

**FORMOSA CHEMICALS & FIBRE  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
SEPTEMBER 30, 2017 AND 2016**

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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  
AND SUBSIDIARIES**

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## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR17000112

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

We have reviewed the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the nine-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews. We did not review the financial statements of certain investments accounted for using equity method of Formosa Chemicals & Fibre Corporation and subsidiaries and certain investees information disclosed in Note 13 for the nine-month periods ended September 30, 2017 and 2016. The balance of related investment accounted for using equity method amounted to NT\$77,412,112 thousand and NT\$66,944,778 thousand as of September 30, 2017 and 2016, respectively. The comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT\$7,688,099 thousand, NT\$3,452,512 thousand, NT\$17,043,567 thousand and NT\$12,009,829 thousand for the three-month periods and the nine-month periods ended September 30, 2017 and 2016, respectively. Those financial statements and the information disclosed in Note 13 were reviewed by other independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein is based solely on the review reports of the other independent accountants.

Except as described in the following paragraph, our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for using equity method) of

NT\$105,529,911 thousand and NT\$103,508,358 thousand, constituting 19% and 20% of the consolidated total assets, and total liabilities of NT\$18,110,919 thousand and NT\$18,952,819 thousand, both constituting 12% of the consolidated total liabilities as of September 30, 2017 and 2016, respectively; and total operating revenues of NT\$12,527,573 thousand, NT\$11,624,727 thousand, NT\$39,234,475 thousand and NT\$36,121,185 thousand, constituting 14%, 15%, 15% and 15% of the consolidated operating revenue, and comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounting to NT\$1,733,986 thousand, NT\$1,674,117 thousand, NT\$3,043,232 thousand and NT\$4,096,316 thousand, constituting 5%, 10%, 5% and 11% of the total comprehensive income for the three-month periods and nine-month periods ended September 30, 2017 and 2016, respectively.

Based on our reviews and the review reports of other independent accountants, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers”, and IAS 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chou, Chien-Hung

Juanlu, Man-Yu

for and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2017

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The accompanying 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 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 AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

Assets	Notes	September 30, 2017		December 31, 2016		September 30, 2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 25,902,170	5	\$ 30,391,911	6	\$ 28,039,964	6
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		630,559	-	627,621	-	627,540	-
1125	Available-for-sale financial	6(3)						
	assets - current		118,560,358	21	100,777,992	18	86,834,035	17
1150	Notes receivable, net	6(4)	10,464,232	2	7,037,751	1	6,411,915	1
1160	Notes receivable - related	7						
	parties		10,477	-	11,643	-	1,949	-
1170	Accounts receivable, net	6(5)	18,053,898	3	18,028,975	3	15,825,842	3
1180	Accounts receivable - related	7						
	parties		6,844,180	1	7,356,435	1	5,930,594	1
1200	Other receivables	7	6,004,164	1	5,107,594	1	6,859,799	1
1210	Other receivables - related	7						
	parties		15,457,618	3	19,841,060	4	17,320,804	4
130X	Inventory	6(6) and 8	36,239,838	7	42,215,280	8	34,643,134	7
1470	Other current assets	7 and 8	7,091,677	1	5,409,066	1	10,417,886	2
11XX	<b>Total current assets</b>		<u>245,259,171</u>	<u>44</u>	<u>236,805,328</u>	<u>43</u>	<u>212,913,462</u>	<u>42</u>
<b>Non-current assets</b>								
1523	Available-for-sale financial	6(3) and 8						
	assets - non-current		40,956,228	7	42,381,294	8	35,603,848	7
1543	Financial assets carried at cost	6(7)						
	- non-current		25,424,740	5	24,431,806	5	23,860,960	5
1550	Investments accounted for	6(8), 7 and 8						
	under equity method		106,237,699	19	102,035,137	19	93,246,280	18
1600	Property, plant and equipment	6(9) and 8	124,782,880	23	130,913,460	24	134,039,915	26
1780	Intangible assets		997	-	1,583	-	1,995	-
1840	Deferred income tax assets		1,881,601	-	1,732,954	-	2,039,654	-
1900	Other non-current assets		10,338,500	2	6,135,028	1	7,745,111	2
15XX	<b>Total non-current assets</b>		<u>309,622,645</u>	<u>56</u>	<u>307,631,262</u>	<u>57</u>	<u>296,537,763</u>	<u>58</u>
1XXX	<b>Total assets</b>		<u>\$ 554,881,816</u>	<u>100</u>	<u>\$ 544,436,590</u>	<u>100</u>	<u>\$ 509,451,225</u>	<u>100</u>

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**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2017		December 31, 2016		September 30, 2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(10)	\$ 28,482,016	5	\$ 26,146,750	5	\$ 22,607,585	4
2110	Short-term notes and bills payable	6(10)	1,679,521	-	1,499,464	-	1,799,654	-
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	1,381	-	388	-
2150	Notes payable		198,124	-	196,870	-	154,970	-
2170	Accounts payable		5,952,105	1	8,525,984	2	8,561,559	2
2180	Accounts payable - related parties	7	12,392,113	2	13,385,510	2	10,780,772	2
2200	Other payables		10,683,059	2	8,387,052	1	8,193,926	2
2220	Other payables - related parties	7	207,900	-	57,478	-	26,200	-
2230	Current income tax liabilities		2,516,332	1	3,708,596	1	3,018,266	1
2320	Long-term liabilities, current portion	6(12)(13)	12,320,122	2	14,416,502	3	14,153,027	3
2399	Other current liabilities		4,670,564	1	2,884,328	-	2,840,784	-
21XX	<b>Total current liabilities</b>		<u>79,101,856</u>	<u>14</u>	<u>79,209,915</u>	<u>14</u>	<u>72,137,131</u>	<u>14</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(12)	36,000,000	7	39,750,000	8	41,250,000	8
2540	Long-term borrowings	6(13)	32,068,253	6	38,614,620	7	39,677,428	8
2570	Deferred income tax liabilities		332,394	-	312,506	-	262,894	-
2600	Other non-current liabilities	6(14)	6,406,275	1	6,909,137	1	9,230,162	2
25XX	<b>Total non-current liabilities</b>		<u>74,806,922</u>	<u>14</u>	<u>85,586,263</u>	<u>16</u>	<u>90,420,484</u>	<u>18</u>
2XXX	<b>Total liabilities</b>		<u>153,908,778</u>	<u>28</u>	<u>164,796,178</u>	<u>30</u>	<u>162,557,615</u>	<u>32</u>
<b>Equity attributable to owners of parent</b>								
<b>Share capital</b>								
3110	Common stock	6(15)	58,611,863	11	58,611,863	11	58,611,863	12
<b>Capital surplus</b>								
3200	Capital surplus	6(16)	8,668,152	2	8,622,642	1	8,826,543	2
<b>Retained earnings</b>								
3310	Legal reserve	6(17)	51,046,840	9	46,663,535	9	46,663,535	9
3320	Special reserve		46,567,089	8	41,927,550	8	41,927,550	8
3350	Unappropriated retained earnings	6(25)	68,959,115	12	72,560,103	13	64,240,302	13
<b>Other equity interest</b>								
3400	Other equity interest	6(18)	110,020,893	20	91,965,445	17	73,332,887	14
3500	Treasury stocks	6(15)	( 595,688)	-	( 360,572)	-	( 360,572)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>343,278,264</u>	<u>62</u>	<u>319,990,566</u>	<u>59</u>	<u>293,242,108</u>	<u>58</u>
36XX	<b>Non-controlling interest</b>		<u>57,694,774</u>	<u>10</u>	<u>59,649,846</u>	<u>11</u>	<u>53,651,502</u>	<u>10</u>
3XXX	<b>Total equity</b>		<u>400,973,038</u>	<u>72</u>	<u>379,640,412</u>	<u>70</u>	<u>346,893,610</u>	<u>68</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>								
<b>Significant events after the balance sheet date</b>								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 554,881,816</u>	<u>100</u>	<u>\$ 544,436,590</u>	<u>100</u>	<u>\$ 509,451,225</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)  
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2017		2016		2017		2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(19) and 7	\$ 88,201,895	100	\$ 79,939,487	100	\$ 259,629,849	100	\$ 237,013,521	100
5000	<b>Operating costs</b>	6(6)(14)(23)(24) and 7	( 73,951,603)	( 84)	( 68,133,370)	( 85)	( 222,060,772)	( 85)	( 199,955,993)	( 84)
5900	<b>Net operating margin</b>		14,250,292	16	11,806,117	15	37,569,077	15	37,057,528	16
	<b>Operating expenses</b>	6(14)(23)(24) and 7								
6100	Selling expenses		( 2,208,555)	( 2)	( 2,144,534)	( 3)	( 6,337,543)	( 2)	( 6,372,762)	( 2)
6200	General and administrative expenses		( 1,477,128)	( 2)	( 1,410,192)	( 2)	( 4,135,101)	( 2)	( 4,267,945)	( 2)
6000	<b>Total operating expenses</b>		( 3,685,683)	( 4)	( 3,554,726)	( 5)	( 10,472,644)	( 4)	( 10,640,707)	( 4)
6900	<b>Operating profit</b>		10,564,609	12	8,251,391	10	27,096,433	11	26,416,821	12
	<b>Non-operating income and expenses</b>									
7010	Other income	6(20) and 7	5,142,127	6	6,667,901	8	8,803,115	4	7,535,275	3
7020	Other gains and losses	6(21)	410,478	1	( 1,064,707)	( 1)	485,680	-	( 2,615,207)	( 1)
7050	Finance costs	6(9)(22) and 7	( 595,532)	( 1)	( 473,886)	( 1)	( 1,798,610)	( 1)	( 1,469,642)	( 1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	5,483,142	6	4,465,784	6	13,799,842	5	13,427,505	6
7000	<b>Total non-operating income and expenses</b>		10,440,215	12	9,595,092	12	20,318,667	8	16,877,931	7
7900	<b>Profit before income tax</b>		21,004,824	24	17,846,483	22	47,415,100	19	43,294,752	19
7950	Income tax expense	6(25)	( 1,802,216)	( 2)	( 1,093,410)	( 1)	( 4,799,810)	( 2)	( 4,417,410)	( 2)
8200	<b>Profit for the period</b>		\$ 19,202,608	22	\$ 16,753,073	21	\$ 42,615,290	17	\$ 38,877,342	17

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**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)  
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2017		2016		2017		2016	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (net)</b>	6(18)(25)								
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations		\$ 409,628	1	(\$ 2,473,613)	(3)	(\$ 3,316,776)	(1)	(\$ 5,346,998)	(2)
8362 Unrealized gain on valuation of available-for-sale financial assets		12,474,695	14	2,912,140	4	16,006,730	6	4,132,996	2
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		2,873,204	3	(242,590)	-	3,182,484	1	(980,798)	(1)
8399 Income tax relating to the components of other comprehensive income		(72,074)	-	310,516	-	327,779	-	631,082	-
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>		15,685,453	18	506,453	1	16,200,217	6	(1,563,718)	(1)
8300 <b>Total other comprehensive income (loss) for the period</b>		\$ 15,685,453	18	\$ 506,453	1	\$ 16,200,217	6	(\$ 1,563,718)	(1)
8500 <b>Total comprehensive income for the period</b>		\$ 34,888,061	40	\$ 17,259,526	22	\$ 58,815,507	23	\$ 37,313,624	16
<b>Net income attributable to:</b>									
8610 Owners of the parent		\$ 18,092,995	21	\$ 14,942,090	19	\$ 38,244,499	16	\$ 34,984,219	16
8620 Non-controlling interest		1,109,613	1	1,810,983	2	4,370,791	1	3,893,123	1
		\$ 19,202,608	22	\$ 16,753,073	21	\$ 42,615,290	17	\$ 38,877,342	17
<b>Total comprehensive income attributable to:</b>									
8710 Owners of the parent		\$ 33,090,292	38	\$ 14,352,410	18	\$ 56,299,947	22	\$ 30,982,465	13
8720 Non-controlling interest		1,797,769	2	2,907,116	4	2,515,560	1	6,331,159	3
		\$ 34,888,061	40	\$ 17,259,526	22	\$ 58,815,507	23	\$ 37,313,624	16
				Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
<b>Basic earnings per share</b>	6(26)								
9710 Profit for the period from continuing operations		\$ 3.60	\$ 3.29	\$ 3.05	\$ 2.86	\$ 8.12	\$ 7.30	\$ 7.41	\$ 6.65
9720 Non-controlling interests		(0.29)	(0.19)	(0.38)	(0.30)	(1.00)	(0.75)	(0.95)	(0.66)
9750 Profit attributable to common shareholders of the parent		\$ 3.31	\$ 3.10	\$ 2.67	\$ 2.56	\$ 7.12	\$ 6.55	\$ 6.46	\$ 5.99
<b>Assuming shares held by subsidiary are not deemed as treasury stock:</b>									
Profit for the period from continuing operations		\$ 3.58	\$ 3.28	\$ 3.04	\$ 2.86	\$ 8.09	\$ 7.27	\$ 7.39	\$ 6.63
Non-controlling interests		(0.29)	(0.19)	(0.38)	(0.31)	(1.00)	(0.74)	(0.95)	(0.66)
Profit attributable to common shareholders of the parent		\$ 3.29	\$ 3.09	\$ 2.66	\$ 2.55	\$ 7.09	\$ 6.53	\$ 6.44	\$ 5.97

