

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

Unit : NT\$ Thousands

ASSETS		December 31, 2016		December 31, 2015	
		NT\$	%	NT\$	%
Current Assets					
1100	Cash and Cash Equivalents	\$ 143,080	5	\$ 190,266	7
1150	Notes Receivable, net	621	-	1,054	-
1170	Accounts Receivable, net	160,584	6	226,071	8
1180	Accounts Receivable-Related Parties, net	12,555	1	2,327	-
1200	Other Receivables	6,642	-	13,604	-
130X	Inventories	401,754	15	430,647	15
1410	Prepayments	3,532	-	525	-
11XX	Total Current Assets	<u>728,768</u>	<u>27</u>	<u>864,494</u>	<u>30</u>
Non-Current Assets					
1523	Non-current available-for-sale financial Assets	91,512	3	99,306	4
1543	Non-current Financial Assets at cost	33,115	1	33,115	1
1600	Property, Plant and Equipment	1,837,806	68	1,838,916	64
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	10,451	-	5,514	-
15XX	Total Non-current Assets	<u>1,996,874</u>	<u>73</u>	<u>2,006,139</u>	<u>70</u>
1XXX	Total Assets	<u>\$ 2,725,642</u>	<u>100</u>	<u>\$ 2,870,633</u>	<u>100</u>

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CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES

Consolidated 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\$	%
Current Liabilities				
2100 Short-term Borrowings	\$ 210,000	8	\$ 190,000	7
2110 Short-term Notes and Bills Payable	169,898	6	189,866	6
2150 Notes Payable	345	-	360	-
2170 Accounts Payable	70,676	3	62,338	2
2200 Other Payables	111,645	4	114,679	4
2230 Current Income Tax Liabilities	15,605	-	24,113	1
2320 Long-term Liabilities – Current Portion	30,000	1	50,000	2
2399 Other Current Liabilities-Other	3,389	-	3,745	-
21XX Total Current Liabilities	<u>611,558</u>	<u>22</u>	<u>635,101</u>	<u>22</u>
Non-current Liabilities				
2540 Long-term Borrowings	100,000	4	130,000	5
2570 Deferred Income Tax Liabilities	242,651	9	241,472	8
2600 Other Non-current Liabilities	266	-	266	-
25XX Total Non-current Liabilities	<u>342,917</u>	<u>13</u>	<u>371,738</u>	<u>13</u>
2XXX Total Liabilities	<u>954,475</u>	<u>35</u>	<u>1,006,839</u>	<u>35</u>
Equity Attributable to Owners of Parent				
Share Capital				
3110 Ordinary Share	775,600	28	775,600	27
Capital Surplus				
3200 Capital Surplus	334,323	12	334,323	12
Retained Earnings				
3310 Legal Reserve	121,314	4	90,478	3
3320 Special Reserve	183,296	7	183,296	6
3350 Unappropriated Retained Earnings	367,379	14	455,031	16
Other Equity Interest				
3400 Others	(11,039)	-	(3,018)	-
31XX Total Equity Attributable to Owners of Parent	<u>1,770,873</u>	<u>65</u>	<u>1,835,710</u>	<u>64</u>
36XX Non-controlling Interests	<u>294</u>	<u>-</u>	<u>28,084</u>	<u>1</u>
3XXX Total Shareholders' Equity	<u>1,771,167</u>	<u>65</u>	<u>1,863,794</u>	<u>65</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments				
Significant subsequent event				
3X2X Total Liabilities and Shareholders' Equity	<u>\$ 2,725,642</u>	<u>100</u>	<u>\$ 2,870,633</u>	<u>100</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2015 and 2016

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

Accounting Title	2016		2015	
	NT\$	%	NT\$	%
4000 Operating Revenue	\$ 1,198,670	100	\$ 1,162,211	100
5000 Operating Costs	(784,208)	(66)	(755,738)	(65)
5900 Gross Profit from Operations	<u>414,462</u>	<u>34</u>	<u>406,473</u>	<u>35</u>
Operating Expenses				
6100 Selling Expenses	(86,138)	(7)	(97,459)	(8)
6200 General and Administrative Expenses	(83,791)	(7)	(77,628)	(7)
6300 Research and Development Expenses	(146,403)	(12)	(131,871)	(11)
6000 Total Operating Expenses	<u>(316,332)</u>	<u>(26)</u>	<u>(306,958)</u>	<u>(26)</u>
6900 Net Operating Income (Loss)	<u>98,130</u>	<u>8</u>	<u>99,515</u>	<u>9</u>
Non-Operating Income and Expenses				
7010 Other Income	8,584	1	15,993	1
7020 Other Gains and Losses	(7,061)	(1)	228,971	20
7050 Finance Costs	(6,564)	-	(8,373)	(1)
7000 Total Non-Operating Income and Expenses	<u>(5,041)</u>	<u>-</u>	<u>236,591</u>	<u>20</u>
7900 Profit from Continuing Operations before Tax	<u>93,089</u>	<u>8</u>	<u>336,106</u>	<u>29</u>
7950 Tax Expenses (Income)	(32,906)	(3)	(27,795)	(3)
8200 Net Income	<u>\$ 60,183</u>	<u>5</u>	<u>\$ 308,311</u>	<u>26</u>
Other Comprehensive Income, Net				
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	<u>155</u>	<u>-</u>	<u>493</u>	<u>-</u>
8310 Total Components of other comprehensive income that will not be reclassified to profit or loss	<u>(759)</u>	<u>-</u>	<u>(2,408)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	(231)	-	689	-
8362 Unrealized gains (losses) on valuation of available-for-sale financial assets	(7,794)	(1)	(3,268)	-
8360 Total Components of other comprehensive income that will be reclassified to profit or loss	<u>(8,025)</u>	<u>(1)</u>	<u>(2,579)</u>	<u>-</u>
8300 Other Comprehensive Loss after Tax, Net	<u>(\$ 8,784)</u>	<u>(1)</u>	<u>(\$ 4,987)</u>	<u>-</u>
8500 Total Comprehensive Income	<u>\$ 51,399</u>	<u>4</u>	<u>\$ 303,324</u>	<u>26</u>
Profit (Loss), Attributable to:				
8610 Owners of Parent	<u>\$ 60,283</u>	<u>5</u>	<u>\$ 308,356</u>	<u>26</u>
8620 Non-controlling Interests	<u>(\$ 100)</u>	<u>-</u>	<u>(\$ 45)</u>	<u>-</u>
Comprehensive Income Attributable to:				
8710 Owners of Parent	<u>\$ 51,503</u>	<u>4</u>	<u>\$ 303,355</u>	<u>26</u>
8720 Non-controlling Interests	<u>(\$ 104)</u>	<u>-</u>	<u>(\$ 31)</u>	<u>-</u>
Basic Earnings Per Share				
9750 Basic Earnings (Loss) Per Share from Continuing Operations	<u>\$ 0.78</u>		<u>\$ 3.98</u>	
9850 Diluted Earnings Per Share	<u>\$ 0.77</u>		<u>\$ 3.96</u>	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Changes in Equity
January 1 to December 31, 2015 and 2016

