on the archived milestones. In 2013, the Company paid the royalty fees of $1,500 separately for both projects. Furthermore, the Company must pay royalty fees based on a certain percentage of the sales of patented products annually.

E. On October 2, 2015, the Company signed an agreement to transfer exclusive rights of DIFICID (generic name: Fidaxomicin) to Optimer Pharmaceuticals, LLC. (Optimer). The agreement is available until the expiration date of patents which is estimated to be November 27, 2128. The Company will transfer the relevant rights of DIFICID to Optimer Company based on the mutual agreement. Optimer Company should pay the Company: (i) upfront payment of USD3 million; (ii) accumulated net sales amount and milestone payment for new indications: not higher than USD3.25 million and USD1 million per new indication; (iii) royalty fees for sales: certain percentage of net sales amount. Optimer Company’s associate in Taiwan, Merck Sharp & Dohme (I.A.) LLC. - Taiwan Branch, is responsible for the operation of DIFICID in Taiwan. As of December 31, 2015, the Company has received USD2 million in advance based on the agreement.

F. The Group has no intangible assets pledged to others.

(6) Pension

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company's subsidiaries have a defined contribution pension plan. The pension costs under the defined contribution pension plans of the Group were $8,688 and $7,360 for the years ended December 31, 2015 and 2014, respectively.

(7) Share-based payment

A. The options were granted to qualified employees of the Company by issuing new shares when exercised. The options are valid for 10 years. The major contents were as follows:

Type of agreement	Grant date	No. of units	Subscription share per unit	Vested conditions	Weighted-average remaining contract period (years)
Employee stock option plan	2010.03.08	2,360,000	1	One year after grant, employees can exercise options monthly at a certain percentage	4.19
〃	2010.05.21	100,000	1	〃	4.39
〃	2010.09.10	60,000	1	〃	4.69
〃	2010.12.15	144,000	1	〃	4.96
〃	2011.01.01	588,000	1	〃	5.00
〃	2011.03.30	80,000	1	〃	5.25
〃	2011.06.10	124,000	1	〃	5.44
〃	2011.09.30	260,000	1	〃	5.75
〃	2011.12.16	2,450,000	1	〃	5.96
〃	2012.01.01	1,560,000	1	〃	6.00
〃	2012.03.09	270,000	1	〃	6.19
〃	2013.11.27	1,821,000	1	Two years after grant, employees can exercise options monthly at a certain percentage	7.91
〃	2014.02.21	1,744,000	1	〃	8.14
〃	2014.03.26	575,000	1	〃	8.23
〃	2015.05.06	2,861,000	1	〃	9.35
〃	2015.08.04	75,000	1	〃	9.6
〃	2015.11.06	353,000	1	〃	9.85
〃	2015.12.15	13,000	1	〃	9.96
Cash capital increase reserved for employee preemption	2013.07.26	839,514	1	Vested immediately	-
〃	2015.03.16	3,000,000	1	〃	-

The above share-based payment arrangements are equity-settled.

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

	Years ended December 31,			
	2015		2014	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	6,507,252	$ 138.81	5,646,920	$ 86.56
Options granted	3,302,000	343.80	2,319,000	217.69
Options exercised	(726,376)	10.00	(997,667)	10.00
Options forfeited or expired	(172,334)	220.70	(461,001)	174.30
Options outstanding at end of the year	8,910,542	224.40	6,507,252	138.81
Options exercisable at end of the year	2,765,542		1,759,042	
Options authorized but not granted at end of the year	2,762,000		564,000	
Options expired	-		-	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2015 and 2014 was $351.42 and $320.57 (in dollars), respectively.

D. As of December 31, 2015 and 2014, the range of exercise prices of stock options outstanding was $10~$727 and $10~$247.4 (in dollars), respectively.