The accompanying notes are an integral part of these consolidated financial statements.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

Equity attributable to owners of the parent												
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other Equity Interest			Treasury stocks	Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for- sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges				
<b>For the nine-month period ended September 30, 2016</b>												
	\$ 58,611,863	\$ 8,875,002	\$ 43,905,716	\$ 41,927,550	\$ 52,528,055	\$ 4,649,520	\$ 72,615,548	\$ 69,573	(\$ 352,309 )	\$ 282,830,518	\$ 50,247,015	\$ 333,077,533
6(17)												
Balance at January 1, 2016												
Appropriations of 2015 earnings												
Legal reserve	-	-	2,757,819	-	( 2,757,819 )	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 20,514,153 )	-	-	-	-	( 20,514,153 )	-	( 20,514,153 )
Dividends paid to subsidiaries to adjust capital surplus	-	20,975	-	-	-	-	-	-	-	20,975	-	20,975
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	-	-	-	-	-	-	-	-	-	-	( 62,524 )	( 62,524 )
6(16) Changes in the net interest of associates recognised under the equity method	-	( 69,434 )	-	-	-	-	-	-	-	( 69,434 )	-	( 69,434 )
Stocks of the parent company purchased by the subsidiary and recognised as treasury stock	-	-	-	-	-	-	-	-	( 8,263 )	( 8,263 )	-	( 8,263 )
Cash dividends paid by consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	( 2,864,148 )	( 2,864,148 )
Profit for the period	-	-	-	-	34,984,219	-	-	-	-	34,984,219	3,893,123	38,877,342
Other comprehensive income (loss) for the period	-	-	-	-	-	( 4,003,591 )	41,259	( 39,422 )	-	( 4,001,754 )	2,438,036	( 1,563,718 )
Balance at September 30, 2016	<u>\$ 58,611,863</u>	<u>\$ 8,826,543</u>	<u>\$ 46,663,535</u>	<u>\$ 41,927,550</u>	<u>\$ 64,240,302</u>	<u>\$ 645,929</u>	<u>\$ 72,656,807</u>	<u>\$ 30,151</u>	<u>(\$ 360,572 )</u>	<u>\$ 293,242,108</u>	<u>\$ 53,651,502</u>	<u>\$ 346,893,610</u>

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**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	For the nine-month periods ended September 30,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 47,415,100	\$ 43,294,752
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(23)	10,887,997	12,181,573
Amortization	6(23)	2,173,309	2,717,314
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(11)(21)	( 4,319 )	( 2,510 )
Loss on inventory valuation	6(6)	142	80,946
Impairment loss on financial assets	6(7)(21)	-	207,066
Interest expense	6(22)	1,798,610	1,469,642
Interest income	6(20)	( 413,916 )	( 285,533 )
Dividend income	6(20)	( 7,468,397 )	( 6,243,361 )
Share of profit or loss of associates accounted for under the equity method		( 13,799,842 )	( 13,427,505 )
Gain on disposal and scrap of property, plant and equipment	6(21)	( 803,270 )	( 7,159 )
Gain on disposal of investments	6(21)	( 198,314 )	( 182,497 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial liabilities at fair value through profit or loss		-	30,350
Notes receivable		( 3,426,481 )	169,994
Notes receivable-related parties		1,166	3,286
Accounts receivable		( 24,923 )	( 1,143,538 )
Accounts receivable-related parties		512,255	889,726
Other receivables		( 880,946 )	( 1,826,854 )
Inventories		5,920,243	5,387,201
Other current assets		( 1,682,611 )	( 4,087,830 )
Other non-current assets		( 203,186 )	320,973
Changes in operating liabilities			
Notes payable		1,254	( 45,157 )
Accounts payable		( 2,573,879 )	1,624,670
Accounts payable-related parties		( 993,397 )	( 1,506,823 )
Other payables		1,449,487	( 58,007 )
Other current liabilities		1,786,236	639,499
Accrued pension liabilities		( 563,562 )	( 2,081,140 )
Cash inflow generated from operations		38,908,756	38,119,078
Interest received		423,371	233,769
Interest paid		( 1,848,068 )	( 1,525,322 )
Income tax paid		( 5,955,370 )	( 4,253,760 )
Dividends received		21,887,200	17,439,723
Net cash flows from operating activities		<u>53,415,889</u>	<u>50,013,488</u>

(Continued)

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	For the nine-month periods ended September 30,	
		2017	2016
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in other receivables-related parties		\$ 4,383,442	(\$ 7,467,492)
Acquisition of available-for-sale financial assets		( 3,953,072 )	( 5,478,021 )
Proceeds from disposal of available-for-sale financial assets		3,529,356	125,982
Acquisition of financial assets measured at cost		( 2,327,575 )	-
Cash refund from capital reduction in financial assets measured at cost		23,549	10,704
Proceeds from disposal of financial assets measured at cost		66,524	13,365
Acquisition of investments accounted for under the equity method		( 1,683,440 )	( 85,000 )
Disposal of investments accounted for under equity method		-	8,760
Acquisition of property, plant and equipment	6(27)	( 7,327,748 )	( 7,408,470 )
Proceeds from disposal of property, plant and equipment		929,213	28,722
Acquisition of intangible assets		( 179 )	( 234 )
Increase in non-current assets		( 6,222,161 )	( 2,026,304 )
Net cash flows used in investing activities		( 12,582,091 )	( 22,277,988 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings		2,335,266	( 4,065,063 )
Increase (decrease) in short-term notes and bills payable		180,057	( 249,710 )
Increase (decrease) in other payables-related parties		150,422	( 2,320,309 )
Increase in long-term borrowings		10,620,011	11,510,916
Payment of long-term borrowings		( 16,520,921 )	( 10,640,698 )
Payment of bonds payable		( 5,250,000 )	( 6,000,000 )
Increase (decrease) in other non-current liabilities		176,640	( 16,695 )
Decrease in guarantee deposits		( 115,940 )	( 18,231 )
Payment of cash dividends	6(27)	( 32,818,540 )	( 21,715,274 )
Decrease in non-controlling interests		( 3,414,612 )	-
Net cash flows used in financing activities		( 44,657,617 )	( 33,515,064 )
Effect of foreign exchange translations		( 665,922 )	( 924,611 )
Net decrease in cash and cash equivalents		( 4,489,741 )	( 6,704,175 )
Cash and cash equivalents at beginning of period		30,391,911	34,744,139
Cash and cash equivalents at end of period		<u>\$ 25,902,170</u>	<u>\$ 28,039,964</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Formosa Chemicals & Fibre Corporation (the “Company”) was founded on March 5, 1965. The Company and its subsidiaries (together referred herein as the “Group”) now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division and its subsidiaries, Second Fiber Division, and Engineering & Construction Division. The Group’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 Group is also engaged in spinning, weaving, dyeing and finishing.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2017.

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”)

New standards, interpretations and amendments as endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date 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
Disclosure initiative (amendments to IAS 1)	January 1, 2016
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 above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments as endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

#### A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected

credit losses for trade receivables that do not contain a significant financing component.

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

#### B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

#### C. Amendments to IFRS 15, 'Clarifications to 'Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer goods or services to a customer) in a contract; determine whether a company is a principal (the provider of goods or services) or an agent (responsible for arranging for the goods or services to be provided); and determine whether the revenue from granting a license should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

#### D. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

#### E. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to

debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

(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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
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
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

- (a) If sales or contributions of assets constitute a 'business', the full gain or loss is recognized;
- (b) If sales or contributions of assets do not constitute a 'business', the partial gain or loss is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

B. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with

terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

C. IFRIC 23, ‘Uncertainty over income tax treatments’

This Interpretation clarifies when there is uncertainty over income tax treatments, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12, ‘Income taxes’ based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standards 34, “Interim Financial Reporting” as endorsed by FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated 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 conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries

and ceases when the Group loses control of the subsidiaries.

- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group 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. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

**B. Subsidiaries included in the consolidated financial statements:**

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
The Company	Formosa Carpet Corp.	Spinning, dyeing, printing, finishing and manufacturing synthetic fibre, rug and carpet	100.00	100.00	100.00	The Company holds more than 50% of voting rights. (Note 1)
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	100.00	100.00	The Company holds more than 50% of voting rights.
The Company	FCFC International Limited (Cayman)	Investing	100.00	100.00	100.00	The Company holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Phenol (Ningbo) Co., Ltd.	Manufacturing Acetone and Synthetic Phenolic	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Production and marketing of Polystyrene	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and marketing of PTA	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
The Company	Formosa Biomedical Technology Corp.	Manufacturing and sale of cleaner and cosmetics	88.59	88.59	88.59	The Company holds more than 50% of voting rights. (Note 1)
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	51.00	51.00	51.00	The Company holds more than 50% of voting rights through a 88.59% of voting rights owned company - Formosa Biochemical Technology Corp. (Note 1)
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd.	Investment	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Formosa Biomedical Technology (SAMOA) Co., Ltd.	Formosa Biomedical Trading (Shanghai) Co., Ltd.	Importing, exporting and wholesale of healthy food	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights through a 100% owned company - Formsa Biomedical Technology (SAMOA) Co., Ltd (Note 1)
The Company	Ta Shin Spining Corp.	Spinning	86.40	86.40	86.40	The Company holds more than 50% of voting rights. (Note 1)
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary. (Note 1)
The Company	Formosa BP Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary. (Note 1)
The Company	Formosa Industried Corp., Vietnam	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 1)
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	37.40	The Company has substantial control and thus regards Formosa Taffeta Corp. as a subsidiary. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	65.68	65.68	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Production of cotton lun, Terylene greige cloth, coloured cloth and textured processing yarn products	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	100.00	100.00	100.00	The Company and Formosa Taffeta Co., Ltd. hold more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of Nylon and Polyamine fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric of 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	43.00	43.00	Formosa Taffeta Co., Ltd. has substantial control and thus regards Schoeller F.T.C. (Hong Kong) Co., Ltd. as a subsidiary. (Note 1)
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise export processing, warehousing and design and drawing of black and white and colour graphs	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investment	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing of processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Taffeta (Hong Kong) Co., Ltd. (Note 1)
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Employment services and temporary worker services	100.00	-	-	- Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Development Co., Ltd. (Note 1)

Note 1: The financial statements of the entity as of and for the nine-month periods ended September 30, 2017 and 2016 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None

D. Adjustments for subsidiaries with different balance sheet dates: None

E. Significant restrictions: None

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2017, December 31, 2016 and September 30, 2016, the non-controlling interest amounted to \$57,694,774, \$59,649,846 and \$53,651,502, respectively. The information of non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2017		December 31, 2016	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan	\$ 41,170,284	62.60	\$ 41,591,321	62.60

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2016	
		Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan	<u>\$ 36,613,977</u>	62.60

Summarised financial information of the subsidiary:

Balance sheets

	Formosa Taffeta Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	\$ 23,604,240	\$ 23,210,986	\$ 22,166,265
Non-current assets	67,287,202	68,819,110	62,049,983
Current liabilities	8,901,502	9,293,527	9,221,028
Non-current liabilities	<u>12,313,167</u>	<u>12,456,669</u>	<u>12,913,218</u>
Total net assets	<u>\$ 69,676,773</u>	<u>\$ 70,279,900</u>	<u>\$ 62,082,002</u>

Statements of comprehensive income

	Formosa Taffeta Co., Ltd.	
	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016
Revenue	\$ 9,829,248	\$ 9,532,720
Profit before income tax	974,623	2,253,295
Income tax expense	( 57,881)	( 114,419)
Profit for the period	916,742	2,138,876
Other comprehensive income, net of tax	<u>1,128,667</u>	<u>2,106,319</u>
Total comprehensive income for the period	<u>\$ 2,045,409</u>	<u>\$ 4,245,195</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 234,489</u>	<u>\$ 109,500</u>

Formosa Taffeta Co., Ltd.		
	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Revenue	\$ 30,929,414	\$ 30,325,459
Profit before income tax	4,573,247	3,898,947
Income tax expense	( 381,763)	( 521,204)
Profit for the period	4,191,484	3,377,743
Other comprehensive (loss) income, net of tax	( 1,960,829)	4,966,650
Total comprehensive income for the period	<u>\$ 2,230,655</u>	<u>\$ 8,344,393</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 452,734</u>	<u>\$ 299,064</u>

Statements of cash flows

Formosa Taffeta Co., Ltd.		
	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Net cash provided by (used in) operating activities	\$ 5,462,368	\$ 6,064,366
Net cash provided by (used in) investing activities	( 2,675,547)	( 2,375,159)
Net cash provided by (used in) financing activities	( 2,672,646)	( 3,871,258)
Effect of exchange rates on cash and cash equivalents	( 33,839)	30,994
Increase (decrease) in cash and cash equivalents	<u>80,336</u>	<u>( 151,057)</u>
Cash and cash equivalents, beginning of period	<u>5,653,854</u>	<u>5,640,597</u>
Cash and cash equivalents, end of period	<u>\$ 5,734,190</u>	<u>\$ 5,489,540</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Group'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 the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. 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 Group 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.

