

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD.  
Parent Company Only  
Balance Sheet  
For the Year Ended December 31, 2015 and 2016

Unit : NT\$ Thousands

ASSETS		December 31, 2016		December 31, 2015	
		NT\$	%	NT\$	%
<b>Current Assets</b>					
1100	Cash and Cash Equivalents	\$ 90,763	3	\$ 114,384	4
1150	Notes Receivable, net	621	-	1,054	-
1170	Accounts Receivable, net	89,689	3	84,557	3
1180	Accounts Receivable-Related Parties, net	119,962	5	175,445	6
1200	Other Receivables	6,358	-	12,961	1
1210	Other Receivables – Related Parties	953	-	6,434	-
130X	Inventories	394,743	15	409,197	14
1410	Prepayments	1,690	-	422	-
11XX	<b>Total Current Assets</b>	<u>704,779</u>	<u>26</u>	<u>804,454</u>	<u>28</u>
<b>Non-Current Assets</b>					
1523	Non-current available-for-sale financial Assets	91,512	3	99,306	4
1543	Non-current Financial Assets at cost	30,000	1	30,000	1
1550	Investments Accounted for Using Equity Method	24,408	1	33,349	1
1600	Property, Plant and Equipment	1,837,720	68	1,838,842	65
1760	Investment Property, net	10,700	-	10,700	-
1780	Intangible Assets	214	-	1,297	-
1840	Deferred Income Tax Assets	13,076	1	17,291	1
1900	Other Non-current Assets	10,353	-	5,414	-
15XX	<b>Total Non-current Assets</b>	<u>2,017,983</u>	<u>74</u>	<u>2,036,199</u>	<u>72</u>
1XXX	<b>Total Assets</b>	<u>\$ 2,722,762</u>	<u>100</u>	<u>\$ 2,840,653</u>	<u>100</u>

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CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD.  
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Balance Sheet  
For the Year Ended December 31, 2015 and 2016

Unit : NT\$ Thousands

Liabilities and Shareholders' Equity	December 31, 2016		December 31, 2015	
	NT\$	%	NT\$	%
<b>Current Liabilities</b>				
2100	\$ 210,000	8	\$ 190,000	7
2110	169,898	6	189,866	6
2150	345	-	360	-
2170	70,676	3	62,338	2
2200	109,897	4	112,832	4
2230	15,605	-	24,113	1
2320	30,000	1	50,000	2
2399	2,551	-	3,696	-
21XX	<b>Total Current Liabilities</b>	<b>22</b>	<b>633,205</b>	<b>22</b>
<b>Non-current Liabilities</b>				
2540	100,000	4	130,000	5
2570	242,651	9	241,472	8
2600	266	-	266	-
25XX	<b>Total Non-current Liabilities</b>	<b>13</b>	<b>371,738</b>	<b>13</b>
2XXX	<b>Total Liabilities</b>	<b>35</b>	<b>1,004,943</b>	<b>35</b>
<b>Equity Attributable to Owners of Parent</b>				
<b>Share Capital</b>				
3110	775,600	29	775,600	27
<b>Capital Surplus</b>				
3200	334,323	12	334,323	12
<b>Retained Earnings</b>				
3310	121,314	4	90,478	3
3320	183,296	7	183,296	7
3350	367,379	13	455,031	16
<b>Other Equity Interest</b>				
3400	( 11,039)	-	( 3,018)	-
3XXX	<b>Total Shareholders' Equity</b>	<b>65</b>	<b>1,835,710</b>	<b>65</b>
<b>Significant Contingent Liabilities and Unrecognized Contract Commitments</b>				
<b>Significant subsequent event</b>				
3X2X	<b>Total Liabilities and Shareholders' Equity</b>	<b>100</b>	<b>2,840,653</b>	<b>100</b>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD.  
Parent Company Only  
Statement of Comprehensive Income  
January 1 to December 31, 2015 and 2016

Unit : NT\$ Thousands  
(EPS: NT Dollars)