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

Type of agreement	Grant date	Range of exercise price per share (in dollars)	Expected volatility (Note)	Expected option life	Expected dividend yield	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option plan	2010.03.08	$ 10.0	44.23%	10 years	0%	1.42%	$ 3.16
〃	2010.05.21	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2010.09.10	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2010.12.15	10.0	44.23%	10 years	0%	1.42%	3.16
〃	2011.01.01	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.03.30	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.06.10	10.0	41.62%	10 years	0%	1.51%	4.98
〃	2011.09.30	10.0	40.94%	10 years	0%	1.29%	3.21
〃	2011.12.16	10.0	40.94%	10 years	0%	1.29%	3.21
〃	2012.01.01	10.0	40.83%	10 years	0%	1.22%	5.21
〃	2012.03.09	10.0	40.83%	10 years	0%	1.22%	5.21
〃	2013.11.27	247.4	49.72%	10 years	0%	1.44%	128.42
〃	2014.02.21	214.4	47.62%	10 years	0%	1.34%	114.80
〃	2014.03.26	227.6	46.54%	10 years	0%	1.38%	97.07

Type of agreement	Grant date	Range of exercise price per share (in dollars)	Expected volatility (Note)	Expected option life	Expected dividend yield	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option plan	2015.05.06	$ 334.0	44.46%	10 years	0%	1.33%	150.18
〃	2015.08.04	283.0	43.90%	10 years	0%	1.21%	125.27
〃	2015.11.06	422.0	44.11%	10 years	0%	1.01%	186.00
〃	2015.12.15	727.0	45.44%	10 years	0%	0.99%	328.28
Cash capital increase reserved for employee preemption	2013.07.26	158.0	18.68%	0.125 years	0%	0.87%	14.02
〃	2015.03.16	310.0	23.49%	0.005 years	0%	0.87%	63.51

Note: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within appropriate period and the Company's historical transaction data since its shares traded on the Emerging Stock Market.

F. For the years ended December 31, 2015 and 2014, the Company recognized employee stock option plan compensation expense of $472,495 and $170,641, respectively.

G. On March 13, 2015, the Board of Directors has resolved for the Company to apply with the Financial Supervisory Commission for the issuance of employee stock warrants of 5,500,000 units, representing 5,500,000 shares for subscribed ordinary shares. The application has been approved to be effective on April 15, 2015 by the Financial Supervisory Commission.

(8) Share capital

A. The Board of Directors of the Company on December 12, 2014 adopted a resolution to increase capital by issuing 20 million shares of new common stock with a par value of $310 (in dollars) per share. The increased capital of $6,200,000 had been collected and registered with the authority.

B. As of December 31, 2015, the Company's authorized capital after the capital increase was $3,000,000, consisting of 300 million shares of ordinary stock (including 24 million shares reserved for employee stock options), and the outstanding capital was $1,707,200 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2015	2014
At January 1	149,993,584	148,995,917
Employee stock options exercise	726,376	997,667
Cash capital increase	20,000,000	-
At December 31	170,719,960	149,993,584

(9) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange 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.

	2015		
	Share premium	Employee stock options	Others
At January 1	$ 1,613,276	$ 188,719	$ 2,895
Cash capital increase	6,000,000	-	-
Employee stock options compensation cost	-	472,495	-
Employee stock options exercise	107,255	(107,255)	-
Employee stock options expired	-	(86,952)	86,952
At December 31	$ 7,720,531	$ 467,007	$ 89,847

	2014		
	Share premium	Employee stock options	Others
At January 1	$ 1,608,451	$ 22,903	$ 2,895
Cash capital increase	4,825	(4,825)	-
Employee stock options compensation cost	-	170,641	-
At December 31	$ 1,613,276	$ 188,719	$ 2,895

(10) Accumulated deficit

A. According to the Company's Articles of Incorporation, the annual net income, after paying all taxes, covering prior years' losses, setting aside 10% as legal reserve and appropriating an amount as special reserve according to relevant regulations or as required by the government, if any, should be distributed as follows:

(a) No more than 2% as directors' remuneration;

(b) No less than 2% as employees' bonuses;

(c) The remaining earnings plus the undistributed earnings, if any, may be appropriated according to a proposal determined by the Board of Directors and a resolution adopted in the shareholders' meeting.

B. The Company is facing a capital intensive industrial environment, with the life cycle of the industry in the growth phase. The residual dividend policy is adopted taking into consideration the Company's operating expansion plans and investment demands. According to the balanced dividend policy adopted by the Board of Directors, stock dividends and cash dividends will be allocated in consideration of the actual net income and funds status and are subject to the approval by the Board of Directors and resolution by shareholders and cash dividends shall account for at least 10% of the total dividends distributed.