#### (5) 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.

(6) 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.

(7) 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'.

(8) 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'.

(9) 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.

(10) Impairment of financial assets

- A. The Group 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 Group 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 Group, 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 Group 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.

(11) Derecognition of financial assets

The Group 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

Group 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 and the Group has not retained control of the financial asset.

(12) 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.

(13) Investments accounted for using equity method /associates

- A. Associates are all entities over which the Group 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.
- B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. 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 Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group'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.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group 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, 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.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) 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 Group 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:

Land improvements	3 ~ 15 years
Buildings	10 ~ 60 years
Machinery and equipment	5 ~ 15 years

Transportation equipment	3 ~ 15 years
Other equipment	2 ~ 15 years

(15) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life.

(16) Impairment of non-financial assets

The Group 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 amortized historical cost would have been if the impairment had not been recognized.

(17) 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.

(18) 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.

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

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.

(20) 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.

(21) 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.

(22) 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.

(23) 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 Group 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. The net defined benefit 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 Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

iii. Past service costs are recognized immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed

accordingly.

C. Employees', 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.

(24) 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 Group 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.

G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(25) 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.

(26) 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.

(27) 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 Group's activities. Revenue arising from the sales of goods is recognized when the Group 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 Group 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 Group offers customers price discounts. The Group estimates such discounts based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the

chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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. The information is addressed below:

### (1) Critical judgements in applying the Group's accounting policies

#### Financial assets—impairment of equity investments

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

#### B. Realisability 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 realisability 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 Group 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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Cash on hand and petty cash	\$ 56,941	\$ 104,883	\$ 296,553
Checking accounts and demand deposits	6,653,966	8,374,036	8,507,574
Cash equivalents			
Time deposits	11,738,004	14,186,540	13,900,126
Bonds repurchased and commercial paper	<u>7,453,259</u>	<u>7,726,452</u>	<u>5,335,711</u>
	<u>\$ 25,902,170</u>	<u>\$ 30,391,911</u>	<u>\$ 28,039,964</u>

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

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

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

<u>Items</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Current items:			
Financial assets at fair value through profit or loss			
Beneficiary certificate	\$ 619,504	\$ 619,504	\$ 619,504
Non-hedging derivatives	<u>1,244</u>	<u>66</u>	<u>411</u>
	620,748	619,570	619,915
Valuation adjustments of financial assets at fair value through profit or loss	<u>9,811</u>	<u>8,051</u>	<u>7,625</u>
	<u>\$ 630,559</u>	<u>\$ 627,621</u>	<u>\$ 627,540</u>

A. The Group recognized gain on valuation of financial assets at fair value through profit or loss amounting to \$1,122, \$593, \$2,938 and \$2,079 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

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

Derivative Instruments	September 30, 2017		December 31, 2016	
	Contract Amount (Notional Principal) (in thousands)	Contract Period	Contract Amount (Notional Principal) (in thousands)	Contract Period
Current items:				
Forward exchange contracts:				
Taipei Fubon	JPY 201,980	Jul. 2017 - Nov. 2017	-	-
Taipei Fubon	USD 939	Sep. 2017 - Oct. 2017	-	-
CHB	-	-	USD 1,000	Dec. 2016 - Feb. 2017
			September 30, 2016	
Derivative Instruments	Contract Amount (Notional Principal) (in thousands)		Contract Period	
Current items:				
Forward exchange contracts:				
Taipei Fubon			JPY 135,240	Aug. 2016 - Oct. 2016

The Group entered into forward exchange contracts to buy USD and JPY to hedge exchange rate risk of Ninth Naphtha Cracker Project from syndicated long-term borrowings. However, these forward exchange contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Current items:			
Listed (TSE and OTC) stocks	\$ 26,176,309	\$ 25,658,353	\$ 25,764,333
Unlisted stocks	825,839	825,839	825,839
Fund	4,903,800	4,903,800	4,903,800
Valuation adjustments of available-for-sale financial assets	<u>88,946,113</u>	<u>71,681,703</u>	<u>57,631,766</u>
	120,852,061	103,069,695	89,125,738
Less: Accumulated impairment	( <u>2,291,703</u> )	( <u>2,291,703</u> )	( <u>2,291,703</u> )
	<u>\$ 118,560,358</u>	<u>\$ 100,777,992</u>	<u>\$ 86,834,035</u>
Non-current items:			
Listed (TSE and OTC) stocks	\$ 9,251,979	\$ 9,418,267	\$ 9,418,267
Valuation adjustments of available-for-sale financial assets	<u>34,317,334</u>	<u>35,576,112</u>	<u>28,798,666</u>
	43,569,313	44,994,379	38,216,933
Less: Accumulated impairment	( <u>2,613,085</u> )	( <u>2,613,085</u> )	( <u>2,613,085</u> )
	<u>\$ 40,956,228</u>	<u>\$ 42,381,294</u>	<u>\$ 35,603,848</u>

A. The Group purchased the Mega Private US Dollar Money Market Funds in January, March and May 2016. The trading unit was 2,500,000 units, 4,994,157 units and 7,483,835 units and the trading amount was USD 25 million, USD 50 million and USD 75 million, respectively.

B. The Group recognized \$4,377,860, \$5,897,644, \$7,164,737 and \$5,897,644 as dividend income from available-for-sale financial assets for the three-month periods and nine-month periods ended September 30, 2017 and 2016, respectively.

C. As of September 30, 2017, December 31, 2016 and September 30, 2016, no financial assets measured at cost held by the Group were pledged to others.

(4) Notes receivable, net

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Notes receivable	\$ 10,464,232	\$ 7,037,751	\$ 6,411,915
Less: Allowance for bad debts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,464,232</u>	<u>\$ 7,037,751</u>	<u>\$ 6,411,915</u>

(5) Accounts receivable, net

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Accounts receivable	\$ 18,313,590	\$ 18,303,379	\$ 16,103,550
Less: Allowance for bad debts	( 259,692)	( 274,404)	( 277,708)
	<u>\$ 18,053,898</u>	<u>\$ 18,028,975</u>	<u>\$ 15,825,842</u>

A. The credit quality of the Group's accounts receivable that are neither past due nor impaired qualify the industrial characteristics, operating scale and profit situation of the counterparty.

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Up to 30 days	\$ 322,111	\$ 332,950	\$ 453,862
31 to 90 days	49,747	72,739	95,013
91 to 180 days	9,147	26,408	25,283
Over 181 days	5,097	4,816	6,218
	<u>\$ 386,102</u>	<u>\$ 436,913</u>	<u>\$ 580,376</u>

The above ageing analysis was based on past due date.

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

	<u>Nine-month period ended September 30, 2017</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 156,022	\$ 118,382	\$ 274,404
Transfer to other income	-	( 228)	( 228)
Write-off	( 13,443)	-	( 13,443)
Effect of exchange rate	-	( 1,041)	( 1,041)
At September 30	<u>\$ 142,579</u>	<u>\$ 117,113</u>	<u>\$ 259,692</u>

	<u>Nine-month period ended September 30, 2016</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 156,022	\$ 124,330	\$ 280,352
Write-off	-	( 127)	( 127)
Effect of exchange rate	-	( 2,517)	( 2,517)
At September 30	<u>\$ 156,022</u>	<u>\$ 121,686</u>	<u>\$ 277,708</u>

D. The Group does not hold any collateral as security.

(6) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 11,748,629	(\$ 128,913)	\$ 11,619,716
Materials	6,024,052	( 594,291)	5,429,761
Work in process	6,509,245	( 7,852)	6,501,393
Finished goods	13,181,727	( 623,747)	12,557,980
Other inventory	130,988	-	130,988
	<u>\$ 37,594,641</u>	<u>(\$ 1,354,803)</u>	<u>\$ 36,239,838</u>

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 17,685,864	(\$ 143,306)	\$ 17,542,558
Materials	5,660,605	( 517,325)	5,143,280
Work in process	6,371,263	( 18,564)	6,352,699
Finished goods	13,750,552	( 675,146)	13,075,406
Other inventory	102,503	( 1,166)	101,337
	<u>\$ 43,570,787</u>	<u>(\$ 1,355,507)</u>	<u>\$ 42,215,280</u>

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 9,971,756	(\$ 82,478)	\$ 9,889,278
Materials	5,737,759	( 204,339)	5,533,420
Work in process	5,957,641	( 24,936)	5,932,705
Finished goods	13,720,125	( 625,847)	13,094,278
Other inventory	193,453	-	193,453
	<u>\$ 35,580,734</u>	<u>(\$ 937,600)</u>	<u>\$ 34,643,134</u>

A. Expense and loss incurred on inventories for the three-month periods and nine-month periods ended September 30, 2017 and 2016 were as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Cost of inventories sold	\$ 73,946,298	\$ 67,541,765
(Gain) loss on inventory valuation (Note) (	145,259)	398,426
Idle capacity	70,968	193,179
Others	79,596	-
	<u>\$ 73,951,603</u>	<u>\$ 68,133,370</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Cost of inventories sold	\$ 220,641,494	\$ 199,297,167
Loss on inventory valuation (Note)	142	80,946
Idle capacity	1,188,971	588,616
Others	230,165	( 10,736)
	<u>\$ 222,060,772</u>	<u>\$ 199,955,993</u>

Note: The gain from price recovery for the three-month period ended September 30, 2017 resulted from the disposal of inventory which were previously provided with allowance. As the market value of petroleum related products decreased for the three-month period ended September 30, 2016 and nine-month periods ended September 30, 2017 and 2016, the Group recognized related allowance for inventory valuation loss after assessment.

B. As of September 30, 2017 and 2016, inventories pledged are described in Note 8.

(7) Financial assets measured at cost

Items	September 30, 2017	December 31, 2016	September 30, 2016
Mai Liao Harbor Administration Corp.	\$ 539,260	\$ 539,260	\$ 539,260
Formosa Plastic Corp. U.S.A	818,316	818,316	818,316
Taiwan Stock Exchange Corp.	1,800	1,800	1,800
Taiwan Aerospace Corp.	10,702	10,702	10,702
Yi-Jih Development Corp.	3,000	3,000	3,000
Chinese Television System Corp.	38,419	38,419	38,419
Formosa Automobile Corp.	1,750	1,750	1,750
Formosa Development Corp.	90,010	90,010	90,010
Formosa Technologies Corp.	15,913	15,848	16,058
Formosa Plastics Marine Corp.	15,000	15,000	15,000
Formosa Ocean Group Marine Investment Corp.	856,948	856,948	856,948
Guangyuan Investment Corp.	50,000	50,000	50,000
Benjhou Technologies Corp.	2,000	-	-
Taiwan Leader Biotech Corp.	21,033	21,033	21,033
Toa Resin Corp., Ltd.	3,000	3,000	3,000
Shin Yun Natural Gas Corp.	3,100	3,100	3,100
Wk Technology Fund IV Ltd.	263	23,812	23,813
Syntronix Corporation	4,417	4,417	4,417
United Performance Materials Corp.	8,400	8,400	8,400
Association of R.O.C. in Xiamen	137	141	142
Nan Ya Photonics Inc.	294,583	294,583	294,583
United Biopharma, Inc.	613,159	635,828	635,828
Formosa Lithium Iron Oxide Corp.	53,000	53,000	53,000
Mega Growth Venture Capital Co.,Ltd.	25,000	25,000	25,000
Formosa Ha Tinh (Cayman) Limited	21,494,988	20,449,290	19,862,166
UBI Pharma Inc.	667,608	676,215	692,281
	25,631,806	24,638,872	24,068,026
Less: Accumulated impairment	( 207,066)	( 207,066)	( 207,066)
	\$ 25,424,740	\$ 24,431,806	\$ 23,860,960

- A. According to the Group's intention, the investment in above stocks should be classified as available-for-sale financial assets. However, as these stocks are not traded in active market, and no sufficient industry information of companies similar to the Group's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.
- B. The Group recognized \$296,952, \$340,322, \$303,660 and \$345,717 as dividend income from investment in financial assets measured at cost for the three-month periods and nine-month periods ended September 30, 2017 and 2016, respectively.
- C. As the value of the stocks mentioned above was impaired, the Group recognized impairment loss of \$207,066 from April 1, 2016 till December 31, 2016.
- D. As of September 30, 2017, December 31, 2016 and September 30, 2016, no financial assets measured at cost held by the Group were pledged to others.

