

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2017 and 2016

Unit: In Thousand of NTD

Assets		December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 155,995	5	\$ 143,080	5
1150	Notes receivable, net	1,787	-	621	-
1170	Accounts receivable, net	220,956	6	160,584	6
1180	Account receivables-Related Parties, net	16,531	-	12,555	1
1200	Other receivable	27,425	1	6,642	-
130X	Inventory	335,604	10	401,754	15
1410	Prepayments	5,265	-	3,532	-
1460	Available-for-sale noncurrent asset	263,553	8	-	-
11XX	<b>Total Current Assets</b>	<u>1,027,116</u>	<u>30</u>	<u>728,768</u>	<u>27</u>
<b>Noncurrent assets</b>					
1523	Noncurrent available-for-sale financial assets	93,775	3	91,512	3
1543	Noncurrent financial assets carried at cost	30,000	1	33,115	1
1600	Property, plant, and equipment	2,242,930	65	1,837,806	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	Others	25,432	1	10,451	-
15XX	<b>Total noncurrent Assets</b>	<u>2,420,809</u>	<u>70</u>	<u>1,996,874</u>	<u>73</u>
1XXX	<b>Total assets</b>	<u>\$ 3,447,925</u>	<u>100</u>	<u>\$ 2,725,642</u>	<u>100</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Balance Sheet  
December 31, 2017 and 2016

Unit: In Thousand of NTD

Liabilities and equity		December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
<b>Current liabilities</b>					
2100	Shot-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	111,527	3	111,645	4
2230	Current income tax liability	12,816	-	15,605	-
2320	Current portion of long-term liabilities	130,000	4	30,000	1
2399	Others	6,141	-	3,389	-
21XX	<b>Total current liabilities</b>	<u>808,308</u>	<u>23</u>	<u>611,558</u>	<u>22</u>
<b>Noncurrent liabilities</b>					
2540	Long-term loans	567,440	17	100,000	4
2570	Deferred income tax liabilities	250,380	7	242,651	9
2600	Others	576	-	266	-
25XX	<b>Total noncurrent liabilities</b>	<u>818,396</u>	<u>24</u>	<u>342,917</u>	<u>13</u>
2XXX	<b>Total liabilities</b>	<u>1,626,704</u>	<u>47</u>	<u>954,475</u>	<u>35</u>
<b>Equity attributable to shareholders of the parent</b>					
<b>Share capital</b>					
3110	Common stock	775,600	22	775,600	28
<b>Capital surplus</b>					
3200	Capital surplus	334,323	10	334,323	12
<b>Retained earnings</b>					
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	14
<b>Other equity</b>					
3400	Other equity	( 10,023)	-	( 11,039)	-
31XX	<b>Equity attributable to Shareholders of the parent Company</b>	<u>1,820,828</u>	<u>53</u>	<u>1,770,873</u>	<u>65</u>
36XX	<b>non-controlling interests</b>	<u>393</u>	<u>-</u>	<u>294</u>	<u>-</u>
3XXX	<b>Total equity</b>	<u>1,821,221</u>	<u>53</u>	<u>1,771,167</u>	<u>65</u>
<b>Significant contingent liabilities and unrecognized contractual commitments</b>					
<b>Major subsequent events</b>					
3X2X	<b>Total liabilities and equity</b>	<u>\$ 3,447,925</u>	<u>100</u>	<u>\$ 2,725,642</u>	<u>100</u>