C. Except for covering accumulated deficit, increasing capital or payment of cash, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall not exceed 25% of the paid-in capital.

D. As proposed by the Board of Directors on March 25, 2016, the Company's accumulated deficit for 2015 is as follows:

	2015
Accumulated deficit at beginning of the year	($ 1,861,812)
Net loss in 2015	(941,337)
Accumulated deficit at end of the year	($ 2,803,149)

As of March 25, 2016, the deficit compensation for 2015 has not been resolved by the shareholders.

E. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(14).

(11) Other income

	Years ended December 31,	
	2015	2014
Government grants	$ 8,652	$ 30,169
Interest income from bank deposits	45,383	16,145
Others	1,061	61
	$ 55,096	$ 46,375

The Company obtained government grants for OBI-822 (former name: OPT-822/821), therapeutically metastatic breast cancer vaccines, in Phase Ⅱ/Ⅲ from Department of Industrial Technology of Ministry of Economic Affairs R.O.C. (MOEA) on December 25, 2012. The contract period is 2012.7.1~2016.6.30 and contract grant is $75,128. The Company recognized government grants of $8,652 and $30,169 based on the development progress for the years ended December 31, 2015 and 2014, respectively.

In accordance with the above plan signed under the Technology

Development Program by Ministry of Economic Affairs, if OBI-822 (formerly OPT-822/821) will be successfully licensed to others, the Company promises to contribute 5% of the signing bonus and archived milestones as feedback fund and the maximum amount for feedback fund is $150,256.

(12) Other gains and losses

	Years ended December 31,	
	2015	2014
Net currency exchange gain (loss)	$ 68,319	($ 1,019)
Other net losses	(10)	(38)
	$ 68,309	($ 1,057)

(13) Expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expenses	$ 651,226	$ 310,733
Clinical trials cost	85,385	191,652
Clinical material expenses	148,212	54,506
Royalty	800	20,751
Rental expenses	17,955	14,198
Consulting and service fees	68,082	54,336
Depreciation charges on property, plant and equipment	22,482	13,357
Amortization charges on intangible assets and other non-current assets	10,948	11,103
Other expenses	58,128	41,689
	$ 1,063,218	$ 712,325

(14) Employee benefit expense

	2015	2014
	Operating expense	Operating expense
Wages and salaries	$ 155,387	$ 120,149
Employee stock options	472,495	170,641
Labor and health insurance fees	8,234	6,808
Pension costs	8,688	7,360
Other personnel expenses	6,422	5,775
	$ 651,226	$ 310,733

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall be set aside or reversed in accordance with operations or related laws. The ratio shall not be lower than

2% of the remaining amount for employees' bonus and shall not be higher than 2% of the remaining amount for directors' and supervisors' remuneration. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employees' compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A 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 during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on March 25, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, no employees' compensation (bonus) and directors' and supervisors' remuneration was accrued. 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.

(15) Income tax

A. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2015	2014
Tax calculated based on loss before tax and statutory tax rate	($ 159,768)	($ 113,391)
Effects from items disallowed by tax regulation	178	1,978
Effect from unrecognized deferred tax assets	161,114	111,413
Tax expense	$ 1,524	$ -

B. The details of unused investment tax credits under the Act for the Development of Biotech and New Pharmaceuticals Industry are as follows:

December 31, 2015		
Qualifying items	Unused tax credits	Unrecognized deferred tax assets
Research and development	$ 331,082	$ 331,082

December 31, 2014		
Qualifying items	Unused tax credits	Unrecognized deferred tax assets
Research and development	$ 285,873	$ 285,873

The unused tax credits can offset the current income tax payable for the next five years with a range of not more than 50% of each year's income tax payable, but the last year can be fully offset.