(8) Investments accounted for using equity method

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Formosa Heavy Industries Corp.	\$ 7,706,620	\$ 7,644,268	\$ 7,906,089
Formosa Fairway Corp.	98,824	101,719	78,247
Formosa Plastics Transport Corp.	747,489	750,304	762,187
Formosa Petrochemical Corp.	77,412,112	74,173,344	66,944,778
Mai Liao Power Corp.	11,097,018	10,936,483	10,886,989
Hwa Ya Science Park Management Consulting Co., Ltd.	1,864	1,776	1,965
Chia-Nan Enterprise Corp.	260,974	261,922	260,658
Su Hua Transport Corp.	279,368	251,008	243,766
Formosa Environmental Technology Corp.	252,521	255,716	257,652
Formosa Synthetic Rubber Corp.	284,132	315,764	356,696
Formosa Synthetic Rubber Corp. (Hong Kong)	899,232	1,212,400	113,809
Formosa Resource Corp.	5,534,886	4,159,625	4,078,405
Formosa Group (Cayman) Corp.	297,044	549,598	212,728
Formosa Construction Corp.	88,790	91,895	92,824
Beyoung International Corp.	93,966	94,389	93,043
Kuang Yueh Co., Ltd.	1,153,095	1,175,070	901,966
Changshu Yu Yuan Co., Ltd.	29,764	59,856	54,478
	<u>\$ 106,237,699</u>	<u>\$ 102,035,137</u>	<u>\$ 93,246,280</u>

A. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2017	December 31, 2016	September 30, 2016		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	24.15%	Investments accounted for using equity method	Equity method

(b) The summarised financial information of the associate that is material to the Group is shown below:

Balance sheets

	Formosa Petrochemical Corp.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	\$ 247,948,449	\$ 281,610,398	\$ 240,202,278
Non-current assets	164,642,614	168,006,910	175,748,734
Current liabilities	( 66,179,017)	( 67,458,120)	( 56,302,260)
Non-current liabilities	( 24,268,935)	( 73,094,405)	( 81,004,323)
Total net assets	<u>\$ 322,143,111</u>	<u>\$ 309,064,783</u>	<u>\$ 278,644,429</u>
Share in associate's net assets	\$ 77,797,561	\$ 74,639,145	\$ 67,292,630
Unrealised profit from sale of upstream transactions eliminations	( 274,730)	( 355,082)	( 229,111)
Net differences in share capital	( 110,719)	( 110,719)	( 118,741)
Carrying amount of the associate	<u>\$ 77,412,112</u>	<u>\$ 74,173,344</u>	<u>\$ 66,944,778</u>

Statements of comprehensive income

	Formosa Petrochemical Corp.	
	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016
Revenue	\$ 153,030,797	\$ 128,451,229
Profit for the period from continuing operations	\$ 22,260,708	\$ 16,686,479
Other comprehensive income (loss), net of tax	11,146,684	( 480,348)
Total comprehensive income	<u>\$ 33,407,392</u>	<u>\$ 16,206,131</u>

	Formosa Petrochemical Corp.	
	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Revenue	\$ 455,525,709	\$ 393,874,901
Profit for the period from continuing operations	\$ 56,930,628	\$ 52,968,128
Other comprehensive income (loss), net of tax	13,303,457	( 2,939,132)
Total comprehensive income	<u>\$ 70,234,085</u>	<u>\$ 50,028,996</u>

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2017, December 31, 2016 and September 30, 2016, the carrying amount of the Group's individually immaterial associates amounted to \$28,825,587, \$27,861,793 and \$26,301,502, respectively.

	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016
Profit for the period from continuing operations	\$ 1,632,565	\$ 1,054,373
Other comprehensive income (loss), net of tax	818,121	( 506,597)
Total comprehensive income	<u>\$ 2,450,686</u>	<u>\$ 547,776</u>
	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Profit for the period from continuing operations	\$ 912,175	\$ 3,810,053
Other comprehensive income (loss), net of tax	( 203,133)	( 1,151,182)
Total comprehensive income	<u>\$ 709,042</u>	<u>\$ 2,658,871</u>

(d) The fair value of the Group's associates which have quoted market price was as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Formosa Petrochemical Corp.	\$ 243,884,779	\$ 260,367,309	\$ 216,735,341

B. Except for the financial statements of Formosa Petrochemical Corp., which were reviewed by the Company's appointed independent accountants, the financial statements of other investees accounted for using equity method for the nine-month periods ended September 30, 2017 and 2016 were not reviewed.

C. In response to Formosa Ha Tinh Steel Corporation's planning of shareholding, the Group has

signed an agreement for the transfer of capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014, whereby the Group will transfer all its capital contribution of US\$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh (Cayman) Limited. The Group has conducted restructuring in June, 2015, transferring 14.75% of equity in Formosa Ha Tinh (Cayman) Limited to Formosa Group Investment (Cayman) Limited as capital contribution. After reorganization, the Group 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 Group still has significant influence over Formosa Ha Tinh Steel Corp., the Group 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 Group's subsidiary, and Formosa Group Investment (Cayman) Corp., the Group's associate, did not subscribe to the capital increase proportionately, the Group's overall ownership percentage decreased from 19.71% to 16.5%. Accordingly, capital surplus was recognized. In January 2016, the Group has transferred all its share capital of Formosa Group Investment (Cayman) Corp. as investment in FCFC International Limited (Cayman). After reorganization, the Group's subsidiaries, FCFC International Limited (Cayman) and Formosa Biomedical Technology (SAMOA) Co., Ltd. collectively hold 15.28% of share capital of Formosa Ha Tinh (Cayman) Limited. As the Group has no significant influence over the subsidiaries in management decisions, the Group discontinued accounting the subsidiary using the equity method when the Group lost significant influence and reclassified the investment as financial assets at cost.

- D. In order to improve technical value and integrate related resources of biomedical industry and further develop the Group toward the high-end medical domain, the Group acquired 150 million shares of UBI Pharma Inc. at NT\$4 per share and shareholding ratio is 21.99%. Since July 2016, the Group has lost significant influence in operational decision making over UBI Pharma Inc. As a result, the Group discontinued accounting for this investment under equity method and reclassified the investment as financial assets at cost. As of September 30, 2017, the shareholding ratio was 18.99%.
- E. The Group received cash dividends of \$14,415,665 and \$11,196,362 for the nine-month periods ended September 30, 2017 and 2016, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Group's investments accounted for using equity method.
- F. As of September 30, 2017 and 2016, certain equity investments were pledged to banks as described in Note 8.

(9) Property, plant and equipment

	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2017</u>						
Cost	\$ 8,779,868	\$ 44,776,889	\$ 293,971,383	\$ 14,692,225	\$ 14,151,660	\$ 376,372,025
Accumulated depreciation and impairment	( 170,292)	( 22,571,577)	( 210,261,607)	( 12,411,580)	( 43,509)	( 245,458,565)
	<u>\$ 8,609,576</u>	<u>\$ 22,205,312</u>	<u>\$ 83,709,776</u>	<u>\$ 2,280,645</u>	<u>\$ 14,108,151</u>	<u>\$ 130,913,460</u>
<u>2017</u>						
Opening net book amount	\$ 8,609,576	\$ 22,205,312	\$ 83,709,776	\$ 2,280,645	\$ 14,108,151	\$ 130,913,460
Additions	-	14,290	179,132	92,857	6,881,756	7,168,035
Disposals	( 43,196)	( 28,843)	( 48,782)	( 5,122)	-	( 125,943)
Reclassifications	108	2,175,134	7,712,935	186,367	( 10,019,488)	55,056
Depreciation charge	( 217)	( 1,103,830)	( 9,424,101)	( 359,849)	-	( 10,887,997)
Net exchange difference	( 45)	( 475,114)	( 1,396,209)	( 26,475)	( 441,888)	( 2,339,731)
Closing net book amount	<u>\$ 8,566,226</u>	<u>\$ 22,786,949</u>	<u>\$ 80,732,751</u>	<u>\$ 2,168,423</u>	<u>\$ 10,528,531</u>	<u>\$ 124,782,880</u>
<u>At September 30, 2017</u>						
Cost	\$ 8,736,483	\$ 46,280,670	\$ 297,214,287	\$ 14,741,915	\$ 10,528,531	\$ 377,501,886
Accumulated depreciation and impairment	( 170,257)	( 23,493,721)	( 216,481,536)	( 12,573,492)	-	( 252,719,006)
	<u>\$ 8,566,226</u>	<u>\$ 22,786,949</u>	<u>\$ 80,732,751</u>	<u>\$ 2,168,423</u>	<u>\$ 10,528,531</u>	<u>\$ 124,782,880</u>

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2016</u>						
Cost	\$ 8,776,614	\$ 44,661,550	\$ 288,265,584	\$ 14,794,731	\$ 21,798,947	\$ 378,297,426
Accumulated depreciation and impairment	( 171,256)	( 21,484,545)	( 199,945,206)	( 12,332,660)	-	( 233,933,667)
	<u>\$ 8,605,358</u>	<u>\$ 23,177,005</u>	<u>\$ 88,320,378</u>	<u>\$ 2,462,071</u>	<u>\$ 21,798,947</u>	<u>\$ 144,363,759</u>
<u>2016</u>						
Opening net book amount	\$ 8,605,358	\$ 23,177,005	\$ 88,320,378	\$ 2,462,071	\$ 21,798,947	\$ 144,363,759
Additions	-	14,817	403,129	85,409	6,103,595	6,606,950
Disposals	( 6)	( 2,313)	( 11,173)	( 8,071)	-	( 21,563)
Reclassifications	4,758	865,277	10,589,388	158,222	( 11,726,888)	( 109,243)
Depreciation charge	( 238)	( 1,087,129)	( 10,703,065)	( 391,141)	-	( 12,181,573)
Net exchange difference	( 201)	( 890,127)	( 3,023,930)	( 42,029)	( 662,128)	( 4,618,415)
Closing net book amount	<u>\$ 8,609,671</u>	<u>\$ 22,077,530</u>	<u>\$ 85,574,727</u>	<u>\$ 2,264,461</u>	<u>\$ 15,513,526</u>	<u>\$ 134,039,915</u>
<u>At September 30, 2016</u>						
Cost	\$ 8,780,017	\$ 44,234,332	\$ 292,438,149	\$ 14,634,322	\$ 15,513,526	\$ 375,600,346
Accumulated depreciation and impairment	( 170,346)	( 22,156,802)	( 206,863,422)	( 12,369,861)	-	( 241,560,431)
	<u>\$ 8,609,671</u>	<u>\$ 22,077,530</u>	<u>\$ 85,574,727</u>	<u>\$ 2,264,461</u>	<u>\$ 15,513,526</u>	<u>\$ 134,039,915</u>

A. 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:

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Amount capitalized	<u>\$ 21,869</u>	<u>\$ 45,152</u>
Interest rate	<u>0.98%~3.03%</u>	<u>1.04%~3.00%</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Amount capitalized	<u>\$ 62,080</u>	<u>\$ 135,557</u>
Interest rate	<u>0.98%~3.03%</u>	<u>1.04%~3.00%</u>

- B. Under regulations, land may only be owned by individuals. Thus, the Group has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Group under the name of a third party, and has pledged the full amount to the Company. As of September 30, 2017, the pledged amount was \$822,993; as of December 31, 2016 and September 30, 2016, the pledged amount was \$824,537.
- 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	September 30, 2017	Interest rate range	Collateral
OA loans	\$ 5,361	0.34%~2.09%	None
Secured loans	2,752,890	1.40%~2.50%	Note 8
Unsecured loans	25,723,765	0.96%~4.57%	None
Total short-term loans	<u>\$ 28,482,016</u>		
Short-term notes and bills payable	\$ 1,680,000	0.60%~0.61%	None
Short-term notes and bills payable discount	( 479)		
Net short-term notes and bills payable	<u>\$ 1,679,521</u>		

Type of loans	December 31, 2016	Interest rate range	Collateral
OA loans	\$ 20,162	0.32%~1.95%	None
Secured loans	2,969,220	1.40%~2.33%	Note 8
Unsecured loans	23,157,368	0.87%~4.13%	None
Total short-term loans	<u>\$ 26,146,750</u>		
Short-term notes and bills payable	\$ 1,500,000	0.43%~0.96%	None
Short-term notes and bills payable discount	( 536)		
Net short-term notes and bills payable	<u>\$ 1,499,464</u>		

Type of loans	September 30, 2016	Interest rate range	Collateral
OA loans	\$ 2,558	0.41%	None
Secured loans	2,921,865	1.40%~2.40%	Note 8
Unsecured loans	19,683,162	0.69%~4.60%	None
Total short-term loans	<u>\$ 22,607,585</u>		
Short-term notes and bills payable	\$ 1,800,000	0.43%~0.71%	None
Short-term notes and bills payable discount	( 346)		
Net short-term notes and bills payable	<u>\$ 1,799,654</u>		

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

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 1,381</u>	<u>\$ 388</u>

A. The Group recognized net gain on valuation of financial liabilities at fair value through profit or loss amounting to \$894, \$143, \$1,381 and \$431 for the three-month and nine-month periods

ended September 30, 2017 and 2016, respectively.

- B. The non-hedging derivative instruments transaction and contract information are as follows:  
As of September 30, 2017: None.

