

**FORMOSA CHEMICALS & FIBRE
CORPORATION**
PARENT COMPANY ONLY
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.

FORMOSA CHEMICALS & FIBRE CORPORATION

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Formosa Chemicals & Fibre Corporation

We have audited the accompanying parent company only balance sheets of Formosa Chemicals & Fibre Corporation as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for under the equity method. These investments accounted for under the equity method amounted to \$114,043,846 thousand and \$107,403,339 thousand as of December 31, 2015 and 2014, respectively, and the comprehensive income (including share of profit/(loss) of subsidiaries, associates and joint ventures accounted for under the equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method) was \$10,645,424 thousand and \$10,071,113 thousand for the years then ended December 31, 2015 and 2014, respectively. The financial statements of these investee companies were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of the other independent accountants.

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

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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 and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Formosa Chemicals & Fibre Corporation as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

March 16, 2016

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted 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 financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-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 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.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2015		(adjusted) December 31, 2014		(adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 18,018,485	4	\$ 4,105,649	1	\$ 393,370	-
1125	Available-for-sale financial	6(3)						
	assets - current		81,829,505	21	83,899,972	20	70,281,695	17
1150	Notes receivable, net	6(4)	369,427	-	452,769	-	694,847	-
1160	Notes receivable - related	7						
	parties		140,382	-	288,160	-	218,650	-
1170	Accounts receivable, net	6(5)	5,330,843	1	5,783,790	1	8,089,230	2
1180	Accounts receivable - related	7						
	parties		11,613,706	3	10,898,816	3	18,724,868	4
1200	Other receivables		3,156,316	1	10,567,828	3	3,906,542	1
1210	Other receivables - related	7						
	parties		10,583,312	3	19,972,440	5	14,676,000	4
130X	Inventory	6(6)	19,433,809	5	26,974,682	6	31,856,107	8
1470	Other current assets	7	3,144,364	1	3,272,016	1	9,444,050	2
11XX	Total current assets		153,620,149	39	166,216,122	40	158,285,359	38
Non-current assets								
1523	Available-for-sale financial	6(3)						
	assets - non-current		-	-	10,729,587	3	14,829,721	3
1543	Financial assets carried at cost -	6(7)						
	non-current		2,463,536	1	2,438,536	1	2,438,536	1
1550	Investments accounted for	6(8) and 8						
	under equity method		172,507,251	44	167,649,932	40	165,268,843	40
1600	Property, plant and equipment	6(9) and 8	55,843,737	14	59,645,043	14	64,758,274	16
1840	Deferred income tax assets	6(24)	1,538,788	-	1,816,007	-	2,388,619	-
1900	Other non-current assets		5,482,849	2	6,831,898	2	7,553,460	2
15XX	Total non-current assets		237,836,161	61	249,111,003	60	257,237,453	62
1XXX	Total assets		\$ 391,456,310	100	\$ 415,327,125	100	\$ 415,522,812	100

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2015		(adjusted) December 31, 2014		(adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 2,508,000	1	\$ 1,568,400	-	\$ 1,702,000	-
2170	Accounts payable		3,396,755	1	3,788,439	1	3,839,177	1
2180	Accounts payable - related parties	7	10,618,602	3	11,782,370	3	22,320,981	5
2200	Other payables		7,173,155	2	5,382,681	1	3,305,931	1
2230	Current income tax liabilities	6(24)	2,279,372	1	-	-	1,774,593	-
2320	Long-term liabilities, current portion	6(11)(12)	13,642,740	3	19,785,113	5	19,590,866	5
2399	Other current liabilities		1,140,447	-	996,152	-	2,207,165	1
21XX	Total current liabilities		40,759,071	11	43,303,155	10	54,740,713	13
Non-current liabilities								
2530	Corporate bonds payable	6(11)	46,500,000	12	56,000,000	14	50,000,000	12
2540	Long-term borrowings	6(12)	12,271,194	3	29,420,187	7	35,120,598	9
2570	Deferred income tax liabilities	6(24)	804,375	-	822,500	-	193,765	-
2600	Other non-current liabilities	6(13)	8,291,152	2	8,351,102	2	8,314,351	2
25XX	Total non-current liabilities		67,866,721	17	94,593,789	23	93,628,714	23
2XXX	Total liabilities		108,625,792	28	137,896,944	33	148,369,427	36
Equity								
Share capital		6(14)						
3110	Common stock		58,611,863	15	58,611,863	14	58,611,863	14
Capital surplus		6(15)						
3200	Capital surplus		8,875,002	2	8,668,561	2	8,632,578	2
Retained earnings		6(16)						
3310	Legal reserve		43,905,716	11	42,852,687	11	40,366,323	10
3320	Special reserve		41,927,550	11	41,927,550	10	39,506,782	10
3350	Unappropriated retained earnings	6(24)	52,528,055	13	33,888,707	8	43,111,091	10
Other equity interest								
3400	Other equity interest	6(17)	77,334,641	20	91,813,226	22	77,161,270	18
3500	Treasury stocks	6(14)	(352,309)	-	(332,413)	-	(236,522)	-
3XXX	Total equity		282,830,518	72	277,430,181	67	267,153,385	64
Significant contingent liabilities 9								
and unrecognized contract commitments								
Significant events after the balance sheet date		11						
3X2X	Total liabilities and equity		\$ 391,456,310	100	\$ 415,327,125	100	\$ 415,522,812	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

For the Years ended December 31

	Items	Notes	2015		2014 (adjusted)	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 230,409,926	100	\$ 299,770,401	100
5000	Operating costs	6(6)(22)(23) and 7	(211,174,988)	(92)	(291,831,014)	(97)
5900	Net operating margin		19,234,938	8	7,939,387	3
5910	Unrealized loss (profit) from sales		78,217	-	(36,091)	-
5920	Realized profit from sales		36,091	-	374,785	-
5950	Net operating margin		19,349,246	8	8,278,081	3
	Operating expenses	6(13)(22)(23) and 7				
6100	Selling expenses		(4,667,012)	(2)	(4,469,339)	(2)
6200	General and administrative expenses		(2,900,202)	(1)	(2,972,933)	(1)
6000	Total operating expenses		(7,567,214)	(3)	(7,442,272)	(3)
6900	Operating profit		11,782,032	5	835,809	-
	Non-operating income and expenses					
7010	Other income	6(19) and 7	4,229,054	2	3,279,128	1
7020	Other gains and losses	6(3)(8)(20) and 7	4,106,617	2	4,954,009	2
7050	Finance costs	6(9)(21) and 7	(1,434,408)	(1)	(1,683,362)	(1)
7070	Share of profit of associates and joint ventures accounted for under equity method	6(8)	11,479,120	5	3,786,292	1
7000	Total non-operating income and expenses		18,380,383	8	10,336,067	3
7900	Profit before income tax		30,162,415	13	11,171,876	3
7950	Income tax expense	6(24)	(2,584,222)	(1)	(643,558)	-
8200	Profit for the year		\$ 27,578,193	12	\$ 10,528,318	3
	Other comprehensive income (net)	6(17)(24)				
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan		(\$ 573,733)	(1)	(\$ 165,524)	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(278,660)	-	(25,080)	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(852,393)	(1)	(190,604)	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Other comprehensive (loss) income, before tax, exchange differences on translation		(995,932)	-	3,202,585	1
8362	Other comprehensive (loss) income, before tax, available-for-sale financial assets		(12,773,811)	(6)	9,663,491	3
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(724,784)	-	2,328,105	1
8399	Income tax relating to the components of other comprehensive income		15,942	-	(542,225)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(14,478,585)	(6)	14,651,956	5
8300	Other comprehensive (loss) income for the year		(\$ 15,330,978)	(7)	\$ 14,461,352	5
8500	Total comprehensive income for the year		\$ 12,247,215	5	\$ 24,989,670	8
	Basic earnings per share		Before Tax	After Tax	Before Tax	After Tax
9750	Net income	6(25)	\$ 5.16	\$ 4.72	\$ 1.91	\$ 1.80
Assuming shares held by subsidiary are not deemed as treasury stock :						
	Basic earnings per share					
	Net income		\$ 5.15	\$ 4.71	\$ 1.91	\$ 1.80

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings				Other equity interest			
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on available-for-sale financial assets	Hedging instrument gain on effective hedges of cash flow hedges
									Treasury stocks
									Total
For the year ended December 31, 2014									
		\$ 58,611,863	\$ 8,632,578	\$ 40,366,323	\$ 39,506,782	\$ 43,111,091	\$ 684,059	\$ 76,475,419	\$ 1,792
	6(16)								\$ 236,522)
Balance at January 1, 2014 (adjusted)									\$ 267,153,385
Appropriations of 2013 earnings									
Legal reserve		-	-	2,486,364	-	(2,486,364)	-	-	-
Special reserve		-	-	-	2,551,455	(2,551,455)	-	-	-
Cash dividends		-	-	-	-	(14,652,966)	-	-	(14,652,966)
Transfer of special reserve to undistributed earnings		-	-	-	(130,687)	130,687	-	-	-
Stocks of the parent company purchased by the subsidiary and recognised as treasury stocks	6(14)	-	-	-	-	-	-	-	(95,891)
Dividends paid to subsidiaries to adjust capital surplus	6(15)	-	11,744	-	-	-	-	-	11,744
Proceeds from disposal of investments accounted for under equity method	6(15)	-	(432)	-	-	-	-	-	(432)
Difference between proceeds on acquisition or disposal of equity interest in a subsidiary and its carrying amount	6(15)	-	5,676	-	-	-	-	-	5,676
Changes in the net interest of associates recognised under the equity method	6(15)	-	18,995	-	-	-	-	-	18,995
Profit for the year		-	-	-	-	10,528,318	-	-	10,528,318
Other comprehensive income for the year		-	-	-	-	(190,604)	-	-	(190,604)
Balance at December 31, 2014	6(17)	\$ 58,611,863	\$ 8,668,561	\$ 42,852,687	\$ 41,927,550	\$ 33,888,707	\$ 4,235,625	\$ 87,580,223	\$ 277,430,181
For the year ended December 31, 2015									
Balance at January 1, 2015 (adjusted)		\$ 58,611,863	\$ 8,668,561	\$ 42,852,687	\$ 41,927,550	\$ 33,888,707	\$ 4,235,625	\$ 87,580,223	\$ 277,430,181
Appropriations of 2013 earnings									
Legal reserve	6(16)	-	-	1,053,029	-	(1,053,029)	-	-	-
Cash dividends		-	-	-	-	(7,033,423)	-	-	(7,033,423)
Stocks of the parent company purchased by the subsidiary and recognised as treasury stocks	6(14)	-	-	-	-	-	-	-	(19,896)
Dividends paid to subsidiaries to adjust capital surplus	6(15)	-	6,701	-	-	-	-	-	6,701
Changes in the net interest of associates recognised under the equity method	6(15)	-	199,740	-	-	-	-	-	199,740
Profit for the year		-	-	-	-	27,578,193	-	-	27,578,193
Other comprehensive loss for the year		-	-	-	-	(852,393)	-	-	(852,393)
Balance at December 31, 2015	6(17)	\$ 58,611,863	\$ 8,875,002	\$ 43,905,716	\$ 41,927,550	\$ 52,528,055	\$ 4,649,520	\$ 72,615,548	\$ 282,830,518

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		\$ 30,162,415	\$ 11,171,876
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(22)	7,843,684	8,474,169
Amortization		3,168,326	2,984,694
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(20)	(1,129)	(5,554)
(Gain) loss from price recovery of inventory		(1,301,663)	1,408,075
Interest expense	6(21)	1,434,408	1,683,362
Interest income	6(19)	(381,417)	(352,848)
Dividend income	6(19)	(2,905,441)	(2,095,058)
Share of profit or loss of associates accounted for under the equity method		(11,479,120)	(3,786,292)
Gain on disposal and scrap of property, plant and equipment	6(20)	(27,244)	(722,524)
Gain on disposal of investments	6(20)	(1,155,418)	(2,919,461)
Realized gain from sales		(114,308)	(338,694)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		1,129	5,554
Notes receivable		83,342	242,078
Notes receivable-related parties		147,778	(69,510)
Accounts receivable		452,947	2,305,440
Accounts receivable-related parties		(714,890)	7,826,052
Other receivables		7,403,953	(9,679,415)
Inventory		8,842,536	3,473,350
Other current assets		39,805	9,126,594
Other non-current assets		174,523	484,999
Net changes in liabilities relating to operating activities			
Accounts payable		(391,684)	239,244
Accounts payable-related parties		(1,163,768)	(10,538,611)
Other payables		437,317	479,844
Other current liabilities		144,295	(227,618)
Accrued pension liabilities		(592,728)	(142,777)
Cash generated from operations		40,107,648	19,026,969
Interest received		388,976	347,863
Dividend received		7,265,520	9,893,892
Interest paid		(1,465,008)	(1,590,130)
Income tax paid		(29,815)	(1,759,030)
Net cash provided by operating activities		46,267,321	25,919,564