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Statement 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	<b>Net revenue</b>	\$ 1,168,248	100	\$ 1,198,670	100
5000	<b>Cost of revenue</b>	( 760,382)	( 65)	( 784,208)	( 66)
5900	<b>Gross profit</b>	<u>407,866</u>	<u>35</u>	<u>414,462</u>	<u>34</u>
	<b>Operating expenses</b>				
6100	Marketing expenses	( 84,620)	( 7)	( 86,138)	( 7)
6200	General and administrative expenses	( 95,792)	( 8)	( 83,791)	( 7)
6300	Research and development expenses	( 149,319)	( 13)	( 146,403)	( 12)
6000	<b>Total operating expenses</b>	<u>( 329,731)</u>	<u>( 28)</u>	<u>( 316,332)</u>	<u>( 26)</u>
6900	<b>Operating Income</b>	<u>78,135</u>	<u>7</u>	<u>98,130</u>	<u>8</u>
	<b>Non-operating income and expenses</b>				
7010	Other income	13,478	1	8,584	1
7020	Other gains and losses	26,275	2	( 7,061)	( 1)
7050	Finance costs	( 8,351)	-	( 6,564)	-
7000	<b>Total non-operating income and expenses</b>	<u>31,402</u>	<u>3</u>	<u>( 5,041)</u>	<u>-</u>
7900	<b>Income before tax</b>	<u>109,537</u>	<u>10</u>	<u>93,089</u>	<u>8</u>
7950	Income tax expense	( 23,646)	( 2)	( 32,906)	( 3)
8200	<b>Net income</b>	<u>\$ 85,891</u>	<u>8</u>	<u>\$ 60,183</u>	<u>5</u>
	<b>Other comprehensive profit or loss (net)</b>				
	<b>Items not re-classified to profit or loss</b>				
8311	Re-measurement of defined benefit obligation	\$ 2,353	-	( \$ 914)	-
8349	Income tax related to accounts not being reclassified	( 400)	-	155	-
8310	<b>Total amount of items not reclassified to profit or loss</b>	<u>1,953</u>	<u>-</u>	<u>( 759)</u>	<u>-</u>
	<b>Items that may be re-classified subsequently to profit or loss</b>				
8361	Exchange differences arising from translation of foreign operations	( 1,273)	-	( 231)	-
8362	Unrealized valuation gains and losses of available-for-sale financial assets	2,263	-	( 7,794)	( 1)
8360	<b>Total amount of items probably reclassified to profit or loss subsequently</b>	<u>990</u>	<u>-</u>	<u>( 8,025)</u>	<u>( 1)</u>
8300	<b>Other comprehensive profit or loss, net</b>	<u>\$ 2,943</u>	<u>-</u>	<u>( \$ 8,784)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 88,834</u>	<u>8</u>	<u>\$ 51,399</u>	<u>4</u>
	<b>Net income attributable to:</b>				
8610	Shareholder of the parent	<u>\$ 85,766</u>	<u>8</u>	<u>\$ 60,283</u>	<u>5</u>
8620	non-controlling interests	<u>\$ 125</u>	<u>-</u>	<u>( \$ 100)</u>	<u>-</u>
	<b>Total comprehensive income attributable to:</b>				
8710	Shareholder of the parent	<u>\$ 88,735</u>	<u>8</u>	<u>\$ 51,503</u>	<u>4</u>
8720	non-controlling interests	<u>\$ 99</u>	<u>-</u>	<u>( \$ 104)</u>	<u>-</u>
	<b>Earnings per share</b>				
9750	<b>Base earnings per share</b>	<u>\$ 1.11</u>		<u>\$ 0.78</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 1.10</u>		<u>\$ 0.77</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	Attributable to owners of the parent company											
	Share Capital			Retained earnings			Other equity			Total	non-controllin g interests	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	\$ 28,084	\$ 1,863,794	
The 2015 appropriation and distribution of earnings:												
Legal reserve	-	-	-	30,836	-	( 30,836 )	-	-	-	-	-	
Cash dividend	-	-	-	-	-	( 116,340 )	-	-	( 116,340 )	-	( 116,340 )	
Current period net profit	-	-	-	-	-	60,283	-	-	60,283	( 100 )	60,183	
Net income in 2016	-	-	-	-	-	( 759 )	( 227 )	( 7,794)	( 8,780 )	( 4 )	( 8,784 )	
Total other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	( 27,686 )	( 27,686 )	
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>	<u>\$ 294</u>	<u>\$ 1,771,167</u>	
2017												
Balance at January1, 2017	\$ 775,600	\$ 333,746	\$ 577	\$ 121,314	\$ 183,296	\$ 367,379	\$ 874	(\$ 11,913)	\$ 1,770,873	\$ 294	\$ 1,771,167	
The 2016 appropriation and distribution of earnings:												
Legal reserve	-	-	-	6,028	-	( 6,028 )	-	-	-	-	-	
Cash dividend	-	-	-	-	-	( 38,780 )	-	-	( 38,780 )	-	( 38,780 )	
Net income in 2017	-	-	-	-	-	85,766	-	-	85,766	125	85,891	
Total other comprehensive income (loss)	-	-	-	-	-	1,953	( 1,247 )	2,263	2,969	( 26 )	2,943	
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>	<u>\$ 393</u>	<u>\$ 1,821,221</u>	

Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	<u>2017</u>	<u>2016</u>
<u>Cash flow from operating activities</u>		
Income before tax	\$ 109,537	\$ 93,089
Adjustments		
Income, expense, and loss		
Depreciation	132,833	113,426
Amortization	1,293	1,285
Interest expenses	8,351	6,564
Interest income	( 227 )	( 145 )
Dividend income	( 3,017 )	( 3,017 )
Gain or losses from disposal of property or equipment	146	( 250 )
Gains or loss from disposal of financial assets carried at cost	( 39,830 )	-
Amount derived from property, plant and equipment re-enumeration	-	1,536
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable, net	( 1,166 )	433
Accounts receivable, net	( 60,372 )	65,487
Accounts receivable from related parties, net	( 3,976 )	( 10,228 )
Other receivable	921	( 1,626 )
Inventory	66,150	28,893
Prepayments	( 1,733 )	( 3,007 )
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	( 1,903 )	( 3,445 )
Other current liabilities-others	2,752	( 356 )
Net cash generated by operating activities	184,767	291,969
Interest received	207	130
Dividends received	3,017	3,017
Interest paid	( 7,797 )	( 6,541 )
Income tax paid	( 20,855 )	( 27,262 )
Net cash inflow from operating activities	159,339	261,313

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Chunghwa Chemical Synthesis & Biotech Co., Ltd. and its subsidiaries  
Consolidated cash flow statement  
January 1 to December 31, 2017 and 2016

Unit: In Thousand of NTD

	<u>2017</u>	<u>2016</u>
<u>Cash flow from investing activities</u>		
Proceeds from disposal of financial assets carried at cost	\$ 21,684	\$ -
Costs of property, plant and equipment acquired	( 803,183 )	( 114,562 )
Proceeds from disposal of property, plant and equipment	1,095	1,438
Liquidation of subsidiaries	-	( 17,208 )
Acquisition of Intangible assets	( 2,617 )	( 294 )
Increase in guarantee deposits	( 3,118 )	( 860 )
Net cash inflow from investing activities	( 786,139 )	( 131,486 )
<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	( 38,780 )	( 116,340 )
Cash dividends paid-changes in non-controlling interests	-	( 10,478 )
Net cash inflow from financing activities	641,350	( 176,786 )
Effects of exchange rate change on cash and cash equivalents	( 1,635 )	( 227 )
Net increase (decrease) in cash and cash equivalents	12,915	( 47,186 )
Beginning balance of cash and cash equivalents	143,080	190,266
Ending balance of cash and cash equivalents	<u>\$ 155,995</u>	<u>\$ 143,080</u>