Derivative Financial Liabilities	December 31, 2016		September 30, 2016	
	Contract Amount (Notional Principal) (In thousand dollars)	Contract Period	Contract Amount (Notional Principal) (In thousand dollars)	Contract Period
Current items:				
Forward foreign exchange contracts				
CHB	USD 5,000	Nov. 2016 ~ Feb. 2017	-	-
Taipei Fubon	-	-	JPY 60,000	Sep. 2016 ~ Nov. 2016
Taipei Fubon	-	-	JPY 35,000	Sep. 2016 ~ Oct. 2016

The Group entered into forward foreign exchange contracts to buy USD and JPY to hedge exchange rate risk of selling prices. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Bonds payable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Bonds payable			
Domestic unsecured nonconvertible corporate bonds	\$ 41,250,000	\$ 46,500,000	\$ 50,000,000
Less: current portion	( 5,250,000)	( 6,750,000)	( 8,750,000)
	<u>\$ 36,000,000</u>	<u>\$ 39,750,000</u>	<u>\$ 41,250,000</u>

The terms of nonconvertible corporate bonds were as follows:

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	September 30, 2017	December 31, 2016	September 30, 2016	Note
<u>2011</u>								
Second issued domestic unsecured nonconvertible corporate bonds	2011.10.31	2015.10.31~2016.10.31	1.38	\$ 4,000,000	\$ -	\$ -	\$ 2,000,000	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	-	3,000,000	3,000,000	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	3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - A	2012.12.7	2016.12.7~2017.12.7	1.23	3,000,000	1,500,000	1,500,000	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	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	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	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	2,200,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	September 30, 2017	December 31, 2016	September 30, 2016	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	\$ 2,250,000	\$ 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	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	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	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>								
First issued domestic unsecured nonconvertible corporate bonds-A	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds-B	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%
					41,250,000	46,500,000	50,000,000	
Less: Current portion of bonds payable					( 5,250,000)	( 6,750,000)	( 8,750,000)	
					<u>\$ 36,000,000</u>	<u>\$ 39,750,000</u>	<u>\$ 41,250,000</u>	

(13) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2017
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2016 ~ Mar. 29, 2019, payable at maturity date; interest payable monthly	1.05%~1.08%	None	\$ 3,000,000
China Trust Bank	Aug. 24, 2015 ~ Aug. 24, 2020, payable in full after Aug. 24, 2018 or payable in full at maturity with a two-year extension	LIBOR+1.25% (if TAIFX is higher than LIBOR+0.35%, the difference between TAIFX and LIBOR+0.35% is payable by the borrower)	"	2,878,414
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	2.49%~2.59%	"	4,605,462
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov. 17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	"	575,795
Mega International Commercial Bank	Nov. 17, 2016 ~ Nov. 17, 2021, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	"	1,566,185

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2017
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	None	\$ 547,936
Taiwan Bank	Oct. 24, 2014 ~ Oct. 21, 2019, principal payable semi-annually after three years; interest payable quarterly	LIBOR+1.40% 3 months	"	2,424,400
Taiwan Business Bank	Jan. 1, 2016 ~ Jan. 1, 2019, principal payable quarterly after 27 months	LIBOR+1.10% 3 months	"	586,337
Chang Hwa Bank	Sep. 2017 ~ Sep. 2022, principal payable semi-annually after 36 months	LIBOR+1.40% 3 months		383,556
Hua Nan Bank	Feb. 3, 2017 ~ Feb. 3, 2020, principal payable at maturity date	LIBOR+1.35% 3 months	"	159,815
Hua Nan Bank	Mar. 15, 2017 ~ Mar. 15, 2019, payable in full at maturity	1.03%	"	1,500,000
Sino Pac Bank	Jun. 16, 2017 ~ Jun. 16, 2019, payable in full at maturity	1.05%	"	300,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2017
O-BANK (Originally named Industrial Bank of Taiwan)	Sep. 25, 2015 ~ Sep. 25, 2018, payable in full at maturity	1.07%	None	\$ 300,000
First Commercial Bank	Sep. 16, 2015 ~ Sep. 16, 2018, payable in full at maturity	1.04%	"	2,000,000
Mizuho Corporate Bank	Aug. 19, 2016 ~ Aug. 19, 2018, payable in full at maturity	1.06%	"	900,000
E. Sun Bank	Aug. 20, 2015 ~ Aug. 20, 2018, payable in full at maturity	1.04%	"	500,000
China Trust Bank	Sep. 23, 2016 ~ Sep. 23, 2018, payable in full at maturity	1.05%	"	500,000
Land Bank of Taiwan	May. 25, 2017 ~ Sep. 30, 2018, payable in full at maturity	1.05%	"	200,000
KGI Bank	Jun. 20, 2017 ~ Jun. 20, 2019, payable in full at maturity	1.04%	"	1,000,000
Taipei Fubon Bank	Jan. 11, 2017 ~ Jan. 11, 2019, payable in full at maturity	1.04%	"	1,500,000
Bangkok Bank	Dec. 2, 2016 ~ Dec. 1, 2018, payable in full at maturity	1.05%	"	200,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2017
Far Eastern International Bank	Dec. 2, 2016 ~ Aug. 10, 2018, payable in full at maturity	1.00%	None	\$ 700,000
HSBC	Dec. 19, 2016 ~ Dec. 19, 2018, payable in full at maturity	1.03%	"	1,500,000
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr. 21, 2017; interest payable monthly	1.63%	Land	10,755,556
Hua Nan Bank China Trust Bank ANZ	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	498,863
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	0.86%~1.01%	None	
				56,056
				39,138,375
Less: Current portion of long-term loans				( 7,070,122)
				<u>\$ 32,068,253</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2016
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2016 ~ Mar. 29, 2019, payable at maturity date; interest payable monthly	1.00%~1.13%	None	\$ 3,000,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.05%~1.19%	"	114,286
China Trust Bank	Aug. 24, 2015 ~ Aug. 24, 2020, payable in full after Aug. 24, 2018 or payable in full at maturity with a two-year extension	LIBOR+1.25% (if TAIFX is higher than LIBOR+0.35%, the difference between TAIFX and LIBOR+0.35% is payable by the borrower)	"	3,067,876
Taipei Fubon Bank	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	1.14%~1.14%	"	600,000
Sumitomo Mitsui Banking Corporation	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	0.82%~0.82%	"	1,100,000
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	2.08%~2.18%	"	6,135,751

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2016
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov. 17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	None	\$ 1,226,602
Mega International Commercial Bank	Nov. 17, 2016 ~ Nov. 17, 2021, principal payable semi-annually after 18 months	1 to 5 year (including 5 year) rate of CBC, 4.75%	"	991,124
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	The interest rate is 1.3% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the third year is 6.598%, and the interest accrual period is from December to March)	"	707,281
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	TAIFX+0.75% 3 months	"	1,781,801
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	"	558,380
Taiwan Bank	Oct. 24, 2014 ~ Oct. 21, 2019, principal payable semi-annually after three years; interest payable quarterly	LIBOR+1.4% 3 months	"	2,582,320

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2016
Taiwan Business Bank	Jan.1, 2016 ~ Jan.1, 2019, principal payable quarterly after 27 months	LIBOR+1.1% 3 months	None	\$ 624,530
Hua Nan Bank	Mar. 15, 2016 ~ Mar. 15, 2018, payable in full at maturity	1.03%	"	1,500,000
Sino Pac Bank	May. 16, 2016 ~ May. 16, 2018, payable in full at maturity	1.05%	"	300,000
Industrial Bank of Taiwan	Sep. 25, 2015 ~ Sep. 25, 2018, payable in full at maturity	1.07%	"	500,000
First Commercial Bank	Sep. 16, 2015 ~ Sep. 16, 2018, payable in full at maturity	0.99%	"	1,500,000
First Commercial Bank	May. 16, 2016 ~ Sep. 16, 2018, payable in full at maturity	1.04%	"	500,000
Mizuho Corporate Bank	Aug. 19, 2015 ~ Aug. 19, 2017, payable in full at maturity	1.06%	"	900,000
E. Sun Bank	Aug. 20, 2015 ~ Aug. 20, 2018, payable in full at maturity	1.06%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2016
China Trust Bank	Sep. 23, 2015 ~ Sep. 23, 2017, payable in full at maturity	1.05%	None	\$ 500,000
KGI Bank	Jun. 20, 2015 ~ Jun. 20, 2017, payable in full at maturity	1.04%	"	1,000,000
Taipei Fubon Bank	Jan. 11, 2016 ~ Jan. 11, 2018, payable in full at maturity	1.04%	"	1,500,000
Bangkok Bank	Dec. 2, 2015 ~ Dec. 1, 2017, payable in full at maturity	1.05%	"	200,000
Far Eastern International Bank	Dec. 2, 2016 ~ Aug. 10, 2018, payable in full at maturity	1.05%	"	700,000
HSBC	Dec. 19, 2015 ~ Dec. 19, 2017, payable in full at maturity	1.03%	"	1,500,000
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr. 21, 2017; interest payable monthly	1.63%~1.65%	Land	12,100,000
Hua Nan Bank China Trust Bank ANZ	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta	533,597

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2016
Non-financial				
sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	0.86%~1.01%	None	
				\$ 57,574
				46,281,122
Less: Current portion of long-term loans				( 7,666,502)
				<u>\$ 38,614,620</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2016
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2016 ~ Mar. 29, 2019, payable at maturity date; interest payable monthly	1.00%~1.13%	None	\$ 3,000,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.05%~1.19%	"	114,286
China Trust Bank	Aug. 24, 2015 ~ Aug. 24, 2020, payable in full after Aug. 24, 2018 or payable in full at maturity with a two-year extension	LIBOR+1.25% (if TAIFX is higher than LIBOR+0.35%, the difference between TAIFX and LIBOR+0.35% is payable by the borrower)	"	2,979,279
China Trust Bank	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	1.10%~1.10%	"	400,000
Taipei Fubon Bank	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	1.10%~1.37%	"	600,000
Sumitomo Mitsui Banking Corporation	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	0.82%~0.82%	"	1,100,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2016
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	2.08%~2.18%	None	\$ 5,958,558
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov. 17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	"	1,787,862
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	The interest rate is 1.3% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the third year is 6.598%, and the interest accrual period is from December to March)	"	892,441
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	TAIFX+0.75% 3 months	"	2,164,254
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	"	563,646

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2016
Taiwan Bank	Oct. 24, 2014 ~ Oct. 21, 2019, principal payable semiannually after Oct. 24, 2017; interest payable quarterly	LIBOR+1.4% 3 months	None	\$ 2,509,280
Taiwan Business Bank	Jan.1, 2016 ~ Jan. 1, 2019, principal payable quarterly after 27 months	LIBOR+1.10% 3 months	"	606,865
Hua Nan Bank	Mar. 15, 2016 ~ Mar. 15, 2018, payable in full at maturity	1.11%	"	1,200,000
Sino Pac Bank	May. 16, 2016 ~ May. 16, 2018, payable in full at maturity	1.05%	"	300,000
Industrial Bank of Taiwan	Sep. 25, 2015 ~ Sep. 25, 2018, payable in full at maturity	1.07%	"	500,000
First Commercial Bank	Sep. 16, 2015 ~ Sep. 16, 2018, payable in full at maturity	0.99%	"	1,500,000
First Commercial Bank	May. 16, 2016 ~ Sep. 16, 2018, payable in full at maturity	1.04%	"	500,000
Mizuho Corporate Bank	Aug. 20, 2015 ~ Aug. 20, 2017, payable in full at maturity	1.06%	"	900,000
E. Sun Bank	Aug. 20, 2015 ~ Aug. 20, 2018, payable in full at maturity	1.10%	"	500,000
China Trust Bank	Sep. 25, 2015 ~ Sep. 25, 2017, payable in full at maturity	1.10%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2016
KGI Bank	Jun. 22, 2015 ~ Jun. 22, 2017, payable in full at maturity	1.03%	None	\$ 500,000
Taipei Fubon Bank	Jan. 11, 2016 ~ Jan. 11, 2018, payable in full at maturity	1.03%	"	1,500,000
Bangkok Bank	Dec. 2, 2015 ~ Dec. 1, 2017, payable in full at maturity	1.12%	"	200,000
HSBC	Dec. 21, 2015 ~ Dec. 21, 2017, payable in full at maturity	1.08%	"	1,500,000
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr. 21, 2017; interest payable monthly	1.63%~1.65%	Land	12,100,000
Hua Nan Bank China Trust Bank ANZ	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	606,983
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	0.86%~1.01%	None	97,001
				45,080,455
Less: Current portion of long-term loans				( 5,403,027)
				\$ 39,677,428

- A. The collaterals for long-term bank loans are described in Note 8.
- B. The Group has signed contracts for syndicated loans with Mega Bank and others 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 Group 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 Group fails to meet the required covenants, a capital increase has to be completed by June of the following year.
- C. Formosa Industries Corp.'s long-term borrowing from banks is for the plant construction. The borrowing is guaranteed by Nan Ya Plastics Corp.'s drawn note of \$4,973,308.