Accounting Title	December 31, 2016		December 31, 2015	
	NT\$	%	NT\$	%
4000 <b>Operating Revenue</b>	\$ 1,159,773	100	\$ 1,148,686	100
5000 <b>Operating Costs</b>	( 768,667)	( 66)	( 772,476)	( 67)
5900 <b>Gross Profit from Operations</b>	391,106	34	376,210	33
5910 Unrealized gain (loss) from sale	57	-	( 162)	-
5920 Realized gain from sale	162	-	( 398)	-
5950 <b>Gross Profit</b>	391,325	34	375,650	33
<b>Operating Expenses</b>				
6100 Selling Expenses	( 65,800)	( 6)	( 77,949)	( 7)
6200 General and Administrative Expenses	( 83,192)	( 7)	( 76,514)	( 7)
6300 Research and Development Expenses	( 146,403)	( 13)	( 131,871)	( 11)
6000 <b>Total Operating Expenses</b>	( 295,395)	( 26)	( 286,334)	( 25)
6900 <b>Net Operating Income (Loss)</b>	95,930	8	89,316	8
<b>Non-Operating Income and Expenses</b>				
7010 Other Income	7,740	1	10,816	1
7020 Other Gains and Losses	( 5,616)	-	240,870	21
7050 Finance Costs	( 6,564)	( 1)	( 8,373)	( 1)
7070 Share of Profit of Associates & Joint Ventures Accounted for Using Equity Method	1,033	-	( 994)	-
7000 <b>Total Non-Operating Income and Expenses</b>	( 3,407)	-	242,319	21
7900 <b>Profit from Continuing Operations before Tax</b>	92,523	8	331,635	29
7950 Tax Expenses (Income)	( 32,240)	( 3)	( 23,279)	( 2)
8200 <b>Net Income</b>	\$ 60,283	5	\$ 308,356	27
<b>Other Comprehensive Income, Net Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	(\$ 914)	-	(\$ 2,901)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	155	-	493	-
8310 <b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	( 759)	-	( 2,408)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation	( 227)	-	675	-
8362 Unrealized gains (losses) on valuation of available-for-sale financial assets	( 7,794)	( 1)	( 3,268)	( 1)
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>	( 8,021)	( 1)	( 2,593)	( 1)
8300 <b>Other Comprehensive Income, Net</b>	(\$ 8,780)	( 1)	(\$ 5,001)	( 1)
8500 <b>Total Comprehensive Income</b>	\$ 51,503	4	\$ 303,355	26
<b>Basic Earnings Per Share</b>				
9750 <b>Basic Earnings (Loss) Per Share from Continuing Operations</b>	\$ 0.78		\$ 3.98	
9850 <b>Diluted Earnings Per Share</b>	\$ 0.77		\$ 3.96	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD.  
Parent Company Only  
Statement of Changes in Equity  
January 1 to December 31, 2015 and 2016

Unit : NT\$ Thousands

	Capital Surplus		Retained Earnings			Other Equity Interest			Total Other Equity Interest
	Ordinary Share	Capital Surplus	Other	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation	Unrealized Gains (Losses) on Available-for-sale Financial Assets	
<u>January 1st to December 31, 2015</u>									
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$ 89,019	\$ 183,296	\$ 189,322	\$ 426	(\$ 851 )	\$ 1,571,135
Appropriation and distribution of retained earnings of 2014 :									
Legal reserve appropriated	-	-	-	1,459	-	( 1,459 )	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 38,780 )	-	-	( 38,780 )
Profit (loss)	-	-	-	-	-	308,356	-	-	308,356
Other comprehensive income	-	-	-	-	-	( 2,408 )	675	( 3,268 )	( 5,001 )
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 90,478</u>	<u>\$ 183,296</u>	<u>\$ 455,031</u>	<u>\$ 1,101</u>	<u>(\$ 4,119 )</u>	<u>\$ 1,835,710</u>
<u>January 1st to December 31, 2016</u>									
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$ 90,478	\$ 183,296	\$ 455,031	\$ 1,101	(\$ 4,119 )	\$ 1,835,710
Appropriation and distribution of retained earnings of 2015:									
Legal reserve appropriated	-	-	-	30,836	-	( 30,836 )	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 116,340 )	-	-	( 116,340 )
Profit (loss)	-	-	-	-	-	60,283	-	-	60,283
Other comprehensive income	-	-	-	-	-	( 759 )	( 227 )	( 7,794 )	( 8,780 )
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 121,314</u>	<u>\$ 183,296</u>	<u>\$ 367,379</u>	<u>\$ 874</u>	<u>(\$ 11,913 )</u>	<u>\$ 1,770,873</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD.