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>For the years ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other receivables-related parties		\$ 9,389,128	(\$ 5,296,440)
Acquisition of available-for-sale financial assets		-	(896)
Proceeds from disposal of available-for-sale financial assets		88,599	464,773
Acquisition of financial assets measured at cost		(25,000)	-
Acquisition of investments accounted for under the equity method	6(8)	-	(1,752,470)
Proceeds from disposal of investments accounted for under equity method		1,656,262	3,744,168
Acquisition of property, plant and equipment	6(26)	(3,529,175)	(3,652,299)
Proceeds from disposal of property, plant and equipment		47,438	831,856
Increase in deferred expenses		(1,799,122)	(2,806,756)
(Increase) decrease in guarantee deposits paid		(12,152)	32,895
Net cash provided by (used in) investing activities		<u>5,815,978</u>	<u>(8,435,169)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		939,600	(133,600)
Increase in long-term borrowings		160,000	19,100,000
Payment of long-term borrowings		(22,941,466)	(26,811,807)
Increase in corporate bonds payable		-	16,000,000
Payment of bonds payable		(10,000,000)	(7,800,000)
(Decrease) increase in other non-current liabilities		(40,955)	14,003
Payment of cash dividends	6(16)(26)	(6,277,741)	(14,146,357)
Net cash used in financing activities		<u>(38,160,562)</u>	<u>(13,777,761)</u>
Effect of foreign exchange translations		(9,901)	5,645
Increase in cash and cash equivalents		13,912,836	3,712,279
Cash and cash equivalents at beginning of year		4,105,649	393,370
Cash and cash equivalents at end of year		<u>\$ 18,018,485</u>	<u>\$ 4,105,649</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION
NOTES TO THE PARENT COMPANY ONLY 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

Formosa Chemicals & Fibre Corporation (the Company) was founded on March 5, 1965. The Company now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division, Second Fiber Division, and Engineering & Construction Division. The Company's major businesses are production and sales of petrochemical products, including PTA, PS, AN, Butadiene, SM polymer, SM, benzene, toluene, p-xylene (PX) and o-xylene (OX), as well as nylon fiber, and rayon staple fiber. The Company is also engaged in spinning, weaving, dyeing and finishing.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 16, 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 ("IFRS") 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 parent company only financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognized based on corridor approach or recognized in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognized immediately in other comprehensive income when incurred. Past service cost will be recognized immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. Based on the Company's assessment, the impact of the standard is in the following table.

B. 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 Company will adjust its presentation of the statement of

comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. 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 only, fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Company will disclose additional information about fair value measurements accordingly.

Significant effects of applying the 2013 version of IFRS to the consolidated financial statements are summarised in the following table:

Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>January 1, 2014</u>				
Investments accounted for using equity method	\$ 165,346,387	(\$ 77,544)	\$ 165,268,843	(b)
Deferred income tax assets	2,351,384	37,235	2,388,619	(a)
Other assets	247,865,350	-	247,865,350	
Total affected assets	\$ 415,563,121	(\$ 40,309)	\$ 415,522,812	
Accrued pension liabilities	\$ 7,919,750	\$ 219,027	\$ 8,138,777	(a)
Other liabilities	140,230,650	-	140,230,650	
Total affected liabilities	148,150,400	219,027	148,369,427	
Retained earnings	43,370,427	(259,336)	43,111,091	(a) 、 (b)
Other equity interests	77,161,270	-	77,161,270	
Non-controlling interests	146,881,024	-	146,881,024	(a)
Total affected equity	267,412,721	(259,336)	267,153,385	
Total affected equity and liabilities	\$ 415,563,121	(\$ 40,309)	\$ 415,522,812	
Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>December 31, 2014</u>				
Investments accounted for using equity method	\$ 167,752,306	(\$ 102,374)	\$ 167,649,932	(b)
Deferred income tax assets	1,778,317	37,690	1,816,007	(a)
Other assets	245,861,186	-	245,861,186	
Total affected assets	\$ 415,391,809	(\$ 64,684)	\$ 415,327,125	
Accrued pension liabilities	\$ 7,774,299	\$ 387,226	\$ 8,161,525	(a)
Other liabilities	129,735,419	-	129,735,419	
Total affected liabilities	137,509,718	387,226	137,896,944	
Retained earnings	34,340,617	(451,910)	33,888,707	(a) 、 (b)
Other equity interests	243,541,474	-	243,541,474	
Total affected equity	277,882,091	(451,910)	277,430,181	
Total affected equity and liabilities	\$ 415,391,809	(\$ 64,684)	\$ 415,327,125	

Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
December 31, 2015				
Investments accounted for using equity method	\$ 172,506,668	\$ 583	\$ 172,507,251	(b)
Deferred income tax assets	1,538,343	445	1,538,788	(a)
Other assets	217,410,271	-	217,410,271	
Total affected assets	\$ 391,455,282	\$ 1,028	\$ 391,456,310	
Accrued pension liabilities	\$ 8,145,915	\$ 2,615	\$ 8,148,530	(a)
Other liabilities	100,477,262	-	100,477,262	
Total affected liabilities	108,623,177	2,615	108,625,792	
Retained earnings	52,529,642	(1,587)	52,528,055	(a)、(b)
Other equity interests	230,302,463	-	230,302,463	
Total affected equity	282,832,105	(1,587)	282,830,518	
Total affected equity and liabilities	\$ 391,455,282	\$ 1,028	\$ 391,456,310	
Consolidated statement of comprehensive income	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
Year ended December 31, 2014				
Operating revenue	\$ 299,770,401	\$ -	\$ 299,770,401	
Operating costs	(291,492,320)	-	(291,492,320)	
Operating expenses	(7,439,598)	(2,674)	(7,442,272)	(a)
Non-operating income and expenses	10,335,818	249	10,336,067	(b)
Net income before tax	11,174,301	(2,425)	11,171,876	
Income tax expense	(644,013)	455	(643,558)	(a)
Profit for the year	10,530,288	(1,970)	10,528,318	
Other comprehensive income, net of tax	14,651,956	(190,604)	14,461,352	
Total comprehensive income for the year	\$ 25,182,244	(\$ 192,574)	\$ 24,989,670	
Earnings per share:				
Basic	\$ 1.80	\$ -	\$ 1.80	
Diluted	\$ 1.80	\$ -	\$ 1.80	

Consolidated statement of comprehensive income	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>Year ended December 31, 2015</u>				
Operating revenue	\$ 230,409,926	\$ -	\$ 230,409,926	
Operating costs	(211,060,680)	-	(211,060,680)	
Operating expenses	(7,564,599)	(2,615)	(7,567,214)	(a)
Non-operating income and expenses	18,379,800	583	18,380,383	(b)
Net income before tax	30,164,447	(2,032)	30,162,415	
Income tax expense	(2,584,667)	445	(2,584,222)	(a)
Profit for the year	27,579,780	(1,587)	27,578,193	
Other comprehensive income, net of tax	(15,330,978)	-	(15,330,978)	
Total comprehensive income for the year	<u>\$ 12,248,802</u>	<u>(\$ 1,587)</u>	<u>\$ 12,247,215</u>	

Earnings per share:

Basic	<u>\$ 4.72</u>	<u>\$ -</u>	<u>\$ 4.72</u>
Diluted	<u>\$ 4.72</u>	<u>\$ -</u>	<u>\$ 4.72</u>

Description:

- (a) The Company recognized previously unrecognized past service cost and as a consequence of elimination of the corridor approach, recognized prior unrecognized actuarial losses by increasing net defined benefit liabilities by \$2,615, \$387,226 and \$219,027; increasing deferred tax assets by \$445, \$37,690, and \$37,235; decreasing retained earnings by (\$2,170), (\$349,536) and (\$181,792) at December 31, 2015, December 31, 2014, and January 1, 2014, respectively; and increasing operating expenses by \$2,615 and \$2,674 and decreasing income tax expense by (\$445) and (\$455) for the years ended December 31, 2015 and 2014, respectively.
- (b) In accordance with IAS 28, 'Investments in Associates', an associate should use uniform accounting policies as those of the investor in preparation of its financial statements for like transactions and other events in similar circumstances; otherwise, the associate's financial statements should be adjusted to reflect the investor's accounting policies for the purpose of applying the equity method. Accordingly, investments accounted for using equity method and retained earnings were increased (decreased) by \$583, (\$102,374), and (\$77,544); \$583, (\$102,374), and (\$77,544) at January 1, 2014, December 31, 2014, and December 31, 2015, respectively; and share of profit (loss) of associates accounted for using equity method was increased by \$583 and \$249 for the years ended December 31, 2014 and 2015, respectively.
- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company
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 IFRSs 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 Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

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 Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and 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 foreign exchange gains and losses 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 associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

(b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-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.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-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.

(5) 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.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. 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 profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(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. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

- A. The Company 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 Company 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) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
 - (e) The disappearance of an active market for that financial asset because of financial difficulties;
 - (f) 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;
 - (g) 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;
 - (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) 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'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through 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 Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method /subsidiaries and associates

- A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.
- B. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. The amount previously recognized in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. When the Company loses significant influence over the subsidiary, the profit or loss is reclassified from equity to profit or loss.

- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 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 Company 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. Land is not depreciated. Other 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:

Buildings	15 ~ 50 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	5 ~ 8 years
Other equipment	3 ~ 15 years

(14) Impairment of non-financial assets

The Company 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 amortised historical cost would have been if the impairment had not been recognized.

(15) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(16) 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.

(17) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(18) 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.

(19) 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.

(20) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

(21) 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

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' remuneration and directors' and supervisors' remuneration

Employees' remuneration 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. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) 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 stockholders 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 provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. 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 acquisitions of equipment or technology and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Treasury shares

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Revenue is measured at the fair value of the consideration received or receivable taking into account corporate tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Company offers customers price discounts. The Company estimates such discounts based on historical experience. Provisions for such liabilities are recorded when the sales are recognized.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Financial assets—impairment of equity investments

The Company 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 Company 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 assets

The Company 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 Company strategy might cause material impairment on assets in the future.

B. Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

C. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash	\$ 291	\$ 276
Checking accounts and demand deposits	2,612,869	615,554
Cash equivalents - Time deposits	15,405,325	3,489,819
	<u>\$ 18,018,485</u>	<u>\$ 4,105,649</u>

A. The Company 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. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

(2) Financial assets at fair value through profit or loss

A. The Company recognized net gain on financial assets held for trading amounting to \$1,129 and \$5,554 for the years ended December 31, 2015 and 2014, respectively,

B. The non-hedging derivative instruments transaction and contract information are as follows:

Derivative Instruments	December 31, 2015		December 31, 2014	
	Contract Amount (Notional (in thousands))	Contract Period	Contract Amount (Notional (in thousands))	Contract Period
Current items:				
Cross currency swap contract				
ANZ	-	-	USD 100,000	2012.12~2015.12

The Company entered into cross currency swap contracts with financial institutions to hedge cash flow risk of the floating-rate and exchange rate liability positions. However, these long-term foreign exchange contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Listed (TSE and OTC)		
stocks	\$ 24,703,260	\$ 22,479,504
Unlisted stocks	725,839	725,839
Valuation adjustments of		
available-for-sale financial		
assets	<u>58,691,096</u>	<u>62,992,051</u>
	84,120,195	86,197,394
Less: Accumulated		
impairment	<u>(2,290,690)</u>	<u>(2,297,422)</u>
	<u>\$ 81,829,505</u>	<u>\$ 83,899,972</u>
Non-current items:		
Listed (TSE and OTC)		
stocks	\$ -	\$ 2,250,000
Valuation adjustments of		
available-for-sale financial		
assets	<u>-</u>	<u>8,479,587</u>
	-	10,729,587
Less: Accumulated		
impairment	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 10,729,587</u>

- A. In June 2014, the shareholders of the Company's investee—Nan Ya Technology Corp. have resolved to decrease 89.99% of paid-in capital to offset against accumulated deficit. The record date for capital reduction was set on June 27, 2014.
- B. The Company recognized \$2,643,769 and \$1,846,787 as dividend income from available-for-sale financial assets for the years ended December 31, 2015 and 2014, respectively.
- C. The Company recognized (\$12,773,810) and \$9,663,491 in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.
- D. For operational capital purpose, the Company sold stocks of Nan Ya Technology Corp. of 1,069 and 5,957 thousand shares in quoted market in January 2015 and December 2014, respectively. The Company recognized gain on disposal of investments of \$62,357 and \$318,528 (recorded as other gains and losses), respectively.
- E. The Company participated in private placement of Nan Ya Technology Corp. in December 2012 and November 2011. As of December 31, 2015 and 2014, the lock-up period of the equity investment in the private placement has expired. Accordingly, the Company has reclassified financial assets—non-current amounting to \$2,250,000 and \$6,000,000, respectively as current in line with the Company's intention.