(14) 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 and its domestic subsidiaries contribute 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.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$59,549, \$79,042, \$164,833 and \$237,208 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 are \$170,521.
- 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 Company's mainland subsidiaries have a defined contribution plan. Monthly

contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month and nine-month periods ended September 30, 2017 and 2016 was 10%~20%, 14%, 10%~20% and 14%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2017 and 2016 were \$85,348, \$102,459, \$255,586 and \$255,158, respectively.

(15) Capital stock

A. As of September 30, 2017, the Company's authorized and paid-in capital was \$58,611,863, and total issued stocks was 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 nine-month periods ended September 30, 2017 and 2016 are set forth below:

Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2017			
		Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	950,000	-	12,169,610
	Formosa Advanced Technologies Co.	7,316,000	6,571,000	-	13,887,000
		<u>18,535,610</u>	<u>7,521,000</u>	<u>-</u>	<u>26,056,610</u>

Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2016			
		Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
	Formosa Advanced Technologies Co.	7,037,000	279,000	-	7,316,000
		<u>18,256,610</u>	<u>279,000</u>	<u>-</u>	<u>18,535,610</u>

C. The market value of treasury stocks was \$92.1 and \$84.3 (in dollars) per share at September 30, 2017 and 2016, respectively.

D. The above treasury stocks of the parent company were purchased by subsidiaries.

(16) 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 Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act 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 nine-month period ended September 30, 2017					
	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, 2017	\$ 2,710,554	\$ 5,514,032	\$ 159,382	\$ 25,003	\$ 9,447	\$204,224
Dividends allocated to subsidiaries	-	-	43,842	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	1,668	-	-
At September 30, 2017	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 203,224</u>	<u>\$ 26,671</u>	<u>\$ 9,447</u>	<u>\$204,224</u>

	For the nine-month period ended September 30, 2016					
	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, 2016	\$ 2,710,554	\$ 5,514,032	\$ 138,407	\$ 298,338	\$ 9,447	\$204,224
Dividends allocated to subsidiaries	-	-	20,975	-	-	-
Effect from net stockholding of associates recognised under the equity method	-	-	-	(69,434)	-	-
At September 30, 2016	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 159,382</u>	<u>\$ 228,904</u>	<u>\$ 9,447</u>	<u>\$204,224</u>

(17) 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, and the amended articles had been resolved in the shareholders' meeting in 2016.

- B. The Group 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 Group would prefer cash dividend. If the Group 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 Group's paid-in capital.
- D. In accordance with the regulations, the Group 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 appropriations of 2016 and 2015 earnings had been resolved at the stockholders' meeting on June 9, 2017 and June 7, 2016, respectively. Details are as follows:

For the years ended December 31,				
2016			2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 4,383,305		\$ 2,757,819	
Special reserve	4,639,539		-	
Cash dividends	32,822,643	\$ 5.60	20,514,153	\$ 3.50
	<u>\$ 41,845,487</u>		<u>\$ 23,271,972</u>	

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Group 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. Information relating to employees' bonuses and directors' and supervisors' remuneration is summarized in Note 6(24).

(18) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
At January 1, 2017	\$ 43,174	\$ 90,933,647	\$ 988,624	\$ 91,965,445
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	16,722,010	-	16,722,010
–Associates	-	3,780,930	-	3,780,930
Cash flow hedges:				
–Associates	( 22,571)	-	-	( 22,571)
Currency translation differences:				
–Group	-	-	( 2,176,825)	( 2,176,825)
–Tax of Group	-	-	327,779	327,779
–Associates	-	-	( 575,875)	( 575,875)
At September 30, 2017	<u>\$ 20,603</u>	<u>\$ 111,436,587</u>	<u>(\$ 1,436,297)</u>	<u>\$ 110,020,893</u>

	<u>Hedging reserve</u>	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2016	\$ 69,573	\$ 72,615,548	\$ 4,649,520	\$ 77,334,641
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	506,299	-	506,299
–Associates	-	( 465,040)	-	( 465,040)
Cash flow hedges:				
–Associates	( 39,422)	-	-	( 39,422)
Currency translation differences:				
–Group	-	-	( 4,158,337)	( 4,158,337)
–Tax of Group	-	-	631,082	631,082
–Associates	-	-	( 476,336)	( 476,336)
At September 30, 2016	<u>\$ 30,151</u>	<u>\$ 72,656,807</u>	<u>\$ 645,929</u>	<u>\$ 73,332,887</u>

(19) Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Sales revenue	\$ 87,931,175	\$ 79,762,609
Service revenue	152,255	104,223
Other operating revenue	118,465	72,655
	<u>\$ 88,201,895</u>	<u>\$ 79,939,487</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Sales revenue	\$ 258,875,209	\$ 236,432,018
Service revenue	428,542	349,751
Other operating revenue	326,098	231,752
	<u>\$ 259,629,849</u>	<u>\$ 237,013,521</u>

(20) Other income

	For the three-month periods ended September 30,	
	2017	2016
Rental revenue	\$ 33,827	\$ 34,049
Interest income:		
Interest income from bank deposits	85,221	55,998
Interest from current account with others	43,116	51,296
Other interest income	10,146	1,465
	<u>138,483</u>	<u>108,759</u>
Dividend income	4,674,812	6,237,966
Other revenue	295,005	287,127
	<u>\$ 5,142,127</u>	<u>\$ 6,667,901</u>

	For the nine-month periods ended September 30,	
	2017	2016
Rental revenue	\$ 103,498	\$ 104,544
Interest income:		
Interest income from bank deposits	270,956	162,552
Interest from current account with others	120,121	115,381
Other interest income	22,839	7,600
	<u>413,916</u>	<u>285,533</u>
Dividend income	7,468,397	6,243,361
Other revenue	817,304	901,837
	<u>\$ 8,803,115</u>	<u>\$ 7,535,275</u>

(21) Other gains and losses

	For the three-month periods ended September 30,	
	2017	2016
Net gain on financial assets at fair value through profit or loss	\$ 1,122	\$ 593
Net gain on financial liabilities at fair value through profit or loss	894	143
Net currency exchange gain (loss)	293,478	( 1,132,060)
Gain on disposal of investments	163,438	147,546
Gain on disposal of property, plant and equipment	14,402	3,727
Other losses	( 62,856)	( 84,656)
	<u>\$ 410,478</u>	<u>(\$ 1,064,707)</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Net gain on financial assets at fair value through profit or loss	\$ 2,938	\$ 2,079
Net gain on financial liabilities at fair value through profit or loss	1,381	431
Net currency exchange loss	( 1,313,077)	( 2,271,693)
Gain on disposal of investments	198,314	182,497
Gain on disposal of property, plant and equipment	803,270	7,159
Impairment loss	-	( 207,066)
Other losses	( 178,506)	( 328,614)
	<u>(\$ 485,680)</u>	<u>(\$ 2,615,207)</u>

(22) Finance costs

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Interest expense:		
Bank loans	\$ 406,774	\$ 286,819
Corporate bonds	173,307	201,167
Current account with others	2,758	3,229
Discount	22,289	15,342
Other interest expenses	12,273	12,481
	<u>617,401</u>	<u>519,038</u>
Less: Capitalisation of qualifying assets	( 21,869)	( 45,152)
Finance costs	<u>\$ 595,532</u>	<u>\$ 473,886</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Interest expense:		
Bank loans	\$ 1,208,169	\$ 883,062
Corporate bonds	541,238	632,208
Current account with others	9,642	8,390
Discount	63,506	44,269
Other interest expenses	38,135	37,270
	<u>1,860,690</u>	<u>1,605,199</u>
Less: Capitalisation of qualifying assets	( 62,080)	( 135,557)
Finance costs	<u>\$ 1,798,610</u>	<u>\$ 1,469,642</u>

(23) Expenses by nature

	For the three-month periods ended September 30,	
	2017	2016
Depreciation charges on property, plant and equipment	\$ 3,603,968	\$ 3,981,605
Employee benefit expense	3,772,095	3,839,876
Amortisation	786,830	877,400
	<u>\$ 8,162,893</u>	<u>\$ 8,698,881</u>

  

	For the nine-month periods ended September 30,	
	2017	2016
Depreciation charges on property, plant and equipment	\$ 10,887,997	\$ 12,181,573
Employee benefit expense	10,998,983	11,195,610
Amortisation	2,173,309	2,717,314
	<u>\$ 24,060,289</u>	<u>\$ 26,094,497</u>

(24) Employee benefit expense

	For the three-month periods ended September 30,	
	2017	2016
Wages and salaries	\$ 3,217,157	\$ 3,298,134
Labor and health insurance fees	257,089	241,530
Pension costs	144,897	181,501
Other personnel expenses	152,952	118,711
	<u>\$ 3,772,095</u>	<u>\$ 3,839,876</u>

  

	For the nine-month periods ended September 30,	
	2017	2016
Wages and salaries	\$ 9,408,152	\$ 9,593,721
Labor and health insurance fees	737,239	712,723
Pension costs	420,419	492,366
Other personnel expenses	433,173	396,800
	<u>\$ 10,998,983</u>	<u>\$ 11,195,610</u>

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 had been resolved in the shareholders' meeting in 2016.

- B. For the three-month periods and nine-month periods ended September 30, 2017 and 2016, employees' remuneration (bonuses) was accrued at \$19,313, \$15,614, \$41,577 and \$37,755, respectively. The aforementioned amount was recognized in salary expenses.

For the nine-month periods ended September 30, 2017 and 2016, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

Employees' compensation for 2016 as resolved by the Board of Directors was in agreement with the amount of \$47,608 recognized in the profit or loss for 2016. Employees' compensation of 2016 has been distributed.

Information about the appropriations 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Current tax:		
Current tax on profits for the period	\$ 1,668,164	\$ 1,057,374
Adjustments in respect of prior years	( 69,556)	15,804
Total current tax	<u>1,598,608</u>	<u>1,073,178</u>
Deferred tax:		
Effect of exchange rate	( 2,518)	17,840
Origination and reversal of temporary differences	<u>206,126</u>	<u>2,392</u>
Total deferred tax	<u>203,608</u>	<u>20,232</u>
Income tax expense	<u>\$ 1,802,216</u>	<u>\$ 1,093,410</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Current tax:		
Current tax on profits for the period	\$ 4,203,421	\$ 3,919,514
Additional tax on undistributed earnings	688,790	390,244
Adjustments in respect of prior years	( 290,626)	( 143,442)
Total current tax	<u>4,601,585</u>	<u>4,166,316</u>
Deferred tax:		
Effect of exchange rate	( 795)	31,517
Origination and reversal of temporary differences	<u>199,020</u>	<u>219,577</u>
Total deferred tax	<u>198,225</u>	<u>251,094</u>
Income tax expense	<u>\$ 4,799,810</u>	<u>\$ 4,417,410</u>

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

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences	<u>(\$ 72,074)</u>	<u>\$ 310,516</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences	<u>\$ 327,779</u>	<u>\$ 631,082</u>

B. Unappropriated retained earnings:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Earnings generated in and before 1997	\$ 6,198,462	\$ 6,198,462	\$ 6,198,462
Earnings generated in and after 1998	<u>62,760,653</u>	<u>66,361,641</u>	<u>58,041,840</u>
	<u>\$ 68,959,115</u>	<u>\$ 72,560,103</u>	<u>\$ 64,240,302</u>

C. Information on the imputation credit account is as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Balance of the imputation credit account	<u>\$ 4,269,475</u>	<u>\$ 4,453,266</u>	<u>\$ 2,944,461</u>
	<u>2016 (Estimate)</u>	<u>2015 (Actual)</u>	
Creditable tax rate	<u>14.65%</u>	<u>12.76%</u>	

(26) 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 period.

