

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2017 and 2016

Unit: In Thousand of NTD

Assets		December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents	\$ 107,950	3	\$ 90,763	3
1150	Notes receivable, net	1,787	-	621	-
1170	Net accounts receivable, net	130,431	4	89,689	3
1180	Account receivables-Related Parties, net	109,159	3	119,962	5
1200	Other receivable	6,435	-	7,311	-
130X	Inventory	330,435	10	394,743	15
1410	Prepayments	3,474	-	1,690	-
1460	Available-for-sale noncurrent	263,553	8	-	-
11XX	Total Current Assets	<u>953,224</u>	<u>28</u>	<u>704,779</u>	<u>26</u>
Noncurrent assets					
1523	Noncurrent available-for-sale financial assets	93,775	3	91,512	3
1543	Noncurrent financial assets carried at cost	30,000	1	30,000	1
1550	Investments accounted for using the equity method	61,542	2	24,408	1
1600	Property , plant, and equipment	2,242,419	65	1,837,720	68
1760	Investment property ,net	10,700	-	10,700	-
1780	Intangible assets	3,185	-	214	-
1840	Deferred income tax assets	14,787	-	13,076	1
1900	Other noncurrent assets	25,341	1	10,353	-
15XX	Total Noncurrent Assets	<u>2,481,749</u>	<u>72</u>	<u>2,017,983</u>	<u>74</u>
1XXX	Total assets	<u>\$ 3,434,973</u>	<u>100</u>	<u>\$ 2,722,762</u>	<u>100</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
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Unit: In Thousand of NTD

Liabilities and equity		December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
Current liabilities					
2100	Short-term loans	\$ 242,376	7	\$ 210,000	8
2110	Short-term notes and bills payable	249,902	7	169,898	6
2150	Notes payable	345	-	345	-
2170	Accounts payable	55,201	2	70,676	3
2200	Other payable	110,159	3	109,897	4
2230	Current Income tax liability	1,625	-	15,605	-
2320	Current portion of long-term liabilities	130,000	4	30,000	1
2399	Others	6,141	-	2,551	-
21XX	Total current liabilities	<u>795,749</u>	<u>23</u>	<u>608,972</u>	<u>22</u>
Noncurrent liabilities					
2540	Long-term borrowings	567,440	17	100,000	4
2570	Deferred income tax liabilities	250,380	7	242,651	9
2600	Others	576	-	266	-
25XX	Total noncurrent liabilities	<u>818,396</u>	<u>24</u>	<u>342,917</u>	<u>13</u>
2XXX	Total liabilities	<u>1,614,145</u>	<u>47</u>	<u>951,889</u>	<u>35</u>
Equity attributable to shareholder of the parent					
Share capital					
3110	Common stock	775,600	22	775,600	29
Capital surplus					
3200	Capital surplus	334,323	10	334,323	12
Retained earnings					
3310	Legal reserve	127,342	4	121,314	4
3320	Special reserve	183,296	5	183,296	7
3350	Unappropriated earnings	410,290	12	367,379	13
Other equity					
3400	Other equity	(10,023)	-	(11,039)	-
3XXX	Total equity	<u>1,820,828</u>	<u>53</u>	<u>1,770,873</u>	<u>65</u>
Significant contingent liabilities and unrecognized contractual commitments					
Major subsequent events					
3X2X	Total liabilities and equity	<u>\$ 3,434,973</u>	<u>100</u>	<u>\$ 2,722,762</u>	<u>100</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD
(except EPS in NTD)

Item	2017		2016	
	Amount	%	Amount	%
4000 Net revenue	\$ 1,141,506	100	\$ 1,159,773	100
5000 Cost of revenue	(758,137)	(66)	(768,667)	(66)
5900 Gross profit	383,369	34	391,106	34
5910 Unrealized loss (gain) from sales	864	-	57	-
5920 Realized gain (loss) from sales	(57)	-	162	-
5950 Net gross profit	384,176	34	391,325	34
Operating expenses				
6100 Marketing expenses	(70,264)	(6)	(65,800)	(6)
6200 General and administrative and expenses	(95,374)	(9)	(83,192)	(7)
6300 Research and development expenses	(149,319)	(13)	(146,403)	(13)
6000 Total operating expenses	(314,957)	(28)	(295,395)	(26)
6900 Operating profit	69,219	6	95,930	8
Non-operating income and expenses				
7010 Other income	12,220	1	7,740	1
7020 Other gains and losses	(12,540)	(1)	(5,616)	-
7050 Financial costs	(8,351)	(1)	(6,564)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	37,573	4	1,033	-
7000 Total non-operating income and expenses	28,902	3	(3,407)	-
7900 Income before tax	98,121	9	92,523	8
7950 Income tax expense	(12,355)	(1)	(32,240)	(3)
8200 Net income	\$ 85,766	8	\$ 60,283	5
Other comprehensive profit or loss (net)				
Items not re-classified to profit or loss				
8311 Re-measurement of defined benefit obligation	\$ 2,353	-	(\$ 914)	-
8349 Income tax related to accounts not being reclassified	(400)	-	155	-
8310 Total amount of items not reclassified to profit or loss	1,953	-	(759)	-
Items that may be re-classified subsequently to profit or loss				
8361 Exchange differences arising from translation of foreign operations	(1,247)	-	(227)	-
8362 Unrealized valuation gains and losses of available-for-sale financial assets	2,263	-	(7,794)	(1)
8360 Total amount of items probably reclassified to profit or loss subsequently	1,016	-	(8,021)	(1)
8300 Other comprehensive profit or loss, net	\$ 2,969	-	(\$ 8,780)	(1)
8500 Total comprehensive income for the year	\$ 88,735	8	\$ 51,503	4
Earnings per share				
9750 Base earnings per share	\$ 1.11		\$ 0.78	
9850 Diluted earnings per share	\$ 1.10		\$ 0.77	