C. Expiration dates of unused net operating loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2015				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2006	Amount assessed	$ 19,409	$ 19,409	2016
2007	Amount assessed	22,592	22,592	2017
2008	Amount assessed	154,355	154,355	2018
2009	Amount assessed	7,557	7,557	2019
2010	Amount assessed	92,437	92,437	2020
2011	Amount assessed	116,457	116,457	2021
2012	Amount assessed	239,902	239,902	2022
2013	Amount assessed	405,027	405,027	2023
2014	Amount filed	617,591	617,591	2024
2015	Amount estimated	1,009,716	1,009,716	2025

December 31, 2014				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2005	Amount assessed	$ 14,520	$ 14,520	2015
2006	Amount assessed	19,409	19,409	2016
2007	Amount assessed	22,592	22,592	2017
2008	Amount assessed	154,355	154,355	2018
2009	Amount assessed	7,557	7,557	2019
2010	Amount assessed	92,437	92,437	2020
2011	Amount assessed	116,457	116,457	2021
2012	Amount assessed	239,902	239,902	2022
2013	Amount assessed	405,027	405,027	2023
2014	Amount filed	617,591	617,591	2024

D. The Tax Authority has examined the Company's income tax returns through 2013.

E. Accumulated deficit:

	December 31, 2015	December 31, 2014
Deficit generated in and after 1998	($ 2,803,149)	($ 1,861,812)

F. As of December 31, 2015 and 2014, the balance of the imputation credit account was both $0, and no earnings can be distributed due to the accumulated deficit.

(16) Loss per share

	Year ended December 31, 2015		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Net loss	($ 941,337)	166,294	($ 5.66)

	Year ended December 31, 2014		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Net loss	($ 667,007)	149,572	($ 4.46)

Note: The potential ordinary shares will cause the anti-dilutive effect due to net loss in 2015 and 2014, so only the calculation of basic earnings per share is disclosed.

(17) Operating leases

The Group leases offices under non-cancellable operating lease agreements. As of December 31, 2015 and 2014, the Group recognized rental expenses of $17,955 and $14,198, respectively. Information about the future aggregate minimum lease payments under non-cancellable operating leases are disclosed in Note 9.

(18) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2015	2014
Acquisition of property, plant and equipment	$ 50,160	$ 22,544
Add: opening balance of payable	3,099	-
Less: ending balance of payable	(5,288)	(3,099)
	$ 47,971	$ 19,445

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As of December 31, 2015, Ruentex Financial Group holds 29.90% of the Company's shares and the remaining shares are widely held. Accordingly, the Company does not have an ultimate parent company or controlling party.

(2) Significant related party transactions

A. Research and development expenses

	Years ended December 31,	
	2015	2014
Other related parties	$ 21,568	$ -

On August 25, 2015, the Group signed the process and trial production services agreement with other related parties and the terms are based on mutual agreement.

B. Payables to related parties

	December 31, 2015
Other related parties	$ 6,470

C. Property transactions

The Group purchased lab equipment from other related parties for $3,878 in 2015, which had been fully paid as of December 31, 2015.

(3) Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 82,386	$ 55,477
Termination benefits	-	2,000
Share-based payments	286,863	110,236
	$ 369,249	$ 167,713

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2015	Book value December 31, 2014	Purpose
Other non-current assets	$ 34,131	$ 13,274	Deposits in import duty bank loan, clinical trial agreement and rental deposit, etc.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those disclosed in Notes 6(5) and 6(11), the Company entered into operating lease contracts for its offices. Future lease payments under those leases as of December 31, 2015 were as follows:

Year	Amount
2016	$ 17,335
2017	11,537
2018	10,758
2019	11,270
After 2020	83,769
	$ 134,669

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. The Group paid $4,681 to participate in the capital increase of Agnitio Science & Technology Inc. proportionately and acquired 234 thousand shares in January 2016. The Group collectively held 1,734 thousand shares in Agnitio Science & Technology Inc. after the capital increase and the shareholding ratio was 4.26%.

B. On February 21, 2016, the Group has announced the results of a blind trial on Phase II/III clinical trial of OBI-822. The preliminary findings showed that OBI-822 has not reached the primary endpoint but has clinical significance as the patients generate immune responses after taking the vaccine.