	<u>For the three-month period ended September 30, 2017</u>				
	<u>Amount</u>		<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>	
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
<u>Basic earnings per share</u>					
Consolidated net income	\$ 21,004,824	\$ 19,202,608		\$ 3.60	\$ 3.29
Net income of non-controlling interest	( 1,710,837)	( 1,109,613)		( 0.29)	( 0.19)
Profit attributable to ordinary shareholders of the parent	<u>\$ 19,293,987</u>	<u>\$ 18,092,995</u>	<u>5,835,130</u>	<u>\$ 3.31</u>	<u>\$ 3.10</u>

	For the three-month period ended September 30, 2016				
	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>					
Consolidated net income	\$ 17,846,483	\$ 16,753,073		\$ 3.05	\$ 2.86
Net income of non- controlling interest	( 2,231,907)	( 1,810,983)		( 0.38)	( 0.30)
Profit attributable to ordinary shareholders of the parent	<u>\$ 15,614,576</u>	<u>\$ 14,942,090</u>	<u>5,842,651</u>	<u>\$ 2.67</u>	<u>\$ 2.56</u>

	For the nine-month period ended September 30, 2017				
	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>					
Consolidated net income	\$ 47,415,100	\$ 42,615,290		\$ 8.12	\$ 7.30
Net income of non- controlling interest	( 5,879,695)	( 4,370,791)		( 1.00)	( 0.75)
Profit attributable to ordinary shareholders of the parent	<u>\$ 41,535,405</u>	<u>\$ 38,244,499</u>	<u>5,837,790</u>	<u>\$ 7.12</u>	<u>\$ 6.55</u>

	For the nine-month period ended September 30, 2016				
	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>					
Consolidated net income	\$ 43,294,752	\$ 38,877,342		\$ 7.41	\$ 6.65
Net income of non- controlling interest	( 5,539,397)	( 3,893,123)		( 0.95)	( 0.66)
Profit attributable to ordinary shareholders of the parent	<u>\$ 37,755,355</u>	<u>\$ 34,984,219</u>	<u>5,842,651</u>	<u>\$ 6.46</u>	<u>\$ 5.99</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 three-month period ended September 30, 2017				
	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>					
Consolidated net income	\$ 21,004,824	\$ 19,202,608		\$ 3.58	\$ 3.28
Net income of non- controlling interest	( 1,710,837)	( 1,109,613)		( 0.29)	( 0.19)
Profit attributable to ordinary shareholders of the parent	<u>\$ 19,293,987</u>	<u>\$ 18,092,995</u>	<u>5,861,186</u>	<u>\$ 3.29</u>	<u>\$ 3.09</u>
	For the three-month period ended September 30, 2016				
	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>					
Consolidated net income	\$ 17,846,483	\$ 16,753,073		\$ 3.04	\$ 2.86
Net income of non- controlling interest	( 2,231,907)	( 1,810,983)		( 0.38)	( 0.31)
Profit attributable to ordinary shareholders of the parent	<u>\$ 15,614,576</u>	<u>\$ 14,942,090</u>	<u>5,861,186</u>	<u>\$ 2.66</u>	<u>\$ 2.55</u>
	For the nine-month period ended September 30, 2017				
	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>					
Consolidated net income	\$ 47,415,100	\$ 42,615,290		\$ 8.09	\$ 7.27
Net income of non- controlling interest	( 5,879,695)	( 4,370,791)		( 1.00)	( 0.74)
Profit attributable to ordinary shareholders of the parent	<u>\$ 41,535,405</u>	<u>\$ 38,244,499</u>	<u>5,861,186</u>	<u>\$ 7.09</u>	<u>\$ 6.53</u>

For the nine-month period ended September 30, 2016

	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>				
Consolidated net income	\$ 43,294,752	\$ 38,877,342		\$ 7.39	\$ 6.63
Net income of non- controlling interest	( 5,539,397)	( 3,893,123)		( 0.95)	( 0.66)
Profit attributable to ordinary shareholders of the parent	<u>\$ 37,755,355</u>	<u>\$ 34,984,219</u>	<u>5,861,186</u>	<u>\$ 6.44</u>	<u>\$ 5.97</u>

(27) Non-cash transactions

1. Investing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2017	2016
Purchase of fixed assets	\$ 7,168,035	\$ 6,606,950
Add: Opening balance of payable on equipment	789,871	1,485,927
Less: Ending balance of payable on equipment	( 630,158)	( 684,407)
Cash paid during the period	<u>\$ 7,327,748</u>	<u>\$ 7,408,470</u>

2. Financing activities with partial cash flow effects

	For the nine-month periods ended September 30,	
	2017	2016
Appropriation for cash dividends	\$ 32,822,643	\$ 20,514,153
(Increase) decrease in dividends payable	( 4,103)	1,201,121
Cash dividends paid during the period	<u>\$ 32,818,540</u>	<u>\$ 21,715,274</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Formosa Petrochemical Corp.	Associates
Formosa Heavy Industries Corp.	"
Formosa Plastics Transport Corp.	"
Formosa Plastics Maritime Corp.	"
Mai Liao Power Corp.	"
Formosa Environmental Technology Corp.	"
Chia-Nan Enterprise Corp.	"
Su Hua Transport Corp.	"
Hwa Ya Science Park Management Consulting Corp.	"
Formosa Resources Corp.	"
Formosa Synthetic Rubber Corp.	"
Formosa Synthetic Rubber (Hong Kong) Corp.	"
Formosa Group (Cayman) Corp.	"
Kuang Yueh Co., Ltd.	"
Formosa Synthetic Rubber (Ningbo) Corp.	"
BP Chemicals (Malaysia) SDN Corp.	Other related parties
BP Singapore Ltd. (BPSG)	"
Idemitsu Kosan Co., Ltd	"
Formosa Heavy Industry Co.(Guangzhou) Ltd.	"
Formosa Plastics Logistics Corp.	"
Formosa Plastics Corp.	"
Nan Ya Plastics Corp.	"
Asia Pacific Investment Corp.	"
Nan Ya PCB Corp.	"
Mai Liao Harbor Administration Corp.	"
Formosa Plastics Marine Corp.	"
Formosa Plastics Marine Co., Ltd.	"
Yue Chi Development Corp.	"
PFG Fiber Glass Corp.	"
Formosa Automobile Corp.	"
Hua Ya Power Corp.	"
Nan Ya Technology Corp.	"
Formosa Network Technology Corp.	"
Asia Pacific Technology Corp.	"
Ya Tai Development Corp.	"
Asia Pacific Development Corp.	"
Chang Gung Memorial Hospital	"

Names of related parties	Relationship with the Group
Chang Gung University	Other related parties
Kong You Industrial Co., Ltd.	"
Yugen Co., Ltd.	"
Kuang Yueh Co., Ltd.	"
Hong Jing Metal Corp.	"
Formosa Plastics Transport (Ningbo) Co., Ltd.	"
Formosa Industries (Ningbo) Co., Ltd.	"
Formosa Electronic (Ningbo) Co., Ltd.	"
Formosa Polypropylene (Ningbo) Co., Ltd.	"
Formosa Acrylic Esters (Ningbo) Co., Ltd.	"
Nan Ya Plastics Construction Materials Co., Ltd.	"
Nan Ya Plastics Film (Nan Tong) Corp.	"
Nan Ya Plastics (Nan Tong) Corp.	"
Nan Ya Plastics Film (Hui Zhou) Corp.	"
Nan Ya Plastics (Hui Zhou) Corp.	"
Nan Ya Chemical Fiber (KunShan) Corp.	"
Nan Ya Plastics (Xiamen) Corp.	"
Nan Ya Epoxy Resin (Kun Shan) Co., Ltd.	"
Nan Ya Rigid Film (Guangzhou) Co., Ltd.	"
Nan Ya Plastics (Anshan) Corp.	"
Nan Ya Electronic Materials (Kunshan) Corp.	"
Formosa Ha Tinh (Cayman) Ltd.	"
Formosa Ha Tinh Steel Corp. -TW	"
Formosa Ha Tinh Steel Corp.	"
Formosa Plastics Building Parking Lot	"
Formosa Trading Co., Ltd.	"
Sino-Asia Steel (Ningbo) Co., Ltd.	"
Hwa Ya Technologies Corp.	"
(Lost the related party relationship in substance after merger with Micron Technology Co., Ltd. in December 2016 )	"
Fujian Fuxin Special Steel Co., Ltd.	"
Nan Ya Electronic Materials Co., Ltd.	"
Bio Trust International Corp.	"

(2) Significant related party transactions

A. Sales of goods:

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods:		
— Associates	\$ 6,632,403	\$ 4,895,598
— Other related parties	11,383,047	10,415,130
	<u>\$ 18,015,450</u>	<u>\$ 15,310,728</u>

  

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods:		
— Associates	\$ 19,009,126	\$ 13,741,138
— Other related parties	33,932,203	33,555,661
	<u>\$ 52,941,329</u>	<u>\$ 47,296,799</u>

The Group sells goods to related parties. Except for terms to certain related parties which are longer, prices are the same with third parties.

B. Purchases of goods:

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 33,188,522	\$ 27,437,816
Others	526	236
— Other related parties	4,128,273	3,866,640
	<u>\$ 37,317,321</u>	<u>\$ 31,304,692</u>

  

	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 94,536,901	\$ 85,413,418
Others	1,208	1,460
— Other related parties	14,488,354	12,289,008
	<u>\$ 109,026,463</u>	<u>\$ 97,703,886</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:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Receivables from related parties:			
— Associates	\$ 2,251,813	\$ 2,456,042	\$ 1,669,236
— Other related parties	<u>4,602,844</u>	<u>4,912,036</u>	<u>4,263,307</u>
	<u>6,854,657</u>	<u>7,368,078</u>	<u>5,932,543</u>
Other receivables:			
— Other related parties	<u>104</u>	<u>440,981</u>	<u>907,971</u>
	<u>\$ 6,854,761</u>	<u>\$ 7,809,059</u>	<u>\$ 6,840,514</u>

Receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days from the date of sale; receivables for payments on behalf of others for construction design services are due 270 days from the services rendered. The receivables do not bear interest and no collaterals were pledged. No provision was accrued for receivables from related party.

D. Payables to related parties:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Payables to related parties:			
— Associates			
Formosa Petrochemical Corp.	\$ 11,032,207	\$ 11,291,646	\$ 9,196,177
Others	388	-	-
— Other related parties	<u>1,359,518</u>	<u>2,093,864</u>	<u>1,584,595</u>
	<u>\$ 12,392,113</u>	<u>\$ 13,385,510</u>	<u>\$ 10,780,772</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 three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Expansion and repair works of factory sites		
— Associates	\$ 67,040	\$ 81,141
— Other related parties	<u>38,474</u>	<u>11,169</u>
	<u>\$ 105,514</u>	<u>\$ 92,310</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Expansion and repair works of factory sites		
— Associates	\$ 126,001	\$ 306,532
— Other related parties	<u>159,363</u>	<u>41,736</u>
	<u>\$ 285,364</u>	<u>\$ 348,268</u>

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Payables to related parties:			
— Associates	\$ 26,500	\$ -	\$ 4,561
— Other related parties	20,921	3,738	4,180
	<u>\$ 47,421</u>	<u>\$ 3,738</u>	<u>\$ 8,741</u>

The Group 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) Loans to related parties:

(i)Ending balance of accounts receivable - related parties

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
— Associates			
Formosa Group (Cayman) Corp.	\$ 4,259,500	\$ 8,006,500	\$ 8,006,500
Formosa Heavy Industries Corp.	1,800,000	1,000,000	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	2,191,728	1,163,291	563,640
Others	<u>260,000</u>	<u>490,000</u>	<u>460,000</u>
	<u>8,511,228</u>	<u>10,659,791</u>	<u>9,030,140</u>
— Other related parties			
Nan Ya Technology Corp.	-	1,500,000	4,500,000
Formosa Plastics Marine Co., Ltd.	3,943,790	3,680,924	3,710,664
Formosa Ha Tinh (Cayman) Co., Ltd.	3,002,600	3,960,345	-
Others	<u>-</u>	<u>40,000</u>	<u>80,000</u>
	<u>6,946,390</u>	<u>9,181,269</u>	<u>8,290,664</u>
	<u>\$ 15,457,618</u>	<u>\$ 19,841,060</u>	<u>\$ 17,320,804</u>

## (ii)Interest income

	For the three-month periods ended September 30,	
	2017	2016
— Associates		
Formosa Group (Cayman) Corp.	\$ 329	\$ 17,446
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	15,516	-
Formosa Heavy Industries Corp.	3,937	-
Others	7,481	4,097
	<u>27,263</u>	<u>21,543</u>
— Other related parties		
Nan Ya Technology Corp.	-	15,921
Formosa Plastics Marine Co., Ltd.	13,028	13,041
Others	2,316	134
	<u>15,344</u>	<u>29,096</u>
	<u>\$ 42,607</u>	<u>\$ 50,639</u>
	For the nine-month periods ended September 30,	
	2017	2016
— Associates		
Formosa Group (Cayman) Corp.	\$ 16,712	\$ 17,446
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	33,885	-
Formosa Heavy Industries Corp.	7,521	-
Others	10,193	7,446
	<u>68,311</u>	<u>24,892</u>
— Other related parties		
Nan Ya Technology Corp.	1,999	49,806
Formosa Plastics Marine Co., Ltd.	38,256	36,424
Formosa Ha Tinh (Cayman) Co.,Ltd.	10,875	-
Others	171	3,578
	<u>51,301</u>	<u>89,808</u>
	<u>\$ 119,612</u>	<u>\$ 114,700</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan is made; interest was collected at 1.41%~3.48% and 1.41%~3.05% per annum

for the nine-month periods ended September 30, 2017 and 2016, respectively.

(b) Loans from related parties:

(i) Ending balance of payables to related parties

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
— Associates	\$ 207,900	\$ 15,600	\$ 26,200
— Other related parties	-	41,878	-
	<u>\$ 207,900</u>	<u>\$ 57,478</u>	<u>\$ 26,200</u>

(ii) Interest expense

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
— Associates	\$ 529	\$ 136
— Other related parties	3	-
	<u>\$ 532</u>	<u>\$ 136</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
— Associates	\$ 912	\$ 539
— Other related parties	619	2,597
	<u>\$ 1,531</u>	<u>\$ 3,136</u>

The loan terms from associates are in accordance with the contract's repayment schedule after the loan is made; interest is paid at a rate of 1.41% and 1.41%~3.92% per annum for the nine-month periods ended September 30, 2017 and 2016, respectively.