(4) Notes receivable, net

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Notes receivable	\$ 369,427	\$ 452,769
Less: Allowance for doubtful accounts	-	-
	<u>\$ 369,427</u>	<u>\$ 452,769</u>

(5) Accounts receivable, net

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable	\$ 5,491,240	\$ 5,944,187
Less: Allowance for doubtful accounts	(160,397)	(160,397)
	<u>\$ 5,330,843</u>	<u>\$ 5,783,790</u>

A. The Company's accounts receivable that were neither past due nor impaired had good credit quality.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Up to 30 days	\$ 178,697	\$ 76,257
31 to 90 days	8,568	8,543
91 to 180 days	-	-
	<u>\$ 187,265</u>	<u>\$ 84,800</u>

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

	<u>For the year ended December 31, 2015</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 141,213	\$ 19,184	\$ 160,397
Provision for impairment	-	-	-
Reversal of impairment	-	-	-
At December 31	<u>\$ 141,213</u>	<u>\$ 19,184</u>	<u>\$ 160,397</u>

	<u>For the year ended December 31, 2014</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 141,213	\$ 19,184	\$ 160,397
Provision for impairment	-	-	-
Reversal of impairment	-	-	-
At December 31	<u>\$ 141,213</u>	<u>\$ 19,184</u>	<u>\$ 160,397</u>

(6) Inventories

December 31, 2015			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,985,347	(\$ 157,815)	\$ 5,827,532
Materials	2,948,391	-	2,948,391
Work in process	3,365,443	(15,810)	3,349,633
Finished goods	7,395,727	(95,156)	7,300,571
Other inventory	7,682	-	7,682
	<u>\$ 19,702,590</u>	<u>(\$ 268,781)</u>	<u>\$ 19,433,809</u>
December 31, 2014			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,717,550	(\$ 608,696)	\$ 8,108,854
Materials	3,130,288	-	3,130,288
Work in process	4,915,467	(263,956)	4,651,511
Finished goods	11,774,815	(697,792)	11,077,023
Other inventory	7,006	-	7,006
	<u>\$ 28,545,126</u>	<u>(\$ 1,570,444)</u>	<u>\$ 26,974,682</u>

Expense and loss incurred on inventories for the years ended December 31, 2015 and 2014 were as follows:

	For the years ended December 31,	
	2015	2014
Cost of inventories sold	\$ 211,299,416	\$ 288,795,080
(Gain from price recovery) provision for inventory loss from valuation	(1,301,663)	1,408,075
Idle capacity	1,014,541	1,424,845
Others	162,694	203,014
	<u>\$ 211,174,988</u>	<u>\$ 291,831,014</u>

The gain from price recovery in 2015 resulted from the disposal of inventories which were previously provided with allowance for inventory valuation loss.

(7) Financial assets measured at cost

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Mai Liao Harbor Administration Corp.	\$ 539,260	\$ 539,260
Formosa Plastic Corp. U.S.A	818,316	818,316
Taiwan Stock Exchange Corporation	1,800	1,800
Taiwan Aerospace Corp.	10,702	10,702
Yi-Jih Development Corp.	3,000	3,000
Chinese Television System Corp.	38,419	38,419
Formosa Automobile Corp.	1,750	1,750
Formosa Development Corp.	90,010	90,010
Formosa Technologies Corp.	13,331	13,331
Formosa Plastics Marine Corp.	15,000	15,000
Formosa Ocean Group Marine Investment Corp.	856,948	856,948
Guangyuan Investment Corp.	50,000	50,000
Mage Growth Venture Capital Co., Ltd.	25,000	-
	<u>2,463,536</u>	<u>2,438,536</u>
Less: Accumulated impairment	-	-
	<u>\$ 2,463,536</u>	<u>\$ 2,438,536</u>

- A. In accordance with the Company's intention, the investment in above stocks should be classified as available-for-sale financial assets. However, as stocks are not traded in active market, and no sufficient industry information of companies similar to the Company's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.
- B. The Company recognized \$261,672 and \$248,271 as dividend income from investing in financial assets measured at cost for the years ended December 31, 2015 and 2014, respectively.
- C. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Company were pledged to others.

(8) Investments accounted for using equity method

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Subsidiaries:			
FCFC Investment Corp. (Cayman)	\$ 32,310,866	\$ 36,544,786	\$ 37,113,214
Formosa Taffeta Co., Ltd.	19,417,976	18,065,488	18,860,143
Formosa Industries Corp., Vietnam	8,887,497	8,383,305	7,587,663
Formosa Idemitsu Petrochemical Corp.	1,873,624	584,818	312,245
Formosa Biomedical Technology Corp.	1,690,386	1,656,447	1,255,954
Formosa BP Chemicals Corp.	1,364,957	1,221,242	1,091,788
Formosa Carpet Corp.	210,588	208,366	205,835
Tah Shin Spinning Corp.	151,685	158,112	155,933
Associates:			
Formosa Petrochemical Corp.	64,138,149	58,499,142	59,593,730
Formosa Group Investment (Cayman) Corp.	15,754,440	384	-
Mai Liao Power Corp.	11,324,458	11,422,020	10,876,941
Formosa Heavy Industries Corp.	8,353,099	7,982,274	7,202,401
Formosa Resource Corp.	4,387,101	4,359,188	3,025,362
Formosa Plastics Transport Corp.	733,803	699,911	651,756
Formosa Synthetic Rubber Corp. (Hong Kong)	549,701	899,463	934,979
Formosa Synthetic Rubber Corp.	369,090	376,302	376,157
Chia-Nan Enterprise Corp.	261,493	262,102	260,409
Formosa Environmental Technology Corp.	261,178	267,354	273,265
Su Hua Transport Corp.	219,427	180,569	159,660
Formosa Group (CAYMAN) Corp.	154,121	21,941	361
Formosa Fairway Corp.	81,090	75,415	86,612
Formosa Construction Corp.	10,661	14,559	-
Hwa Ya Science Park Management Consulting Co., Ltd.	1,861	2,113	1,772
Formosa Ha Tinh (Cayman) Limited	-	15,764,631	-
Formosa Ha Tinh Steel Corp.	-	-	15,242,663
	<u>\$ 172,507,251</u>	<u>\$ 167,649,932</u>	<u>\$ 165,268,843</u>

A. The related information on subsidiaries is provided in Note 4(3) of consolidated financial statements in 2015.

B. The investments accounted for using equity method were based on the investees' audited financial statements for the years ended December 31, 2015 and 2014.

C. The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2015	December 31, 2014		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.38%	Investments accounted for using equity method	Equity method

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
			January 1, 2014		
Formosa Petrochemical Corp.	Taiwan		24.38%	Investments accounted for using equity method	Equity method

D. The summarised financial information of the associates that are material to the Company is shown below:

Balance sheet

	Formosa Petrochemical Corp.		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	\$ 233,472,422	\$ 259,401,269	\$ 251,575,121
Non-current assets	188,444,138	210,577,540	227,386,059
Current liabilities	(57,747,205)	(104,120,299)	(116,138,940)
Non-current liabilities	(97,480,329)	(126,251,646)	(122,474,977)
Total net assets	<u>\$ 266,689,026</u>	<u>\$ 239,606,864</u>	<u>\$ 240,347,263</u>
Share in associate's net assets	\$ 64,405,400	\$ 58,416,153	\$ 59,846,468
Unrealised profit (loss) from sales of upstream transactions eliminations	(156,532)	193,938	(125,714)
Net differences in share capital	(110,719)	(110,949)	(127,024)
Carrying amount of the associate	<u>\$ 64,138,149</u>	<u>\$ 58,499,142</u>	<u>\$ 59,593,730</u>

Statement of comprehensive income

	Formosa Petrochemical Corp.	
	Year ended	Year ended
	December 31, 2015	December 31, 2014
Revenue	\$ 627,992,308	\$ 911,610,803
Profit for the year from continuing operations	47,301,922	9,066,214
Other comprehensive income, net of tax	(12,256,743)	13,999,442
Total comprehensive income	\$ 35,045,179	\$ 23,065,656
Dividends received from associates	\$ 1,974,380	\$ 5,807,000

- E. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2015, December 31, 2014 and January 1, 2014, the carrying amount of the Company's individually immaterial associates amounted to \$42,461,523, \$42,328,256, and \$39,092,338, respectively.

	Year ended	Year ended
	December 31, 2015	December 31, 2014
Profit for the year from continuing operations	\$ 2,300,281	\$ 6,102,988
Other comprehensive income-net of tax	1,784,154	2,236,167
Total comprehensive income	\$ 4,084,435	\$ 8,339,155

- F. The fair value of the Company's associates which have quoted market price was as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Formosa Petrochemical Corp.	\$ 181,303,024	\$ 159,576,346	\$ 194,005,616

- H. In response to Formosa Ha Tinh Steel Corporation's planning of shareholding, the Company has signed an agreement for the transfer of capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014, whereby the Company will transfer all its capital contribution of USD\$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh (Cayman) Limited. The Company has conducted restructuring in June, 2015, transferring 14.75% of equity in Formosa Ha Tinh (Cayman) Limited to Formosa Company Investment (Cayman) Limited as capital contribution. After reorganization, the Company now indirectly holds 19.71% of voting rights of Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh (Cayman) Limited. Although the shareholding ratio is less than 20%, as the Company still has significant influence over Formosa Ha Tinh Steel Corp., the Company accounts for Formosa Ha Tinh Steel Corp. using equity method. In August, 2015, Formosa Ha Tinh (Cayman) Limited received cash from a capital increase. Since Formosa Taffeta (Cayman) Co., Ltd., the Company's subsidiary, and Formosa Company Investment (Cayman) Corp., the Company's associate, did not subscribe to the capital increase proportionately, the Company's overall ownership percentage decreased from 19.71% to 16.5%. Accordingly, capital surplus was recognized.

- I. The Company invested in Formosa Resources Corp. in 2013 and participated in the Company's cash capital increase in 2014 in the amount of \$1,162,500, consisting of 116,250 thousand shares

at NTD \$10 (in dollar) per share. As of December 31, 2015, the Company has remitted out \$1,162,500, and the shareholding ratio was 25%.

J. On November 7, 2014, the Board of Directors has resolved to participate in the capital increase of Formosa Biomedical Technology Corp. by acquiring 45,351 thousand shares with \$12.67 per share amounting to \$574,594. As of December 31, 2015, the Company has remitted out \$574,594, and the shareholding ratio was 88.59%.

K. In order to improve financial structure, the Company has sold 22 million and 48,907 thousand shares in Formosa Petrochemical Corp. in open market in December 2015 and January 2014, respectively. Among the shares sold in January 2014, 17,200 thousand shares were sold to related party - Chang Gung Memorial Hospital. Therefore, the Company recognized gain on disposal of \$1,093,061 and \$2,614,905 (recorded as other gains and losses), respectively and the shareholding ratio of Formosa Petrochemical Corp. decreased to 24.15% and 24.38%, respectively.

L. The Company received cash dividends of \$4,360,079 and \$7,798,834 for the years ended December 31, 2015 and 2014, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Company's investments accounted for using equity method.

M. As of December 31, 2015 and 2014, certain equity investments were pledged to banks as described in Note 8.

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2015</u>						
Cost	\$ 5,961,378	\$ 17,935,906	\$ 158,462,618	\$ 3,882,264	\$ 7,510,537	\$ 193,752,703
Accumulated depreciation and impairment	-	(11,232,049)	(120,242,883)	(2,632,728)	-	(134,107,660)
	<u>\$ 5,961,378</u>	<u>\$ 6,703,857</u>	<u>\$ 38,219,735</u>	<u>\$ 1,249,536</u>	<u>\$ 7,510,537</u>	<u>\$ 59,645,043</u>
<u>2015</u>						
Opening net book amount	\$ 5,961,378	\$ 6,703,857	\$ 38,219,735	\$ 1,249,536	\$ 7,510,537	\$ 59,645,043
Additions	1,550	-	597,138	64,204	3,494,360	4,157,252
Disposals	(14,450)	(80)	(5,602)	(62)	-	(20,194)
Reclassifications	-	216,837	3,807,670	30,258	(4,149,445)	(94,680)
Depreciation charge	-	(598,434)	(7,028,327)	(216,923)	-	(7,843,684)
Closing net book amount	<u>\$ 5,948,478</u>	<u>\$ 6,322,180</u>	<u>\$ 35,590,614</u>	<u>\$ 1,127,013</u>	<u>\$ 6,855,452</u>	<u>\$ 55,843,737</u>
<u>December 31, 2015</u>						
Cost	\$ 5,948,478	\$ 18,094,290	\$ 162,496,289	\$ 3,943,204	\$ 6,855,452	\$ 197,337,713
Accumulated depreciation and impairment	-	(11,772,110)	(126,905,675)	(2,816,191)	-	(141,493,976)
	<u>\$ 5,948,478</u>	<u>\$ 6,322,180</u>	<u>\$ 35,590,614</u>	<u>\$ 1,127,013</u>	<u>\$ 6,855,452</u>	<u>\$ 55,843,737</u>

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2014</u>						
Cost	\$ 6,050,160	\$ 17,907,558	\$ 157,096,329	\$ 3,861,299	\$ 5,967,572	\$ 190,882,918
Accumulated depreciation and impairment	- (10,642,875)	(113,030,831)	(2,450,938)	- (126,124,644)		
	<u>\$ 6,050,160</u>	<u>\$ 7,264,683</u>	<u>\$ 44,065,498</u>	<u>\$ 1,410,361</u>	<u>\$ 5,967,572</u>	<u>\$ 64,758,274</u>
<u>2014</u>						
Opening net book amount	\$ 6,050,160	\$ 7,264,683	\$ 44,065,498	\$ 1,410,361	\$ 5,967,572	\$ 64,758,274
Additions		2,350	522,631	47,267	3,093,720	3,665,968
Disposals	(88,792)	(1,141)	(19,322)	(77)	-	(109,332)
Reclassifications	10	72,349	1,275,902	6,796	(1,550,755)	(195,698)
Depreciation charge	- (634,384)	(7,624,974)	(214,811)	- (8,474,169)		
Closing net book amount	<u>\$ 5,961,378</u>	<u>\$ 6,703,857</u>	<u>\$ 38,219,735</u>	<u>\$ 1,249,536</u>	<u>\$ 7,510,537</u>	<u>\$ 59,645,043</u>
<u>December 31, 2014</u>						
Cost	\$ 5,961,378	\$ 17,935,906	\$ 158,462,618	\$ 3,882,264	\$ 7,510,537	\$ 193,752,703
Accumulated depreciation and impairment	- (11,232,049)	(120,242,883)	(2,632,728)	- (134,107,660)		
	<u>\$ 5,961,378</u>	<u>\$ 6,703,857</u>	<u>\$ 38,219,735</u>	<u>\$ 1,249,536</u>	<u>\$ 7,510,537</u>	<u>\$ 59,645,043</u>

Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2015	2014
Amount capitalised	\$ 107,809	\$ 92,148
Interest rate	1.49~1.57	1.43~1.51

- B. The lands owned by the Company are located in Shin-Kong County, Chang-hua County, Tao-yuan County, and Ping-tung County. The ownership of the land has not been transferred to the Company due to the restriction of existing laws. The land is presently registered under the name of nominal trustees and the land amounted to \$16,237 and \$16,320 as of December 31, 2015 and 2014, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Short-term loans and short-term notes and bills payable

Type of loans	December 31, 2015	Interest rate range	Collateral
Unsecured loans	\$ 2,508,000	1.13%~1.52%	None
Type of loans	December 31, 2014	Interest rate range	Collateral
Unsecured loans	\$ 1,568,400	1.01%~1.50%	None

(11) Bonds payable

	December 31, 2015	December 31, 2014
Domestic unsecured nonconvertible corporate bonds	\$ 56,000,000	\$ 66,000,000
Less: current portion	(9,500,000)	(10,000,000)
	<u>\$ 46,500,000</u>	<u>\$ 56,000,000</u>

The terms of domestic unsecured nonconvertible corporate bonds were as follows:

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2015	December 31, 2014	Note
<u>2010</u>							
First issued domestic unsecured nonconvertible corporate bonds	2010.6.29	2014.6.29~ 2015.6.29	1.56	\$ 6,000,000	\$ -	\$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2010.7.29	2014.7.29~ 2015.7.29	1.52	4,000,000	-	2,000,000	Serial bonds, to be settled 50%, 50%
<u>2011</u>							
First issued domestic unsecured nonconvertible corporate bonds	2011.06.10	2015.6.10~ 2016.6.10	1.44	6,000,000	3,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2011.10.31	2015.10.31~ 2016.10.31	1.38	4,000,000	2,000,000	4,000,000	Serial bonds, to be settled 50%, 50%
<u>2012</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2012.7.26	2016.7.26~ 2017.7.26	1.29	6,000,000	6,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2012.7.26	2018.7.26~ 2019.7.26	1.40	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%

	Issuance	Maturity	Yield	Issued principal			
<u>Description</u>	<u>date</u>	<u>date</u>	<u>rate (%)</u>	<u>amount</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>Note</u>
Second issued domestic unsecured nonconvertible corporate bonds - A	2012.12.7	2016.12.7~ 2017.12.7	1.23	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - B	2012.12.7	2018.12.7~ 2019.12.7	1.36	3,900,000	3,900,000	3,900,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7~ 2022.12.7	1.51	4,100,000	4,100,000	4,100,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - A	2013.1.22	2019.1.22~ 2020.1.22	1.34	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22~ 2023.1.22	1.50	2,200,000	2,200,000	2,200,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2015	December 31, 2014	Note
<u>2013</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2013.7.8	2017.7.8~ 2018.7.8	1.24	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2013.7.8	2019.7.8~ 2020.7.8	1.38	2,700,000	2,700,000	2,700,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8~ 2023.7.8	1.52	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>							
First issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%
					56,000,000	66,000,000	
Less: Current portion of bonds payable					(9,500,000)	(10,000,000)	
					<u>\$ 46,500,000</u>	<u>\$ 56,000,000</u>	

(12) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2015
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 30, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.11%~1.15%	None	\$ 4,000,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.18%~1.20%	"	228,571
Secured loans				
Mega International Commercial Bank	Apr. 2014 ~ Apr. 2021, principal payable semi- annually after 3 years	1.63%~1.65%	Land	12,100,000
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 1995 ~ Dec. 2018, principal payable at maturity date; interest payable monthly	1.007%	None	85,363
				16,413,934
Less: Current portion of long-term bank loans				(4,142,740)
				<u>\$ 12,271,194</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.09%~1.15%	None	\$ 4,000,000
ANZ Bank	Dec. 28, 2012 ~ Dec. 28, 2015, payable at maturity date; interest payable monthly	1.20%~1.22%	"	2,905,000
Taiwan Bank	Aug. 10, 2012 ~ May. 29, 2015, payable at maturity date; interest payable monthly	1.44%~1.46%	"	1,500,000
Taiwan Bank	Oct. 17, 2013 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%	"	1,500,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.34%~1.41%	"	200,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Taichung Bank	Sep. 17, 2012 ~ Sep. 17, 2015, payable at maturity date; interest payable monthly	1.46%~1.49%	"	\$ 1,000,000
E. Sun Bank	Jun. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.36%~1.40%	"	400,000
Mega Bank	Aug. 2, 2013 ~ Jun. 20, 2015, payable at maturity date; interest payable monthly	1.36%	"	1,000,000
Far Eastern International Bank	Feb. 7, 2012 ~ Feb. 7, 2015, payable at maturity date; interest payable monthly	1.27%~1.32%	"	950,000
Union Bank of Taiwan	Nov. 7, 2012 ~ Oct. 7, 2017, payable at maturity date; interest payable monthly	1.26%~1.48%	"	950,000
Jih Sun Bank	Jul. 19, 2013 ~ Jul. 4, 2015, payable at maturity date; interest payable monthly	1.35%	"	200,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Taipei Fubon Bank	Dec. 26, 2013 ~ Jun. 5, 2015, payable at maturity date; interest payable monthly	1.40%~1.43%	None	\$ 700,000
Taiwan Bank	Aug. 14, 2013 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.3%~1.31%	"	500,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.30%~1.47%	"	400,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.14%~1.20%	"	342,857
Sumitomo Mitsui Banking Corporation	Aug. 14, 2013 ~ Aug. 14, 2015, payable at maturity date; interest payable monthly	1.2%~1.23%	"	300,000
Sumitomo Mitsui Banking Corporation	Aug. 27, 2014 ~ Aug. 27, 2016, payable at maturity date; interest payable monthly	1.23%	"	1,000,000
Yuanta Bank	May 17, 2013 ~ Jan. 30, 2016, payable at maturity date; interest payable monthly	1.28%~1.3%	"	200,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.41%~1.46%	"	1,500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.37%	None	\$ 100,000
Secured loans				
Mega International Commercial Bank	Apr. 2014 ~ Apr. 2021, principal payable semi- annually after three year	1.6%~1.65%	Land	12,100,000
Mega International Commercial Bank	Aug. 2006 ~ Jul. 2017, principal payable semi- annually	1.56%~1.58%	Machinery and equipment acquired in the Sixth naphtha cracker project	4,047,203
Taipei Fubon Bank	Dec. 26, 2013 ~ Jul. 21, 2015, payable at maturity date; interest payable monthly	1.45%~1.52%	Land and factories	3,300,000
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, principal payable at maturity date; interest payable monthly	1.07%	Equipment	110,240
				39,205,300
Less: Current portion of long-term				(9,785,113)
				<u>\$ 29,420,187</u>

- A. The collaterals for long-term bank loans are described in Note 8.
- B. In order to finance the construction of the Sixth Naphtha four expansion plan and the related factories, the Company obtained a syndicated loan with Bank of Communications as the lead bank. Due to the expansion of the six Naphtha Cracker project, the Company re-entered into the long-term loan agreement with the banks on May 15, 2006. The details were as follows:

- (a) Total credit line: \$16,636,000,000
- (b) Interest rate: 90-day secondary market in Taiwan issued commercial paper rate plus the average price of 0.60% interest per annum
- (c) Period: 7~10 years
- (d) Collateral: Property, plant and equipment acquired from the proceeds of the loan were pledged as collateral.

The Company is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 120% at the end of each year. In the event the Company fails to meet the required covenants, a capital increase has to be completed by June of the following year.

The Company repaid the loan on December 31, 2015.

- C. The Company has signed contracts for syndicated loans with Mega Bank and other banks on November 14, 2013, to finance plant construction for Formosa Ha Tinh Steel Corp. Information is as follows:

- (a) Total credit line: \$12,100,000
- (b) Interest rate: Based on the agreement with the banks
- (c) Period: 7 years
- (d) Collateral: Land in Six Naphtha Cracking Plant, Mailiao Township, Yunlin County

The Company is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 100% at the end of each year. In the event the Company fails to meet the required covenants, a capital increase has to be completed by June of the following year.

(13) Pensions

- A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a

maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligations	\$ 8,549,334	\$ 8,167,136	\$ 8,143,944
Fair value of plan assets	(400,804)	(5,611)	(5,167)
Net defined benefit liability	<u>\$ 8,148,530</u>	<u>\$ 8,161,525</u>	<u>\$ 8,138,777</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2015</u>			
Balance at January 1	\$ 8,167,136	(\$ 5,611)	\$ 8,161,525
Current service cost	105,880	-	105,880
Interest expense (income)	<u>162,716</u>	<u>(92)</u>	<u>162,624</u>
	<u>8,435,732</u>	<u>(5,703)</u>	<u>8,430,029</u>
Remeasurements:			
Return on plan assets	-	(290)	(290)
Change in financial assumptions	366,368	-	366,368
Experience adjustments	<u>207,655</u>	<u>-</u>	<u>207,655</u>
	<u>574,023</u>	<u>(290)</u>	<u>573,733</u>
Pension fund contribution	-	(400,072)	(400,072)
Paid pension	<u>(460,421)</u>	<u>5,261</u>	<u>(455,160)</u>
	<u>(460,421)</u>	<u>(394,811)</u>	<u>(855,232)</u>
Balance at December 31	<u>\$ 8,549,334</u>	<u>(\$ 400,804)</u>	<u>\$ 8,148,530</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2014</u>			
Balance at January 1	\$ 8,143,944	(\$ 5,167)	\$ 8,138,777
Current service cost	107,331	-	107,331
Interest expense (income)	154,133	(74)	154,059
	<u>8,405,408</u>	<u>(5,241)</u>	<u>8,400,167</u>
Remeasurements:			
Return on plan assets	-	(75)	(75)
Change in financial assumptions	(75,919)	-	(75,919)
Experience adjustments	241,518	-	241,518
	<u>165,599</u>	<u>(75)</u>	<u>165,524</u>
Pension fund contribution	-	(58,738)	(58,738)
Paid pension	(403,871)	58,443	(345,428)
	<u>(403,871)</u>	<u>(295)</u>	<u>(404,166)</u>
Balance at December 31	<u>\$ 8,167,136</u>	<u>(\$ 5,611)</u>	<u>\$ 8,161,525</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	1.5%	2.0%
Future salary increases	2.5%	2.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the Taiwan Annuity Table and experience.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ 187,230)	\$ 195,780	\$ 841,254	(\$ 718,144)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumption of analysing sensitivity is the same with last year.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ended December 31, 2016 are \$230,328.

B. (a) From July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2015 and 2014 were \$142,865 and \$147,221, respectively.

(14) Capital stock

- A. As of December 31, 2015, the Company's authorized and paid-in capital was \$58,611,863, consisting of 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.
- B. Changes in the treasury stocks for the years ended December 31, 2015 and 2014 are set forth belows:

For the year ended December 31, 2015					
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries	Formosa Taffeta Co., Ltd.	11,219,610	-	-	11,219,610
reclassified from long-term investment to treasury stock	Formosa Advanced Technologies Co., Ltd.	5,582,000	1,455,000	-	7,037,000
		<u>16,801,610</u>	<u>1,455,000</u>	<u>-</u>	<u>18,256,610</u>

For the year ended December 31, 2014					
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries	Formosa Taffeta Co., Ltd.	11,219,610	-	-	11,219,610
reclassified from long-term investment to treasury stock	Formosa Advanced Technologies Co., Ltd.	-	5,582,000	-	5,582,000
		<u>11,219,610</u>	<u>5,582,000</u>	<u>-</u>	<u>16,801,610</u>

- C. The market value of treasury stocks was \$74 and \$66.9 (in dollars) per share at December 31, 2015 and 2014, respectively.
- D. The above treasury stocks of the parent company purchased by subsidiaries with idle funds are for investing purpose.

(15) 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 capitalized 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.