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	Share Capital			Retained earnings			Other equity		Total equity
	Common Stock	Capital Surplus	Others	Legal reserve	Special reserve	Unappropriated	Foreign currency Translation Reserve	Unrealized gains or losses on available-for-sale financial asset	
2016									
Balance at January 1, 2016	\$ 775,600	\$ 333,746	\$ 577	\$ 90,478	\$ 183,296	\$ 455,031	\$ 1,101	(\$ 4,119)	\$ 1,835,710
The 2015 appropriation and distribution of earnings: (Note)									
Legal earnings reserve	-	-	-	30,836	-	(30,836)	-	-	-
Cash dividend	-	-	-	-	-	(116,340)	-	-	(116,340)
Net income in 2016	-	-	-	-	-	60,283	-	-	60,283
Total other comprehensive income (loss)	-	-	-	-	-	(759)	(227)	(7,794)	(8,780)
Balance at December 31, 2016	<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>
2017									
Balance at January 1, 2017	\$ 775,600	\$ 333,746	\$ 577	\$ 121,314	\$ 183,296	\$ 367,379	\$ 874	(\$ 11,913)	\$ 1,770,873
The 2016 appropriation and distribution of earnings: (Note)									
Legal reserve	-	-	-	6,028	-	(6,028)	-	-	-
Cash dividend	-	-	-	-	-	(38,780)	-	-	(38,780)
Net income in 2017	-	-	-	-	-	85,766	-	-	85,766
Total other comprehensive income (loss)	-	-	-	-	-	1,953	(1,247)	2,263	2,969
Balance at December 31, 2017	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 127,342</u>	<u>\$ 183,296</u>	<u>\$ 410,290</u>	<u>(\$ 373)</u>	<u>(\$ 9,650)</u>	<u>\$ 1,820,828</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	2017	2016
<u>Cash flow from operating activities</u>		
Income before tax	\$ 98,121	\$ 92,523
Adjustments		
Income, expense, and loss		
Depreciation	132,691	113,401
Amortization	1,293	1,285
Interest expenses	8,351	6,564
Interest income	(222)	(93)
Dividend income	(3,017)	(3,017)
The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	(37,573)	(1,033)
Loss (gains) from disposal of property or equipment	146	(250)
Amount derived from property, plant and equipment re-enumeration	-	1,536
Unrealized loss (gain) from sales	(864)	(56)
Realized gain (loss) from sales	56	(162)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable, net	(1,166)	433
Net accounts receivable, net	(40,742)	(5,132)
Account receivables from Related Parties, net	10,803	55,483
Other receivable	669	(640)
Other receivables - related parties	227	4,136
Inventory	64,308	14,454
Prepayments	(1,784)	(1,268)
Net defined benefit assets	(9,517)	(4,993)
Net changes in liabilities relating to operating activities		
Notes payable	-	(15)
Accounts payable	(15,475)	8,338
Other payable	(1,523)	(3,346)
Other current liabilities- other	3,590	(1,145)
Net cash generated by operating activities	208,372	277,003
Interest received	202	78
Dividends received	3,017	6,789
Interest paid	(7,797)	(6,541)
Income tax paid	(20,717)	(26,596)
Net cash inflow from operating activities	183,077	250,733

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Parent Company Only Statement of Cash Flows
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	2017	2016
<u>Cash flow from investing activities</u>		
Returned capital on liquidation of subsidiaries, associates and joint ventures accounted for using the equity method	\$ -	\$ 6,193
Costs of property, plant and equipment acquired	(802,600)	(114,523)
Proceeds from disposal of property, plant and equipment	1,095	1,438
Acquisition of Intangible assets	(2,617)	(294)
Increase in guarantee deposits paid	(3,118)	(860)
Net cash inflow from investing activities	(807,240)	(108,046)
<u>Cash flow from financing activities</u>		
Increase in short-term loans	32,376	20,000
Increase in short-term notes and bills payable	80,004	(19,968)
Increase in long-term loan	717,440	170,000
Repayment of long-term loans	(150,000)	(220,000)
Increase in guarantee deposit received	310	-
Cash dividend distribution	(38,780)	(116,340)
Net cash inflow from financing activities	641,350	(166,308)
Net increase (decrease) in cash and cash equivalents	17,187	(23,621)
Beginning balance of cash and cash equivalents	90,763	114,384
Ending balance of cash and cash equivalents	\$ 107,950	\$ 90,763