Parent Company Only

Statement of Cash Flows

January 1 to December 31, 2015 and 2016

Unit : NT\$ Thousands

	2016	2015
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	\$ 92,523	\$ 331,635
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	113,401	101,092
Amortization expense	1,285	1,717
Interest expense	6,564	8,373
Interest income	( 93 )	( 76 )
Dividend income	( 3,017 )	( 3,017 )
Share of Profit of Associates & Joint Ventures Accounted for Using Equity Method	( 1,033 )	994
Loss (gain) on disposal of property, plant and equipment	( 250 )	-
Proceeds from disposal of non-current assets classified as held for sale	-	( 233,088 )
Property, plant and equipment transferred to expenses	1,536	1,482
Unrealized gain (loss) from sale	( 56 )	162
Realized gain (loss) from sale	( 162 )	398
Changes in operating assets and liabilities		
Changes in operating liabilities		
Increase (decrease) in notes payable	433	391
Increase (decrease) in accounts payable	( 5,132 )	( 38,981 )
Decrease (increase) in accounts receivable due from related parties	55,483	( 102,181 )
Decrease (increase) in other receivable	( 640 )	( 139 )
Other receivables – related parties	4,136	-
Decrease (increase) in inventories	14,454	23,726
Decrease (increase) in prepayments	( 1,268 )	51
Defined benefit assets, net	( 4,993 )	( 3,514 )
Changes in operating liabilities		
Increase (decrease) in notes payable	( 15 )	( 533 )
Increase (decrease) in accounts payable	8,338	( 26,072 )
Increase (decrease) in other payable	( 3,346 )	29,314
Other liabilities – other	( 1,145 )	678
Defined benefit liabilities, net	-	( 5,849 )
Cash inflow (outflow) generated from operations	277,003	86,563
Interest received	78	76
Dividends received	6,789	8,972
Interest paid	( 6,541 )	( 8,690 )
Income taxes refund (paid)	( 26,596 )	( 17,979 )
Cash inflow (outflow) generated from operations	250,733	68,942

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Unit : NT\$ Thousands

	2016	2015
<u>Cash flows from (used in) investing activities</u>		
Liquidation Shares of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	\$ 6,193	\$ -
Acquisition of financial assets at cost	-	( 15,000 )
Acquisition of property, plant and equipment	( 114,523 )	( 127,705 )
Proceeds from disposal of property, plant and equipment	1,438	-
Proceeds from disposal of non-current assets classified as held for sale	-	679,250
Acquisition of intangible assets	( 294 )	( 1,562 )
Increase in refundable deposits	( 860 )	( 700 )
Net cash flows from (used in) investing activities	( 108,046 )	534,283
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	20,000	( 30,000 )
Increase in short-term notes and bills payable	( 19,968 )	71
Proceeds from long-term debt	170,000	660,000
Repayments of long-term debt	( 220,000 )	( 1,220,000 )
Cash dividends paid	( 116,340 )	( 38,780 )
Net cash flows from (used in) financing activities	( 166,308 )	( 628,709 )
Net increase (decrease) in cash and cash equivalents	( 23,621 )	( 25,484 )
Cash and cash equivalents at beginning of period	114,384	139,868
Cash and cash equivalents at end of period	\$ 90,763	\$ 114,384