For the year ended December 31, 2015						
	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2015	\$ 2,710,554	\$ 5,514,032	\$ 131,706	\$ 98,598	\$ 9,447	\$ 204,224
Dividends allocated to subsidiaries	-	-	6,701	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	199,740	-	-
At December 31, 2015	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 138,407</u>	<u>\$ 298,338</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

For the year ended December 31, 2014						
	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2014	\$ 2,710,554	\$ 5,514,032	\$ 119,962	\$ 80,035	\$ 3,771	\$ 204,224
Dividends allocated to subsidiaries	-	-	11,744	-	-	-
Effect from net stockholding of associates recognised using equity method	-	-	-	18,995	-	-
Disposal of investment accounted for using equity method	-	-	-	(432)	-	-
Difference between acquisition or disposal price and book value of subsidiaries' stockholding	-	-	-	-	5,676	-
At December 31, 2014	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 131,706</u>	<u>\$ 98,598</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

(16) Retained earnings

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. The remaining balance is to be set aside as special reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year. Bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders.

The special reserve includes:

- (a) Reserve for a special purpose;
- (b) Investment income recognized under equity method and deferred income tax assets arising

from unused investment tax credits which are deemed unrealized and transferred to special reserve. Such investment income and deferred income tax assets are reclassified to unappropriated earnings only when they are realized;

(c) Net unrealized gains from financial instruments transactions. The special reserve for unrealized gains from financial instruments is reduced when the accumulated value of the unrealized gains also decreases; and

(d) Other special reserves as stipulated by other laws.

The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 24, 2015. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. The Company is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee bonus and special reserves shall be distributed to stockholders. The Company would prefer cash dividend. If the Company requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriation of 2014 and 2013 earnings had been resolved at the Stockholder's meeting on June 16, 2015 and 2014, respectively. Details are as follows:

For the years ended December 31,				
2015			2014	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
Legal reserve	\$ 1,053,029		\$ 2,486,364	
Special reserve	-		2,551,455	
Cash dividends	7,033,423	\$ 1.20	14,652,966	\$ 2.50
	<u>\$ 8,086,452</u>		<u>\$ 19,690,785</u>	

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange

- F. The resolution of the appropriations of the 2015 net income was approved during the Board of Directors' meeting on March 16, 2016 as follows:

For the year ended December 31, 2015		
	Amount	Dividends per share (in dollar)
Legal reserve	\$ 2,757,819	
Cash dividends	20,514,152	\$ 3.50
	<u>\$ 23,271,971</u>	

- G. Information relating to employees' remuneration and directors' and supervisors' remuneration is summarized in Note 6 (23).

(17) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
January 1, 2015	(\$ 2,622)	\$ 87,580,223	\$ 4,235,625	\$ 91,813,226
Unrealised gain (loss) on available-for-sale investments:				
–Parent company	-	(12,773,811)	-	(12,773,811)
–Subsidiaries	-	1,192,446	-	1,192,446
–Associates	-	(3,383,310)	-	(3,383,310)
Cash flow hedges:				
–Associates	72,195	-	-	72,195
Currency translation differences:				
–Parent company	-	-	(995,932)	(995,932)
–Tax of parent company	-	-	15,942	15,942
–Subsidiaries	-	-	170,774	170,774
–Associates	-	-	1,223,111	1,223,111
At December 31, 2015	<u>\$ 69,573</u>	<u>\$ 72,615,548</u>	<u>\$ 4,649,520</u>	<u>\$ 77,334,641</u>

	Hedging reserve	Available-for-sale investment	Currency translation	Total
At January 1, 2014	\$ 1,792	\$ 76,475,419	\$ 684,059	\$ 77,161,270
Unrealised gain (loss) on available-for-sale investments:				
–Parent company	-	9,663,491	-	9,663,491
–Subsidiaries	-	(1,801,600)	-	(1,801,600)
–Associates	-	3,242,913	-	3,242,913
Cash flow hedges:				
–Associates	(4,414)	-	-	(4,414)
Currency translation differences:				
–Parent company	-	-	3,202,585	3,202,585
–Tax of parent company	-	-	(542,225)	(542,225)
–Subsidiaries	-	-	262,579	262,579
–Associates	-	-	628,627	628,627
At December 31, 2014	<u>(\$ 2,622)</u>	<u>\$ 87,580,223</u>	<u>\$ 4,235,625</u>	<u>\$ 91,813,226</u>

(18) Operating revenue

	For the years ended December 31,	
	2015	2014
Sales revenue	\$ 230,240,043	\$ 299,553,260
Service revenue	219	213
Other operating revenue	169,663	216,928
	<u>\$ 230,409,926</u>	<u>\$ 299,770,401</u>

(19) Other income

	For the years ended December 31,	
	2015	2014
Rental revenue	\$ 163,202	\$ 162,039
Interest income:		
Interest income from bank deposits	99,786	13,386
Interest from current account with others	243,199	286,748
Other interest income	38,432	52,714
	<u>381,417</u>	<u>352,848</u>
Dividend income	2,905,441	2,095,058
Other revenue	778,994	669,183
	<u>\$ 4,229,054</u>	<u>\$ 3,279,128</u>

(20) Other gains and losses

	For the years ended December 31,	
	2015	2014
Net gains on financial assets at fair value through profit or loss	\$ 1,129	\$ 5,554
Net currency exchange gains	2,999,212	1,414,347
Gains on disposal of investments	1,155,418	2,919,461
Gains on disposal of property, plant and equipment	27,244	722,524
Other losses	(76,386)	(107,877)
	<u>\$ 4,106,617</u>	<u>\$ 4,954,009</u>

(21) Finance costs

	For the years ended December 31,	
	2015	2014
Interest expense:		
Bank loans	\$ 501,764	\$ 625,865
Corporate bond	951,787	1,021,672
Current account with others	215	533
Discount	45,248	68,040
Other interest expenses	43,203	59,400
	1,542,217	1,775,510
Less: capitalisation of qualifying assets	(107,809)	(92,148)
Finance costs	\$ 1,434,408	\$ 1,683,362

(22) Expenses by nature

	For the years ended December 31,	
	2015	2014
Depreciation charges on property, plant and equipment	\$ 7,843,684	\$ 8,474,169
Employee benefit expense	7,496,703	7,378,541
Amortisation	3,168,326	2,984,694
Manufacturing and operating expenses	\$ 18,508,713	\$ 18,837,404

(23) Employee benefit expense

	For the years ended December 31,	
	2015	2014
Wages and salaries	\$ 6,342,170	\$ 6,225,259
Labor and health insurance fees	418,238	380,996
Pension costs	411,369	408,611
Other personnel expenses	324,926	363,675
	\$ 7,496,703	\$ 7,378,541

A. In accordance with the Articles of Incorporation of the Company, after distributing earnings, the Company shall distribute bonus to the employees that accounts for 0.1%-1% of the total distributed amount.

According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a Company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by

cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders during the shareholders' 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 December 24, 2015. In accordance with the amended articles, a ratio of profit before income tax of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.05% and shall not be higher than 0.5% for employees' compensation. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. For the years ended December 31, 2015 and 2014, respectively, employees' remuneration (bonuses) was accrued at \$30,193 and \$39,710, respectively. The aforementioned amount was recognized in salary expenses.

For the year ended December 31, 2015, the employees' remuneration was estimated and accrued based on 0.1% of the retained earnings. The amount of employees' compensation is in agreement with the amount resolved by the board of directors.

The expenses recognized for 2014 were accrued based on the net income for 2014 in accordance with the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve, special reserve and dividends. The difference of \$15,453 between employees' bonus as resolved by the shareholders during their meeting and the amount of \$24,257 recognized in the 2014 financial statements, mainly caused by differences in estimates, had been adjusted in the profit or loss for 2015.

Information about the appropriations of employees' remuneration (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	\$ 2,309,186	\$ -
Adjustments in respect of prior years	-	(15,564)
Total current tax	2,309,186	(15,564)
Deferred tax:		
Origination and reversal of temporary differences	275,036	659,122
Income tax expense	\$ 2,584,222	\$ 643,558

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2015	2014
Currency translation differences	\$ 15,942	(\$ 542,225)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	\$ 5,127,611	\$ 1,899,631
Effect from items disallowed by tax regulation	(2,328,481)	(1,577,204)
Effect from investment tax credit	-	(154,715)
Effect from five-year exemption	(277,160)	-
Effect from allowance for deferred tax assets	(182,132)	(321,790)
Additional 10% tax on undistributed earnings	244,384	772,431
Under provision of prior year's income tax	-	25,205
Income tax expense	\$ 2,584,222	\$ 643,558

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

For the year ended December 31, 2015				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
Temporary differences				
Loss on inventory	\$ 266,975	(\$ 221,283)	\$ -	\$ 45,692
Unrealized gain from downstream transactions	6,135	(6,135)	-	-
Unfunded pension expense	1,320,446	(24,576)	-	1,295,870
Impairment loss	91,724	(33,978)	-	57,746
Others	85,379	54,101	-	139,480
Investment tax credits	45,348	(45,348)	-	-
	<u>1,816,007</u>	<u>(277,219)</u>	<u>-</u>	<u>1,538,788</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	(693,582)	-	15,942	(677,640)
Unrealized loss from downstream transactions	-	(13,297)	-	(13,297)
Unrealised exchange gain	(128,918)	15,480	-	(113,438)
	<u>(822,500)</u>	<u>2,183</u>	<u>15,942</u>	<u>(804,375)</u>
	<u>\$ 993,507</u>	<u>(\$ 275,036)</u>	<u>\$ 15,942</u>	<u>\$ 734,413</u>

For the year ended December 31, 2014				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
Temporary differences				
Loss on inventory	\$ 27,602	\$ 239,373	\$ -	\$ 266,975
Unrealized gain from downstream transactions	63,713	(57,578)	-	6,135
Unfunded pension expense	1,386,397	(65,951)	-	1,320,446
Impairment loss	133,141	(41,417)	-	91,724
Others	39,571	45,808	-	85,379
Investment tax credits	738,195	(692,847)	-	45,348
	<u>2,388,619</u>	<u>(572,612)</u>	<u>-</u>	<u>1,816,007</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	(151,357)	-	(542,225)	(693,582)
Unrealised exchange gain	(42,408)	(86,510)	-	(128,918)
	<u>(193,765)</u>	<u>(86,510)</u>	<u>(542,225)</u>	<u>(822,500)</u>
	<u>\$ 2,194,854</u>	<u>(\$ 659,122)</u>	<u>(\$ 542,225)</u>	<u>\$ 993,507</u>

D. According to Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment), details of investment tax credits and unrecognized deferred tax assets are as follows:

December 31, 2014			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Invest in barren areas	\$ 86,339	\$ 40,991	2017
"	49,779	49,779	2018
Investments in emerging important strategic industries	91,362	91,362	2017
	<u>\$ 227,480</u>	<u>\$ 182,132</u>	

E. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014	January 1, 2014
Earnings generated in and before 1997	\$ 6,198,462	\$ 6,198,462	\$ 6,198,462
Earnings generated in and after 1998	46,329,593	27,690,245	36,912,629
	<u>\$ 52,528,055</u>	<u>\$ 33,888,707</u>	<u>\$ 43,111,091</u>

G. Information about balance of the imputation credit account is as follows:

	December 31, 2015	December 31, 2014
Balance of the imputation credit account	\$ 2,397,550	\$ 2,533,329
	2015 (Estimate)	2014 (Actual)
Creditable tax rate	9.46%	11.60%

(25) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the year.

For the years ended December 31, 2015 and 2014, the earnings per share were calculated as follows:

For the year ended December 31, 2015					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Net income	<u>\$ 30,162,415</u>	<u>\$ 27,578,193</u>	<u>5,842,929</u>	<u>\$ 5.16</u>	<u>\$ 4.72</u>
For the year ended December 31, 2014					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per</u>					
Net income	<u>\$ 11,171,876</u>	<u>\$ 10,528,318</u>	<u>5,844,385</u>	<u>\$ 1.91</u>	<u>\$ 1.80</u>

B. Employees' bonus could be distributed in the form of stock. Since there is no significant impact when calculating diluted earnings per share, basic earnings per share equals diluted earnings per share.

C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the

calculation of basic earnings per share is as follows:

For the year ended December 31, 2015					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per</u>					
Net income	<u>\$ 30,162,415</u>	<u>\$ 27,578,193</u>	<u>5,861,186</u>	<u>\$ 5.15</u>	<u>\$ 4.71</u>
For the year ended December 31, 2014					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per</u>					
Net income	<u>\$ 11,171,876</u>	<u>\$ 10,528,318</u>	<u>5,861,186</u>	<u>\$ 1.91</u>	<u>\$ 1.80</u>

(26) Non-cash transaction

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2015	2014
Purchase of fixed assets	\$ 4,157,251	\$ 3,665,968
Add: opening balance of payable on equipment	804,482	790,813
Less: ending balance of payable on equipment	(1,432,558)	(804,482)
Cash paid during the year	<u>\$ 3,529,175</u>	<u>\$ 3,652,299</u>

A. Financing activities with partial cash payments:

	For the years ended December 31,	
	2015	2014
Distribution of cash dividends	\$ 7,033,423	\$ 14,652,966
Increase in dividends payable	(755,682)	(506,609)
Cash dividends paid during the year	<u>\$ 6,277,741</u>	<u>\$ 14,146,357</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2015	2014
Sales of goods:		
— Subsidiaries	\$ 39,445,164	\$ 59,704,075
— Associates	21,749,240	35,460,208
— Other related parties	30,182,893	39,443,132
	<u>\$ 91,377,297</u>	<u>\$ 134,607,415</u>

The selling prices and terms for related parties are the same with non-related parties. The collection terms for overseas related parties are described in Note 13(1).