Unit : NT\$ Thousands

	<u>T o t a l E q u i t y A t t r i b u t a b l e t o O w n e r s o f P a r e n t</u>										
	<u>Capital Surplus</u>		<u>Retained Earnings</u>				<u>Other Equity Interest</u>				Total Equity
	Ordinary Share	Capital Surplus	Other	Legal Reserve	Special Reserve	Unappropriate d Retained Earnings	Exchange Differences on Translation	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total Other Equity Interest	Non-controlling Interests	
<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	\$ 44,791	\$ 1,615,926
Appropriation and distribution of retained earnings of 2014 :											
Legal reserve appropriated	-	-	-	1,459	-	(1,459)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(38,780)	-	-	(38,780)	-	(38,780)
Profit (loss)	-	-	-	-	-	308,356	-	-	308,356	(45)	308,311
Other comprehensive income	-	-	-	-	-	(2,408)	675	(3,268)	(5,001)	14	(4,987)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(16,676)	(16,676)
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>\$ 28,084</u>	<u>\$ 1,863,794</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	\$ 28,084	\$ 1,863,794
Appropriation and distribution of retained earnings of 2015::											
Legal reserve appropriated	-	-	-	30,836	-	(30,836)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(116,340)	-	-	(116,340)	-	(116,340)
Profit (loss)	-	-	-	-	-	60,283	-	-	60,283	(100)	60,183
Other comprehensive income	-	-	-	-	-	(759)	(227)	(7,794)	(8,780)	(4)	(8,784)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(27,686)	(27,686)
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>	<u>\$ 294</u>	<u>\$ 1,771,167</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES

Consolidated Statement of Cash Flows
January 1 to December 31, 2015 and 2016

Unit : NT\$ Thousands

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	\$ 93,089	\$ 336,106
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	113,426	101,115
Amortization expense	1,285	1,717
Interest expense	6,564	8,373
Interest income	(145)	(404)
Dividend income	(3,017)	(3,017)
Loss (gain) on disposal of property, plant and equipment	(250)	-
Loss (gain) on disposal of non-current assets classified as held for sale	-	(233,088)
Property, plant and equipment transferred to expenses	1,536	1,482
Impairment loss on financial assets	-	7,317
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	433	391
Decrease (increase) in accounts receivable	65,487	(124,633)
Decrease (increase) in accounts receivable due from related parties	(10,228)	10,068
Decrease (increase) in other receivable	(1,626)	(613)
Decrease (increase) in inventories	28,893	7,674
Decrease (increase) in prepayments	(3,007)	148
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	(3,445)	30,074
Changes in operating liabilities	(356)	727
Defined benefit liabilities, net	-	(5,849)
Cash inflow (outflow) generated from operations	<u>291,969</u>	<u>107,469</u>
Interest received	130	404
Dividends received	3,017	3,017
Interest paid	(6,541)	(8,690)
Income taxes refund (paid)	(<u>27,262</u>)	(<u>22,495</u>)
Cash inflow (outflow) generated from operations	<u>261,313</u>	<u>79,705</u>

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Cash flows from (used in) investing activities

Acquisition of financial assets at cost	\$ -	(\$ 15,594)
Acquisition of property, plant and equipment	(114,562)	(127,716)
Proceeds from disposal of property, plant and equipment	1,438	-
Proceeds from disposal of non-current assets classified as held for sale	-	679,250
Proceeds from disposal of subsidiaries	(17,208)	-
Acquisition of intangible assets	(294)	(1,562)
Increase in refundable deposits	(<u>860</u>)	(<u>704</u>)
Net cash flows from (used in) investing activities	(<u>131,486</u>)	<u>533,674</u>

Cash flows from (used in) financing activities

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)
Cash dividends paid - Non-controlling interests	(<u>10,478</u>)	(<u>16,545</u>)
Net cash flows from (used in) financing activities	(<u>176,786</u>)	(<u>645,254</u>)
Effect of exchange rate changes on cash and cash equivalents	(<u>227</u>)	<u>685</u>
Net increase (decrease) in cash and cash equivalents	(47,186)	(31,190)
Cash and cash equivalents at beginning of period	<u>190,266</u>	<u>221,456</u>
Cash and cash equivalents at end of period	<u>\$ 143,080</u>	<u>\$ 190,266</u>