C. On February 24, 2016, the Board of Directors has resolved for the Group to repurchase the treasury shares:

(a) Purpose of the repurchase: To secure the Company's credit rating and stockholders' interest

(b) Expected repurchase duration: From February 25, 2016 to April 24, 2016

(c) Expected repurchase amount: 3 million shares

(d) Price range of the shares to be repurchased: $348 (in dollars) ~ $933 (in dollars)

As of March 25, 2016, the Group's actual treasury shares repurchased amounted to 862 thousand shares. The price range was

$431.88 (in dollars) ~ $454.26 (in dollars) and the accumulated repurchased amount was $386,721.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern through maintaining an optimal capital structure to reduce the cost of capital, and to provide returns for shareholders after the Company turns around from loss to profit. In order to maintain or adjust the capital structure, the Group may increase capital by cash and sell assets to pay off or enrich operating capital, adjust the amount of dividends paid to shareholders or capital reduction, etc. The Group monitors capital on the basis of the Debt/Equity ratio. The ratio was calculated by the "Net debt" divided by the "Total equity". The "Net debt" is the "Total liability" less cash and cash equivalents, and the "Total equity" is the same as the consolidated balance sheet. During 2014, the Group's strategy was to maintain the ratio within reasonable security range, which was unchanged from 2013. The ratios are as follows:

	December 31, 2015	December 31, 2014
Total liability	$ 127,004	$ 44,239
Less: cash and cash equivalents	2,300,548	896,959
Net debt	($ 2,173,544)	($ 852,720)
Total equity	$ 7,183,992	$ 1,443,861

(2) Financial instruments

A. Fair value information of financial instruments

The carrying values of the Group's financial instruments measured at non fair value (including cash and cash equivalents, other receivables, notes payable and other payables) are reasonably approximate to the fair values. Please refer to Note 12(3) for the fair value information of financial instruments measured at fair value.

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies,

evaluates and hedges financial risks in close cooperation with the 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, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

A. The Group 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, recognized assets and liabilities and net investments in foreign operations.

B. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

C. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

	December 31, 2015					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 42,296	32.83	$1,388,366	1%	$ 13,884	$ -
RMB:NTD	40,464	5.00	202,118	1%	2,021.18	-
USD:RMB (Note)	171	6.57	5,613	1%	56.13	-
Financial liabilities						
Monetary items						
USD:NTD	186	32.83	6,105	1%	61.05	-
GBP:NTD	10	48.67	487	1%	4.87	-
RMB:NTD	18	5.00	90	1%	0.90	-

	December 31, 2014					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 314	31.65	$ 9,938	1%	$ 99.38	$ -
RMB:NTD	207	5.09	1,054	1%	11	-
USD:RMB (Note)	371	6.22	11,742	1%	117.00	-
Financial liabilities						
Monetary items						
USD:NTD	132	31.65	4,198	1%	42	-

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting.

E. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted $68,319 and ($1,019), respectively.

Price risk

A. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as

available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The prices of the Group's investments in 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 $225, as a result of gains/losses on equity securities classified as available-for-sale.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties of financial instruments on the contract obligations. Credit risk arises from deposits in banks and financial institutions, as well as credit exposures to associated research agencies, including outstanding receivables and committed transactions. For banks and financial institutions, only those with the stable credit quality are accepted.

ii During 2015 and 2014, management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

i. Cash flow forecasting is performed by Group treasury to monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational and R&D needs. Such forecasting is in compliance with internal R&D project schedule targets.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2015 and 2014, the Group held bonds and funds of $4,762,163 and $400,000, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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

	December 31, 2015				
	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities:					
Other payables	$ 44,495	$ 15,490	$ -	$ -	$ 59,985

	December 31, 2014				
	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities:					
Other payables	$ 24,856	$ 6,186	$ 12,410	$ -	$ 43,452

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

(3) Fair value information

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

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

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

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 available-for-sale financial assets – non-current 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			
Assets	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ -	$ -	$ 22,500	$ 22,500

	December 31, 2014			
Assets	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ -	$ -	$ 22,500	$ 22,500

D. No changes in financial instruments are included in Leve 3 as at December 31, 2015 and 2014.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee

companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry, new drug research. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. The chief operating decision-maker evaluates the performance of the operating segments based on income before tax. The significant accounting policies and estimates of the operating segment and the accounting policies, estimates and assumptions described in Notes 4 and 5 of the consolidated financial statements are the same.

B. The financial information reported to the chief operating decision-maker and the financial information of the consolidated statements of comprehensive income are the same.

(3) Geographical information

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	Years ended December 31,			
	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ -	$ 165,674	$ -	$ 126,793
Others	-	2,382	-	1,462
	$ -	$ 168,056	$ -	$ 128,255

The above non-current assets included property, plant and equipment, intangible assets and other non-current assets, which are categorized based on their location.