B. Purchases of goods:

	For the years ended December 31,	
	2015	2014
Purchases of goods:		
— Subsidiaries	\$ 1,593,437	\$ 1,721,063
— Associates	121,793,926	177,833,055
— Other related parties	12,514,726	16,172,351
	<u>\$ 135,902,089</u>	<u>\$ 195,726,469</u>

The payment terms for related parties are within 30~60 days of purchase. The purchase prices and terms for related parties are the same with non-related parties.

C. Receivables from related parties:

	December 31, 2015	December 31, 2014
Receivables from related parties:		
— Subsidiaries	\$ 7,493,997	\$ 6,430,862
— Associates	1,812,457	1,987,077
Other related parties	<u>2,447,634</u>	<u>2,769,037</u>
	11,754,088	11,186,976
Other receivables:		
— Associates	<u>2,140,695</u>	<u>9,046,000</u>
	<u>\$ 13,894,783</u>	<u>\$ 20,232,976</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 30~120 days after the date of sale. There are no provisions held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Payables to related parties:		
— Subsidiaries	\$ 150,391	\$ 166,633
— Associates	9,448,556	10,501,777
— Other related parties	1,019,655	1,113,960
	<u>\$ 10,618,602</u>	<u>\$ 11,782,370</u>

The payables to related parties arise mainly from purchase transactions and are due 30~60 days after the date of purchase. The payables bear no interest.

E. Expansion and repair project

(a) Expansion and repair project:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Expansion and repair works of factory sites:		
— Associates	\$ 272,408	\$ 212,427
— Other related parties	64,777	54,723
	<u>\$ 337,185</u>	<u>\$ 267,150</u>

(b) Ending balance of payables for expansion and repair project:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Payables to related parties:		
— Associates	\$ 923	\$ 254
— Other related parties	306	7,515
	<u>\$ 1,229</u>	<u>\$ 7,769</u>

The Company contracted the expansion and repair works of the factory sites to related parties. The payment terms are in accordance with the industry practice with payment due within a month after inspection.

F. Financing

(a) Ending balance of accounts receivable - related parties

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Subsidiaries	\$ 730,000	\$ 1,825,000
Associates	1,060,000	6,060,000
Other related parties	8,793,312	12,087,440
	<u>\$ 10,583,312</u>	<u>\$ 19,972,440</u>

(b) Interest income

	For the years ended December 31,	
	2015	2014
Subsidiaries	\$ 10,349	\$ 19,597
Associates	55,120	100,429
Other related parties	177,468	165,901
	<u>\$ 242,937</u>	<u>\$ 285,927</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan was made; interest was collected at 1.53%~1.63% per annum for the years ended December 31, 2015 and 2014.

G. Receivables for payment on behalf of others

	December 31, 2015	December 31, 2014
Associates	<u>\$ 414,418</u>	<u>\$ 895,043</u>

The amount for equipment for resale that the Company paid on behalf of associates is recorded as other current assets.

H. Operating expenses

	For the years ended December 31,	
	2015	2014
Transportation charges		
— Other related parties	<u>\$ 632,825</u>	<u>\$ 407,513</u>

I. Rental revenue

	For the years ended December 31,	
	2015	2014
Subsidiaries	\$ 23,919	\$ 23,683
Associates	36,035	33,339
Other related parties	91,346	92,172
	<u>\$ 151,300</u>	<u>\$ 149,194</u>

The rental prices charged to related parties are determined considering the local rental prices and payments, and are collected monthly.

J. Property transactions:

(a) Purchase of property, plant and equipment

	For the years ended December 31,	
	2015	2014
Purchase of property, plant and equipment		
— Associates	\$ 174,870	\$ 87,139

(b) Acquisition of financial assets

	Items	Number of shares	Name of the securities	2015
				Acquisition cost
Associates	Investments accounted for using equity method	508,236,725	Formosa Group Investment Corp. (Cayman)	\$ 15,080,156
	Items	Number of shares	Name of the securities	2014
				Acquisition cost
Associates	Investments accounted for using equity method	116,250,000	Formosa Resources Corporation	\$ 1,162,500
		45,351	Formosa Biomedical Technology	574,594
	Investments accounted for using equity method	12,500	Formosa Group Investment Corp. (Cayman)	377
	Investments accounted for using equity method	-	Formosa Ha Tinh (Cayman) Limited (Note)	15,325,352
	Investments accounted for using equity method	1,500,000	Formosa Construction Corp.	15,000
				\$ 17,077,823

Note: Details of the Company's acquisition of financial assets are provided in Note 6(8)G.

(c) Disposal of financial assets

	Items	Number of shares	Name of the securities	December 31, 2015	
				Proceeds	Gain (loss) on disposal
Associates	Investments accounted for using equity method	508,236,725	Formosa Ha Tinh (Cayman) Limited (Note)	\$ 15,080,156	\$ -

Note: Details of the Company's acquisition of financial assets are provided in Note 6(8)G.

K. Sales of materials:

The amounts of raw materials sold and the accounts receivable at the period-end from the investees located in China and Vietnam are listed below:

	For the years ended December 31,	
	2015	2014
Sales of materials:		
— Associates	\$ 2,021,263	\$ 730,873
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Receivable from sales of materials:		
— Subsidiaries	\$ 321,103	\$ 71,498

L. Donation

	For the years ended December 31,	
	2015	2014
Other related parties	\$ 7,455	\$ 4,869

(2) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries	\$ 100,501	\$ 103,666
Post-employment benefits	1,514	1,652
	<u>\$ 102,015</u>	<u>\$ 105,318</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2015	December 31, 2014	
Investments accounted for under equity method	\$ 12,335,333	\$ 11,140,319	Collateral for bank loans
Property, plant and equipment	7,996,732	9,783,510	"
	<u>\$ 20,332,065</u>	<u>\$ 20,923,829</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The details of commitments and contingencies as of December 31, 2015 were as follows:

- (1) Capital expenditures contracted for property, plant and equipment at the balance sheet date but not yet incurred amounted to \$4,645,929 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to US\$30,670 thousand, EUR2,480 thousand and ¥34,875 thousand.

- (3) Formosa ABS Plastics (Ningbo) Co., Ltd. has received a 5-year long-term loan with a credit line of US\$77 million from Mega International Commercial Bank in 2011. The Company has provided a commitment letter and will arrange capital to assist the borrowing company on reimbursement and fulfilling other obligations as the Company controls the borrowing company's operations.
- (4) Formosa Phenol (Ningbo) Limited Co. entered into a five-year, long-term loan with Mega Bank, Bank of Taiwan, Chang Hwa Bank, Taiwan Cooperative Bank, Mizuho Corporate Bank, Taipei Fubon Bank, E. Sun Bank, Yuanta Bank, and Export-Import Bank of China, which were the arrangers, for US\$69 million and RMB¥190 million to support the borrowers in completing the building of factories and in settling the loans.
- (5) Formosa Phenol (Ningbo) Limited Co. has received a 5-year long-term loan with a credit line of US\$80 million and RMB\$120 million from Bank of Taiwan in 2014. The Company has provided a commitment letter and will arrange capital to assist the borrowing company on reimbursement and fulfilling other obligations as the Company controls the borrowing company's operations.
- (6) The Company signed a 7-year syndicated long-term loan contract with the consortium which included Mega Bank, Bank of Taiwan, Chang Hwa Bank, Hua Nan Bank, Taiwan Cooperative Bank and Land Bank of Taiwan in the amount of \$12.1 billion in 2013. As of December 31, 2015, the loan facility had been used and the land in Taisu Industrial Park, Mailiao Township, Yunlin was pledged as collateral.
- (7) The Company's investee under the equity method-Formosa Synthetic Rubber Corp. (Ningpo) signed a syndicated loan contract with a consortium, which included Taiwan Cooperative Bank, for US\$130 million and RMB300 million due to operational needs in 2013. According to the demands of the consortium, the Company has to offer a promissory note in accordance with its ownership percentage and has to manage the necessary funds to fulfill the repayment obligations when needed.
- (8) Formosa Resource Australia Pty Ltd., an investee company of the Company's investee accounted for under the equity method-Formosa Resource Corp., needs to sign a loan with ANZ Bank for US\$600 million for capital to invest in mineral resources. Under the loan agreement, the Company has to offer a promissory note in accordance with its ownership percentage and has to support the debtor to repay the above loan within necessary limits.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has resolved the appropriation of 2015 earnings on March 16, 2016. Details are provided in Note 6(16) F.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal

capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
Total borrowings	\$ 74,921,934	\$ 106,773,700
Less: cash and cash equivalents	(18,018,485)	(4,105,649)
Net debt	56,903,449	102,668,051
Total equity	282,830,518	277,430,181
Total capital	<u>\$ 339,733,967</u>	<u>\$ 380,098,232</u>
Gearing ratio	17%	27%

(2) Financial instruments

A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), are approximate to their fair values. Because the interest rates of the long-term loans (including portion maturing within one year or one operating cycle, whichever is longer) are close to the market interest rate, thus the carrying amount is a reasonable basis for the estimation of fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company 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

- i. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. The Company hedges its entire foreign exchange risk exposure. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company uses forward foreign exchange contracts.
- iii. The Company hedges recognized assets or liabilities denominated in foreign currencies or highly expectable transactions by utilising forward exchange contracts and trading forward exchanges and cross currency swap contracts amongst other derivative financial instruments in order to lower the risk from changes in fair value resulting from fluctuations in the exchange rate. The Company also monitors the changes in the exchange rate and sets stop loss points to lower the risk from exchange rate.
- iv. The Company's businesses involve some non-functional currency operations. 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				
Foreign Currency				
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 775,003	33.07	\$	25,629,349
JPY : NTD	3,931	0.27		1,061
EUR : NTD	33	36.39		1,201
<u>Non-monetary items</u>				
RMB : NTD	\$ 6,306,662	5.09	\$	32,100,910
USD : NTD	594,196	33.07		19,650,062
VND : NTD	6,040,491,276	0.0015		9,060,737
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 43,267	33.07	\$	1,430,840
JPY : NTD	319,253	0.27		86,198

December 31, 2014				
Foreign Currency				
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 743,999	31.72	\$	23,598,160
JPY : NTD	13,703	0.27		3,631
EUR : NTD	15,853	38.53		610,832
<u>Non-monetary items</u>				
RMB : NTD	\$ 7,051,180	5.18	\$	36,549,982
USD : NTD	700,269	31.72		22,211,132
VND : NTD	6,991,387,874	0.0015		10,368,228
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 172,321	31.72	\$	5,465,677
JPY : NTD	578,181	0.27		153,218

- v.Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted \$2,999,212 and \$1,414,347, respectively.
- vi.Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the year ended December 31, 2015

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 256,293	\$ -
JPY : NTD	1%	11	-
EUR : NTD	1%	12	-
<u>Non-monetary items</u>			
USD : NTD	1%	\$ -	\$ 196,501
VND : NTD	1%	-	90,607
RMB : NTD	1%	-	321,009
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 14,308	\$ -
JPY : NTD	1%	862	-

For the year ended December 31, 2014

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 235,982	\$ -
JPY : NTD	1%	36	-
EUR : NTD		6,108	
<u>Non-monetary items</u>			
USD : NTD	1%	\$ -	\$ 222,111
VND : NTD	1%	-	103,682
RMB : NTD	1%	-	365,500
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 54,657	\$ -
JPY : NTD	1%	1,532	-

Price risk

- A. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of 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, components of equity for the years ended December 31, 2015 and 2014 would have increased/decreased by \$796,072 and \$921,019, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2015 and 2014, the Company's borrowings at variable rate were denominated in the NTD and USD.
- B. At December 31, 2015 and 2014, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been \$136,236 and \$325,404 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Company utilizes certain credit enhancement instruments (such as sales revenue or guarantees received in advance) at appropriate times to lower the credit risk from specific customers. Individual risk limits are set based

on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties are accepted.

ii.No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

i.Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

ii.Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii.The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,508,000	\$ -	\$ -	\$ -
Accounts payable (including related parties)	14,015,357	-	-	-
Other payables (including related parties)	7,173,155	-	-	-
Bonds payable	9,500,000	6,750,000	14,650,000	25,100,000
Long-term borrowings	4,142,740	2,831,629	9,439,565	-

<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,568,400	\$ -	\$ -	\$ -
Accounts payable (including related parties)	15,570,809	-	-	-
Other payables (including related parties)	5,382,681	-	-	-
Bonds payable	10,000,000	9,500,000	18,650,000	27,850,000
Long-term borrowings	9,785,113	16,130,114	9,256,740	4,033,333

- iv. The Company 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 estimation

- A. Details of the fair value of the Company'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: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from

prices). The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

- 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:

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	\$ 79,607,206	\$ 2,222,299	\$ -	\$ 81,829,505
<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	\$ 92,101,877	\$ 2,527,682	\$ -	\$ 94,629,559

- D. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares

Market quoted price

Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant intragroup transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee

companies in the Mainland Area: Please refer to table 10.

14. SEGMENT INFORMATION

None.

Formosa Chemicals and Fibre Corporation and subsidiaries

Loans to others

For the year ended December 31, 2015

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note 3)	Balance at December 31, 2015 (Note 7)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 8,000,000	\$ 6,000,000	\$ -	1.53-1.63	1	2	-	\$ -	-	\$ -	\$ 70,707,630	\$ 141,415,259	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	11,500,000	6,000,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	4,384,501	4,221,312	2,913,312	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					December 31, 2015 (Note 3)	December 31, 2015 (Note 7)							Item	Value			
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ -	1.53-1.63	1	2	-	\$ -	-	\$ -	\$ 70,707,630	\$ 141,415,259	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	1,600,000	1,600,000	730,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Mai-Liao Power Corp.	Other receivables-related parties	Yes	750,000	-	-	1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	12,500,000	5,400,000	5,400,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	760,000	460,000	460,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					December 31, 2015 (Note 3)	December 31, 2015 (Note 7)							Item	Value			
0	The Company	Mai-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	\$ 1,700,000	\$ 480,000	\$ 480,000	1.53-1.63	2	1	Additional operating capital	\$ -	-	\$ -	\$ 56,566,104	\$ 113,132,208	-
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	946,000	946,000	600,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	6,457,955	-	-	1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	115,000	15,000	15,000	1.60-1.63	2	1	Additional operating capital	-	-	-	936,328	1,920,656	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	2,187,014	2,187,014	2,187,014	3.05-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	821,444	325,888	325,888	3.05-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	666,414	-	-	3.22-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	352,100	-	-	3.22-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-

Table 1, Page 3

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					December 31, 2015 (Note 3)	December 31, 2015 (Note 7)							Item	Value			
4	Formosa PS (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 359,919	\$ -	\$ -	3.92	2	1	Additional operating capital	\$ -	-	\$ -	\$ 601,087	\$ 1,502,717	-
4	Formosa PS (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	257,085	-	-	3.92	2	1	Additional operating capital	-	-	-	601,087	1,502,717	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: Maximum outstanding balance of loans to others during the year ended December 31, 2015

Note 4: The nature of loans:

(1) Related to business transactions is "1".

(2) Short-term financing is "2".

Note 5: Amount of business transactions with the borrower:

(1) No business transactions is "1".

(2) Business transactions amount is provided in Note 13 (1) G.

Note 6: The calculation of line of credit:

The limit on loans granted by the Company to a single party, related party and party with business transactions shall not be more than 25% of the Company's net assets, and limit to others is 20% of the Company's net assets.

The ceiling on loans granted by the Company to others shall not be more than 50% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

The limit on loans granted by a subsidiary to a single party, related party and party with business transactions shall not be more than 50% of the subsidiary's net assets, and limit to others is 40% of the subsidiary's net assets.

The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

Note 7: The amount was resolved by the Board of Directors.

Formosa Chemicals and Fibre Corporation and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Formosa Industries Corp., Vietnam	1	\$ 14,367,572	\$ 5,942,170	\$ 5,757,072	\$ 5,757,072	\$ -	2.04	\$ 367,679,673	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	183,839,837	48,082,781	42,696,473	42,696,473	-	15.11	367,679,673	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	34,254,437	2,600,000	2,297,750	909,253	-	4.36	68,508,875	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	34,254,437	2,136,550	1,641,250	132,880	-	3.11	68,508,875	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	3	34,254,437	3,363,735	2,626,000	531,437	-	4.98	68,508,875	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	34,254,437	4,674,114	4,421,528	2,037,895	-	8.39	68,508,875	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount. For companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on endorsements to a single party is the higher value of purchasing or selling.

Note 4: Year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

Formosa Chemicals and Fibre Corporation and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2015

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	486,978,692	\$ 37,497,359	7.65	\$ 37,497,359	-
The Company	Stocks_Asia Pacific Investment Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	63,621,500	2,222,299	14.97	2,222,299	-
The Company	Stocks_Nan Ya Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	413,327,750	25,212,993	5.21	25,212,993	-
The Company	Stocks_Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	364,815,409	16,672,064	15.02	16,672,064	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	14,936,190	224,790	3.47	224,790	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	39,562,740	539,260	17.98	539,260	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	8,999	818,316	2.92	818,316	-
The Company	Stocks_Central Leasing Corp.	-	Financial assets measured at cost - noncurrent	1,778,611	-	1.07	-	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets measured at cost - noncurrent	13,203,785	1,800	2.00	1,800	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets measured at cost - noncurrent	1,070,151	10,702	0.79	10,702	-
The Company	Stocks_Yi-Jih Development Corp.	The Company's chairman is the issuer's chairman	Financial assets measured at cost - noncurrent	300,000	3,000	1.51	3,000	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets measured at cost - noncurrent	2,376,202	38,419	1.41	38,419	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Maritime Corp.	The Company is the issuer's corporate director	Financial assets measured at cost - noncurrent	355,880	\$ 1,750	18.22	\$ 1,750	-
The Company	Stocks_Formosa Development Corp.	The Company is the issuer's supervisor	Financial assets measured at cost - noncurrent	14,116,448	90,010	18.00	90,010	-
The Company	Stocks_Formosa Network Technology Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,340,000	13,331	12.50	13,331	-
The Company	Stocks_Formosa Plastics Marine Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,428,500	15,000	15.00	15,000	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,622	856,948	19.00	856,948	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets measured at cost - noncurrent	5,000,000	50,000	3.91	50,000	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets measured at cost - noncurrent	2,500,000	25,000	1.25	25,000	-
Tah Shin Spinning Corp.	Stocks_Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	5,760	263	-	263	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	13,212	0.20	13,212	-
Formosa Biomedical Technology Corp.	Stocks_Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	2,415,000	113,626	4.41	113,626	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Energy & Material Technology Corp.	Related party in substance	Financial assets measured at cost - noncurrent	5,300,000	53,000	15.14	53,000	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Same as Formosa Biomedical Technology Corp.'s chairman	Financial assets measured at cost - noncurrent	414,496	2,727	2.21	2,727	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets measured at cost - noncurrent	2,100,000	21,033	6.30	21,033	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Formosa Biomedical Technology Corp. is the director of the issuer's parent company	Financial assets measured at cost - noncurrent	353,100	8,400	0.46	8,400	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,999,750	635,828	18.31	635,828	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Taffeta Co., Ltd.'s parent company	Available-for-sale financial assets - current	11,219,610	830,250	0.19	830,250	-

Table 3, Page 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Available-for-sale financial assets - current	32	\$ -	-	\$ -	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the issuer's managing director	Available-for-sale financial assets - current	640	50	-	50	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's managing director	Available-for-sale financial assets - current	482,194	29,414	0.01	29,414	-
Formosa Taffeta Co., Ltd.	Stocks_Hwa Ya Technologies Corp.	-	Available-for-sale financial assets - current	2,712,345	75,810	0.04	75,810	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the issuer's director	Available-for-sale financial assets - current	10,000,000	349,300	2.35	349,300	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	13,950,464	637,536	0.57	637,536	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Related party in substance	Available-for-sale financial assets - noncurrent	365,267,576	28,783,085	3.83	28,783,085	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets measured at cost - noncurrent	174,441	3,236	0.45	3,236	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Formosa Taffeta Co., Ltd. is the issuer's corporate director	Financial assets measured at cost - noncurrent	14,400	3,000	10.00	3,000	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets measured at cost - noncurrent	568,105	3,100	1.20	3,100	-
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	5,352,107	34,517	3.17	34,517	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Taffeta Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	19,066,860	196,389	9.53	196,389	-
Formosa Taffeta (Cayman) Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Related party in substance	Financial assets measured at cost - noncurrent	171,008,736	5,446,340	4.15	5,446,340	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., Ltd. is Formosa Development Co., Ltd.'s parent company	Available-for-sale financial assets - noncurrent	2,563,228	76,897	0.15	76,897	-
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Stocks_Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	156	0.11	156	-

Table 3, Page 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	388	\$ 30	-	\$ 30	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	312,512	19,063	-	19,063	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Advanced Technologies Co., Ltd.'s ultimate parent company	Available-for-sale financial assets - current	7,037,000	520,738	0.12	520,738	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	1,214,557	55,505	0.05	55,505	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	9,533,430	98,194	4.77	98,194	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets measured at cost - noncurrent	59,945	1,181	0.15	1,181	-
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	27,586,096	403,350	-	403,350	-
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,396,748	252,449	-	252,449	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IAS 39 "Financial instruments: Recognition and Measurement".

Note 2: The column is left blank if the issuer of marketable securities is non-related party.

Note 3: The Company's stocks held by the subsidiaries—Formosa Taffeta Co., Ltd. and Formosa Advanced Technologies Co., Ltd.—are deemed as treasury stocks. Details are provided in Note 6 (14).

Note 4: Not a limited liability company and thus, not applicable.

Formosa Chemicals and Fibre Corporation and subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2015

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2015		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Formosa Group Investment Corp. (Cayman)	Investments accounted for under equity method	Formosa Group Investment Corp. (Cayman)	Investments accounted for under equity method	-	\$ -	508,236,725	\$ 15,080,156	-	\$ -	\$ -	\$ -	508,236,725	\$ 15,080,156
The Company	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	508,236,725	15,294,027	-	-	(508,236,725)	15,294,027	15,294,027	-	-	-
The Company	CTBC Bank Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	46,088	500,000	46,088	500,147	500,000	147	-	-
The Company	Bank SinoPac Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	72,820	1,000,000	72,820	1,000,183	1,000,000	183	-	-
The Company	Paradigm Pion Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	96,535	1,100,000	96,535	1,100,406	1,100,000	406	-	-
The Company	Franklin Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	39,318	400,000	39,318	400,161	400,000	161	-	-
The Company	Taishin Bank Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	60,008	800,000	60,008	800,067	800,000	67	-	-
The Company	Capital Money Market	Financial asset at fair value through profit or loss	-	-	-	-	31,403	500,000	31,403	500,165	500,000	165	-	-
Formosa Biomedical Technology Corp.	Ubi Pharma Inc.	Investments accounted for under equity method	Ubi Pharma Inc.	Investments accounted for under equity method	-	-	150,000,000	600,000	-	-	-	-	150,000,000	600,000

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2015	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	171,008,736	\$ 5,089,575	-	\$ -	(171,008,736)	\$ 5,089,575	\$ 5,089,575	\$ -	-	\$ -
Formosa Taffeta (Cayman) Co., Ltd.	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	-	-	171,008,736	5,074,375	-	-	-	-	171,008,736	5,074,375

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach \$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital level shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Formosa Chemicals and Fibre Corporation and subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

Differences in transaction terms compared to third party transactions											
Transaction							Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(\$ 2,053,971)	(1)	30 days	\$ -	-	\$ 132,287	1	--
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(27,614,044)	(12)	30 days	-	-	2,269,508	13	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(2,221,996)	(1)	60 days	-	-	140,382	28	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Sub-subsidiary	Sales	(401,119)	-	60 days	-	-	293,218	2	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Sales	(21,731,672)	(9)	30 days	-	-	49,629	-	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(7,274,646)	(3)	90 days	-	-	1,812,031	11	-
The Company	Formosa Chemicals Industries (Ningbo) Co.,	Sub-subsidiary	Sales	(10,147,875)	(4)	90 days	-	-	1,136,589	7	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(5,263,746)	(2)	90 days	-	-	3,319,541	20	-
The Company	Formosa Phenol (Ningbo) Limited Co.	Sub-subsidiary	Sales	(798,419)	-	90 days	-	-	994,625	6	-
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Sales	(3,124,155)	(1)	30 days	-	-	122,181	1	-
The Company	PFG Fiber Glass Corporation	The Company's Chairman is the counterparty's director	Sales	(436,994)	-	30 days	-	-	470,344	3	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(10,019,903)	(4)	30 days	-	-	35,491	-	-
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	5,988,651	2	30 days	-	-	(483,384)	(3)	--
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	6,526,074	3	30 days	-	-	(536,272)	(3)	-

							Differences in transaction terms compared to third party transactions						
			Transaction				Notes/accounts receivable (payable)						
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)		
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Purchases	\$ 121,793,926	50	30 days	\$ -	-	(\$ 9,448,556) (	61)	-	
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Purchases	109,937	-	30 days	-	-	(23,096)	-	-		
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	(902,470) (	19)	30 days	-	-	74,720	11	-	
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	Sales	(1,432,959) (	30)	90 days after delivery	-	-	301,092	45	-	
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Sales	(566,534) (	12)	30 days	-	-	50,932	8	-	
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Purchases	1,966,312	56	45 days	-	-	(149,426) (	88)	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Same parent company	Sales	(877,066) (	12)	30 days	-	-	88,751	13	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	Sales	(1,666,685) (	22)	30 days	-	-	151,959	22	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Same parent company	Sales	(766,790) (	10)	30 days	-	-	81,563	12	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Same parent company	Sales	(110,181) (	1)	30 days	-	-	10,065	1	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Acrylic Esters (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman, is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(768,361) (	10)	30 days	-	-	72,184	10	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Polypropylene (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(733,244) (	10)	30 days	-	-	72,765	10	-	

			Differences in transaction terms compared to third party transactions							Notes/accounts receivable (payable)		
Transaction												
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(\$ 611,679) (	8)	30 days	\$ -	-	\$	68,927	10	-
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(509,524) (	7)	30 days	-	-		57,466	8	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Super Absorbent Polymer (Ningbo) Co., Ltd.	Affiliated company	Sales	(115,075) (	2)	30 days	-	-		18,804	3	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber Corp.	Affiliated company	Sales	(362,062) (	5)	30 days	-	-		62,608	9	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(388,801) (	2)	15 days after monthly billings	-	-		65,993	5	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Sales	(214,762) (	1)	30 days	-	-		35,445	2	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Plastics Corp.	The chairman of Formosa ABS Plastics (Ningbo) Co., Ltd.'s ultimate parent company is the counterparty's director	Purchases	3,351,031	15	90 days	-	-	(	561,340) (	27)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is the ultimate parent company's investee accounted for using equity method	Purchases	437,706	2	90 days	-	-	(	56,182) (	3)	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Purchases	3,600,291	16	30 days	-	-	(	450,430) (	23)	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Europe Plc	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Purchases	(120,257) (	1)	30 days after closing date	-	-		18,422	3	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(669,911) (	5)	30 days	-	-		74,696	12	-

Differences in transaction terms compared to third party transactions											
Transaction						Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(\$ 518,131) (	4)	30 days after closing date	\$ -	-	\$ 41,094	7	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(557,923) (	4)	30 days after closing date	-	-	56,315	9	-
Formosa Phenol (Ningbo) Limited Co.	Formosa Petrochemical Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Purchases	572,264	8	90 days	-	-	-	-	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	(2,285,969) (	36)	30 days	-	-	376,981	31	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(538,353) (	2)	60 days	-	-	156	-	-
									78,375	3	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(361,804) (	1)	120 days	-	-	20,640	1	-
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	The chairman is the first-degree relative of the Company's managing director	Sales	(304,484) (	1)	120 days	-	-	-	-	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(149,647) (	1)	120 days	-	-	17,706	1	-
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Related party in substance	Purchases	10,263,967	48	15 days	-	-	(446,582) (	24)	-
Formosa Taffeta Co., Ltd.	The Company	Parent company	Sales	(108,171)	-	60 days	-	-	3,024	-	-
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	785,047	4	15 days	-	-	(74,772) (	4)	-
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the Company's managing director	Purchases	316,891	1	15 days	-	-	(30,701) (	2)	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Sales	(6,122,911) (	70)	60 days after monthly billings	-	-	1,084,135	64	-

Table 5, Page 4

											Differences in transaction terms compared to third party transactions		
Transaction							Notes/accounts receivable (payable)						
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)	
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Affiliated company	Sales	(\$ 306,977)	(17)	60 days after monthly billings	\$ -	-	\$ 89,179		33	-	
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Industries Corp., Vietnam	Affiliated company	Purchases	123,866	7	60 days after monthly billings	-	-	(11,613)		(11)	-	
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(115,966)	(6)	60 days after monthly billings	-	-	27,801		9	-	
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp., Vietnam	Formosa Industries Corp., Vietnam is the parent company's investee accounted for using equity method	Purchases	232,796	16	60 days after monthly billings	-	-	(35,917)		(26)	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(375,337)	(13)	60 days after monthly billings	-	-	61,347		9	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Affiliated company	Sales	(210,203)	(8)	60 days	-	-	62,986		9	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh Co., Ltd.	Kuang Yueh Co., Ltd. is the parent company's investee accounted for using equity method	Sales	(121,694)	(4)	60 days	-	-	20,815		3	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp.	Formosa Industries Corp. is the parent company's investee accounted for using equity method	Purchases	527,979	21	60 days	-	-	(23,143)		(7)	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	The Company	ultimate parent company	Purchases	433,757	17	60 days	-	-	(28,503)		(9)	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	149,857	6	15 days	-	-	(6,252)		(2)	-	
Formosa Taffeta (Changshu) Co., Ltd.	Jiaxing Guangyue Costume Co., Ltd.	Jiaxing Guangyue Costume Co., Ltd. is the parent company's investee accounted for using equity method	Sales	(151,950)	(13)	60 days after monthly billings	-	-	4,053		3	-	

Formosa Chemicals and Fibre Corporation and subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2015

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts			
			(Note 1)	Turnover rate	Amount	Action taken					
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	\$	132,287	10.67	\$	-	\$	132,287	\$	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director		2,269,508	11.68		-		2,269,508		-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary		Notes receivable 140,382	4.37		-		140,382		-
				Accounts receivable 293,218			-		274,619		-
The Company	Formosa Petrochemical Corp.	Investees accounted for using equity method		1,812,031	11.45		-		1,812,031		-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary		1,136,588	5.72		-		671,019		-
The Company	Formosa Industries Corp.	Sub-subsidiary		Accounts receivable 470,344	6.85		-		470,344		-
				Other receivables 115,272			-		29,074		-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary		994,625	3.81		-		596,509		-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary		Accounts receivable 3,319,541	4.62		-		1,533,201		-
				Other receivables 669,321			-		669,321		-
The Company	Formosa Phenol (Ningbo) Limited Co.	Sub-subsidiary		122,181	13.07		-		122,181		-
The Company	Formosa Ha Tinh Steel Corp.	Affiliated company		2,140,695	-		-		1,060,280		-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		959,442	9.97		-		959,442		-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company		301,092	4.41		-		238,493		-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company		151,959	9.50		-		151,959		-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	Affiliated company	\$ 376,981	15.06	\$ -	-	\$ 376,981	\$ -
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	The Company's Chairman is the counterparty's director	1,084,135	5.66	-	-	1,084,135	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Formosa Chemicals and Fibre Corporation and subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	(\$ 10,147,875)	In regular terms	3
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	(10,019,903)	In regular terms	3

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: If the transaction amount in this sheet reaches 3% of consolidated operating income or total assets, it is considered material.

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on investees (Excluding those in Mainland China)
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 8

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 85,188	\$ 85,188	18,467,619	86.40	\$ 151,685	(\$ 2,482)	(\$ 1,679)	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	19,417,976	2,609,501	968,196	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	651,706,181	32.91	8,353,099	1,268,221	425,628	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,472,169	33.33	81,090	5,463	1,821	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	17,255	17,255	4,213,396	33.33	733,803	124,726	41,571	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,597,696	25,842,468	2,300,799,801	24.15	64,138,149	47,301,922	11,182,054	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	498,842,000	24.94	11,324,458	6,539,304	1,631,040	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	18,443,886	18,443,886	84,000	100.00	32,310,866	(3,707,147)	(3,707,147)	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	1,861	482	159	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	225,034	225,034	12,448,800	30.00	261,493	47,816	14,330	-
The Company	Formosa Idemitsu Petrochemical Corp.	Taiwan	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999	60,000,000	50.00	1,873,624	2,566,302	1,289,117	-
The Company	Su Hua Transport Corp.	Taiwan	Transportation	50,000	50,000	7,658,750	25.00	219,427	155,431	38,858	-
The Company	Formosa Industries Corp.	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	8,887,497	1,263,762	537,099	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015		Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value				
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	\$ 1,201,500	\$ 1,201,500	120,150,000	50.00	\$ 1,364,957	\$ 296,059	\$ 145,699	-	
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	261,178 (	22,952) (	5,586)	-	
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	1,690,386	20,705	18,686	-	
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	30,000,000	100.00	210,588	5,299	5,299	-	
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	369,090 (	21,637) (	7,212)	-	
The Company	Formosa Synthetic Rubber (Hong Kong) Limited Co.	Hong Kong	Manufacturing of synthetic rubber	874,680	874,680	-	33.33	549,701 (	1,049,390) (	349,762)	-	
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	4,162,500	4,162,500	416,250,000	25.00	4,387,101 (	593,760) (	148,440)	-	
The Company	Formosa Group Investment Corp. (Cayman)	Cayman Islands	Investments	15,080,533	377	508,236,725	25.00	15,754,440 (	2,893,559) (	723,390)	-	
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	-	25.00	154,121	506,898	126,725	-	
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	15,000	15,000	1,500,000	33.33	10,661 (	11,837) (	3,946)	-	
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	14,391,099	14,391,099	-	100.00	19,543,113 (	5,830,423) (	5,830,423)	-	
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	360,000	30.00	91,844	4,163	1,329	-	

Table 8, Page 2

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015		Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value				
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	\$ 252,969	\$ 252,969	19,636,218	51.00	\$ 281,912	(\$ 38,992)	(\$ 19,886)	-	
Formosa Biomedical Technology Corp.	Ubi Pharma Inc.	Taiwan	Bio/pharmaceutical firm	600,000	-	28,350,922	20.05	632,313	1,972	1,171	-	
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	17,504	(1,785)	(1,785)	-	
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	114,912	114,912	16,100,000	100.00	217,084	32,521	31,459	-	
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	3,773,440	3,773,440	290,464,472	65.68	6,512,114	1,127,081	735,207	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,037,814	677	677	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yam and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	1,639,893	184,306	184,306	-	

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015		Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value				
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	\$ 213,771	\$ 213,771	18,595,352	20.16	\$ 951,527	\$ 940,495	\$ 188,868	-	
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	9,135	17,320	7,448	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,590,434	2,590,434	-	100.00	2,414,341	18,018	18,018	-	
Formosa Taffeta Co., Ltd.	Formosa Industries Corp., Vietnam	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	2,182,277	1,198,929	130,098	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	5,090,180	605	171,028,736	100.00	5,400,384 (	219,409) (	219,409)	-	
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,270	1,127,081	1,335	-	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2015

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015		Footnote
					Remitted to Mainland China	Remitted back to Taiwan						2015	2015	
Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	\$ 5,618,707	2、4	\$ 4,682,741	\$ -	\$ -	\$ 4,682,741	(\$ 566,244)	100	(\$ 566,244)	\$ 7,411,983	\$ -	-	2
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2、4	4,051,414	-	-	4,051,414	2,134,894	100	2,134,894	12,570,739	-	-	2
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	7,975,900	2、4	7,975,900	-	-	7,975,900	(2,299,937)	100	(2,299,937)	8,523,944	-	-	2
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2、4	1,732,458	-	-	1,732,458	(677,409)	100	(677,409)	1,502,717	-	-	2
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol-acetone and acetone	4,453,788	2、4	-	-	-	-	(2,286,832)	100	(2,286,832)	2,104,470	-	-	2
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	2,912,368	2、4	874,680	-	-	874,680	(1,049,390)	33	(349,762)	549,701	-	-	2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015		Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	\$ 29,610	2、4	\$ 29,610	\$ -	\$ -	\$ 29,610	(\$ 1,785)	100	(\$ 1,785)	\$ 17,504	\$ -	-	2
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	24,086	100	24,086	1,726,030	-	-	3
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise exhibition, export processing, warehousing and design and drawing of black and white and colour graphs	15,273	1	15,273	-	-	15,273	(3,494)	100	(3,494)	8,256	-	-	4
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2、4	1,334,739	-	-	1,334,739	(2,685)	100	(2,685)	952,458	-	-	5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	\$ 70,788,407	2	\$ -	\$ -	\$ -	\$ -	(\$ 3,868)	41	(\$ 1,184)	\$ 24,408	\$ -	6

Note 1: Investment methods are classified into the following three categories.

(1) Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

(4) Formosa Power (Ningbo) Co., Ltd. is an investee company in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman).

Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. were investee companies in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). After share structure adjustment in 2008 and 2014, the parent company of the 4 investees became Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. is a wholly-owned subsidiary through reinvestment of FCFC Investment Corp. (Cayman).

Formosa Synthetic Rubber (Ningbo) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Synthetic Rubber (Hong Kong) Co., Ltd..

Formosa Biomedical Trading (Shanghai) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Biomedical (Samoa) Co., Ltd..

Formosa Taffeta (Changshu) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Taffeta (Hong Kong) Co., Ltd..

The Company is the surviving company after the consolidation of Changshu Yu Yuan Development Co., Ltd. and Changshu Fushun Enterprise Management Co., Ltd. It's paid-in capital is RMB\$13,592,920.

Note 2: Investment income recognized in current period is based on the financial reports audited by CPAs of the Taiwan parent company.

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$46,400,000.

(The remittance of US\$46,388,800 and the capitalised value of machinery and equipment of US\$11,200)

Note 4: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$570,000.

Note 5: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$42,000,000. In order to effectively utilise the residential land of the Company, Formosa Chemicals & Fibre Co. split the residential land and established Changshu Fushun Enterprise Management Co., Ltd. by capitalizing the residential land in the first quarter, 2015.

Formosa Chemicals & Fibre Co. reduced the capital of Formosa Taffeta (Changshu) Co., Ltd. by US\$900,000, so the Company's paid-in capital amounts to \$41,100,000.

Note 6: The Company is the surviving company after the merger with Changshu Yu Yuan Development Co., Ltd. in the third quarter, 2015. The paid-in Capital of the Company is RMB\$13,592,920.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 19,317,193	\$ 32,860,892	Note

Note: Corporations that are qualified with operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C.

Formosa Chemicals and Fibre Corporation and subsidiaries
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 10

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2015		Balance at December 31, 2015		Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015		Interest rate	Interest during the year ended December 31, 2015	Others
										Purpose				
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 31,513	0.11	\$ -	0	\$ 622	0.03	\$ 2,297,750	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-	
Formosa Taffeta (Changshu) Co., Ltd.	61,792	0.22	-	0	6,664	0.29	2,626,000	For short-term loans from financial institutions	-	-	-	-	-	