G. Receivables for payment on behalf of others

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
— Other related parties	\$ -	\$ 164,332	\$ 164,832

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

H. Operating expenses

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 305,897	\$ 167,774
Formosa Plastics Transport (Ningbo) Corp.	390,679	164,435
Others	-	51,483
	<u>\$ 696,576</u>	<u>\$ 383,692</u>

	For the nine-month periods ended September 30,	
	2017	2016
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 913,322	\$ 533,646
Formosa Plastics Transport (Ningbo) Corp.	635,316	523,505
Others	-	144,370
	<u>\$ 1,548,638</u>	<u>\$ 1,201,521</u>

#### I. Rental revenue

	For the three-month periods ended September 30,	
	2017	2016
— Associates		
Formosa Petrochemical Corp.	\$ 5,036	\$ 5,036
Others	3,092	3,126
	<u>8,128</u>	<u>8,162</u>
— Other related parties		
Nan Ya Plastics Corp.	6,362	6,371
Formosa Plastics Building Parking Lot	3,837	3,916
Formosa Network Technology Corp.	3,850	3,850
Others	7,821	7,860
	<u>21,870</u>	<u>21,997</u>
	<u>\$ 29,998</u>	<u>\$ 30,159</u>
	For the nine-month periods ended September 30,	
	2017	2016
— Associates		
Formosa Petrochemical Corp.	\$ 15,108	\$ 15,108
Others	9,277	9,874
	<u>24,385</u>	<u>24,982</u>
— Other related parties		
Nan Ya Plastics Corp.	19,621	19,245
Formosa Plastics Building Parking Lot	11,510	11,747
Formosa Network Technology Corp.	11,550	11,550
Others	23,445	23,996
	<u>66,126</u>	<u>66,538</u>
	<u>\$ 90,511</u>	<u>\$ 91,520</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) Acquisition of property, plant and equipment

	<u>For the three-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of property, plant and equipment		
— Associates	<u>\$ 53,610</u>	<u>\$ 39,877</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of property, plant and equipment		
— Associates	\$ 77,100	\$ 208,567
— Other related parties	108	34
	<u>\$ 77,208</u>	<u>\$ 208,601</u>

(b) Acquisition of financial assets

				<u>Three-month period ended September 30, 2017</u>
	<u>Items</u>	<u>Number of shares</u>	<u>Name of the securities</u>	<u>Acquisition cost</u>
— Associates	Financial assets measured at cost	75,471,717	Formosa Ha Tinh (Cayman) Limited	<u>\$ 2,322,552</u>
				<u>Nine-month period ended September 30, 2017</u>
	<u>Items</u>	<u>Number of shares</u>	<u>Name of the securities</u>	<u>Acquisition cost</u>
— Associates	Investments accounted for using equity method	168,344,000	Formosa Resources Corp.	\$ 1,683,440
— Other related parties	Financial assets measured at cost	75,471,717	Formosa Ha Tinh (Cayman) Limited	<u>2,322,552</u>
				<u>\$ 4,005,992</u>

For the three-month period ended September 30, 2016: None.

			Nine-month period ended September 30, 2016	
	Items	Number of shares	Name of the securities	Acquisition cost
— Associates	Investments accounted for using equity method	8,500,000	Formosa Construction Corp.	\$ 85,000
— Other related parties	Financial assets measured at cost	508,236,725	Formosa Ha Tinh (Cayman) Limited	16,084,840
— Other related parties	Available-for-sale financial assets	15,297,204	Nan Ya Technology Corp.	
				558,348
				<u>\$ 16,728,188</u>

(c) Disposal of financial assets

For the three-month periods ended September 30, 2017 and 2016: None.

For the nine-month period ended September 30, 2017: None.

			Nine-month period ended September 30, 2016		
	Items	Number of shares	Name of the securities	Disposal proceeds	Gain (loss) on disposal
Formosa Group Investment Corp. (Cayman)	Investments accounted for using equity method	508,249,225	Formosa Group Investment Corp. (Cayman) (Note)	\$ 16,085,211	\$ -

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

K. Details of affiliates endorsed/guaranteed for the Group's borrowings are provided in Note 6(13).

(3) Key management compensation

	For the three-month periods ended September 30,	
	2017	2016
Salaries	\$ 16,721	\$ 14,714
Post-employment benefits	441	452
	<u>\$ 17,162</u>	<u>\$ 15,166</u>
	For the nine-month periods ended September 30,	
	2017	2016
Salaries	\$ 85,759	\$ 78,599
Post-employment benefits	1,351	1,363
	<u>\$ 87,110</u>	<u>\$ 79,962</u>

## 8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2017	December 31, 2016	September 30, 2016	
Long-term equity investments accounted for under the equity method	\$ -	\$ -	\$ 12,875,116	Collateral for bank loans
Property, plant and equipment	6,547,443	6,594,298	6,865,834	Collateral for bank loans Limited transfer for land tax reassessment and collateral
Inventory	21,264	21,264	21,264	
	<u>\$ 6,568,707</u>	<u>\$ 6,615,562</u>	<u>\$ 19,762,214</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The details of commitments and contingencies as of September 30, 2017 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet paid amounted to \$5,823,186 thousand, RMB 287,916 thousand and VND 407,287,246 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 29,733 thousand, JPY 3,592 thousand and EUR 2,766 thousand.
- (3) The provision of endorsements and guarantees to others are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Formosa Industries Corp.	\$ 4,973,308	\$ 5,297,258	\$ 5,147,427
Formosa Resources Corp.	3,257,788	-	-
Formosa Group (Cayman) Corp.	25,380,438	33,247,370	34,620,223
Formosa Ha Tinh (Cayman) Corp.	15,644,565	14,380,788	9,385,571
Formosa Taffeta (Zhong Shan) Co., Ltd.	317,730	564,375	674,240
Formosa Taffeta (Vietnam) Co., Ltd.	79,892	86,251	51,031
Formosa Taffeta (Changshu) Co., Ltd.	311,678	407,382	448,448
Formosa Taffeta (Dong Nai) Co., Ltd.	2,509,181	2,405,391	2,311,145
Public More Internation Co., Ltd.	3,000	-	-
	<u>\$ 52,477,580</u>	<u>\$ 56,388,815</u>	<u>\$ 52,638,085</u>

- (4) The promissory notes issued for others are as follows:

- A. Beginning in 2013, the Group's investment accounted for using equity method, Formosa Synthetic Rubber Corp. (Ningbo), entered into a syndicated loan contract with the syndicated banking group including Hua Nan Bank, arranging the credit facilities of USD130 million and RMB300 million to meet the operation needs. The Company is required to issue a promissory note equivalent to the shareholding ratio of 33.33% and is obliged to facilitate the repayment for the borrower whenever necessary.
- B. Beginning in 2012, the Group's consolidated entity, Formosa Phenol (Ningbo) Limited Co., entered into a syndicated loan contract with the syndicated banking group including Mega

International Commercial Bank, Taiwan Cooperative Bank and Bank of Taiwan, arranging the credit facilities of USD244 million and RMB310 million to meet the capital needs of building the plant. The Company is required to issue a promissory note and is obliged to facilitate the repayment of the borrower whenever necessary.

C. The Company's indirect investee, Formosa Ha Tinh (Cayman) Limited Co., was provided a bank loan facility of USD835 million to meet the operation needs. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower has fulfilled its obligation for repayment.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's indirect investee, Formosa Ha Tinh (Cayman) Limited Co., was provided a short-term bank loan facility of USD75 million to meet the operation needs. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower has fulfilled its obligation for repayment.

#### 12. OTHERS

##### (1) Litigation

The Company's operating permit and bituminous coal usage permit for co-generation equipment, M16, M17 and M22, have expired on September 28, 2016. The Company has applied for permit extension in June, 2016, however, after months of investigation and review, the Changhua County Government stated that improvements were not satisfied and decided to revoke the extension application on September 29, 2016. The Company filed a suspension application with Taichung High Administrative Court on September 30, 2016 and asked for continued operations until judgment on the administrative lawsuit has been rendered. Meanwhile, the Company filed an administrative appeal with the Executive Yuan.

Under the Taichung High Administrative Court judgement, the suspension application filed regarding discontinued operations of M16, M17 and M22 had been denied. The loss or dangerous status of discontinued operation of co-generation equipment claimed by the Company was considered 'possible' but not 'certain' before November 1, 2016, and the discontinued operation has not resulted in plant shutdown and industry safety hazard.

The Company filed an appeal with the EPA on the case mentioned above on October 7, 2016. The EPA decided to revoke the original administrative action, ordered the original authority to make another action in accordance with appropriate regulations, and dismissed the administrative action for extension approval which was based on initial content of license. Accordingly, the Company reapplied for an extension of the three related licenses of Changhua plant with the Changhua City Government, and submitted the opinion on the review of the original administrative action. As of November 9, 2017, the Changhua City Government has not replied yet.

The Company's Changhua plant was forced to shut down and consequently, incurred losses due to

the lack of vapor power. The Company will explore all available legal remedies in filing a claim for indemnity and protect stockholders' and the Company's interest.

Because of the Changhua plant shutdown, the Company assessed that part of idle production equipment may not be recoverable. Accordingly, the Company recognized impairment loss on property, plant and equipment amounting to \$466,785 for the year ended December 31, 2016.

On October 2, 2017, Economic Daily News and other mass media reported that the Company did not fulfill the environmental impact assessment commitments. However, the coal-fired boiler of the Company's Changhua plant has been working under the coal use permit and operation license, which were both approved by Changhua County Government. All the emission degree from coal-fired boiler are better than the environmental impact assessment standards and national standards. The central and local competent authority have inspected and audited for many times and found no violation of environmental impact assessment. As of November 9, 2017, the Company has not received written sanction.

## (2) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 September 30, 2017, December 31, 2016 and September 30, 2016 were as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Total borrowings	\$ 110,549,912	\$ 120,427,336	\$ 119,487,694
Less: cash and cash equivalents	( 25,902,170)	( 30,391,911)	( 28,039,964)
Net debt	84,647,742	90,035,425	91,447,730
Total equity	<u>400,973,038</u>	<u>379,640,412</u>	<u>346,893,610</u>
Total capital	<u>\$ 485,620,780</u>	<u>\$ 469,675,837</u>	<u>\$ 438,341,340</u>
Gearing ratio	17%	19%	21%

## (3) Financial instruments

### A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Group'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(4).

#### B. Financial risk management policies

(a)The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(11)).

(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 Group'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 Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. 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 Group hedges its entire foreign exchange risk exposure. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group uses forward foreign exchange contracts.

iii.The Group hedges recognized assets or liabilities denominated in foreign currencies or highly expectable transactions by utilizing 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 Group also monitors the changes in the exchange rate and sets stop loss points to lower the risk from exchange rate.

iv.The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, VND and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate

fluctuations is as follows:

				September 30, 2017		
				Foreign Currency		
				<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	666,466		30.31	\$	20,200,584
JPY : NTD		574,078		0.27		155,001
<u>Non-monetary items</u>						
RMB : NTD	\$	8,461,112		4.57	\$	38,667,282
USD : NTD		572,423		30.31		17,350,141
VND : NTD		7,362,142,489		0.0013		9,570,785
JPY : NTD		39,942		0.27		10,784
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$	42,369		30.31	\$	1,284,204
JPY : NTD		327,067		0.27		88,308
USD : RMB		410,984		30.31		12,456,925
USD : VND		247,000		30.31		7,486,570
				December 31, 2016		
				Foreign Currency		
				<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	486,040		32.28	\$	15,689,371
JPY : NTD		574,020		0.28		160,726
<u>Non-monetary items</u>						
RMB : NTD	\$	6,644,783		4.65	\$	30,898,241
USD : NTD		518,328		32.28		16,731,628
VND : NTD		7,791,363,252		0.0014		10,907,909
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$	59,914		32.28	\$	1,934,024
JPY : NTD		350,755		0.28		98,211
USD : RMB		380,661		32.28		12,287,737
USD : VND		285,000		32.28		9,199,800

September 30, 2016

	Foreign Currency		
	<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 497,056	31.37	\$ 15,592,647
JPY : NTD	301,360	0.31	93,422
<u>Non-monetary items</u>			
RMB : NTD	\$ 6,585,586	4.70	\$ 30,952,254
USD : NTD	488,621	31.37	15,328,041
VND : NTD	7,682,654,596	0.0014	10,755,716
JPY : NTD	144,891	0.31	44,916
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 67,378	31.37	\$ 2,113,648
JPY : NTD	498,952	0.31	154,675
USD : RMB	1,583,259	31.37	49,666,835
USD : VND	285,000	31.37	8,940,450

v.Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2017 and 2016 amounted to \$293,478, (\$1,132,060), (\$1,313,077) and (\$2,271,693), respectively.

vi.Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine-month period ended September 30, 2017

Sensitivity analysis

	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 202,006	\$ -
JPY : NTD	1%	1,550	-
<u>Non-monetary items</u>			
RMB : NTD	1%	\$ -	\$ 386,673
USD : NTD	1%	-	173,501
VND : NTD	1%	-	95,708
JPY : NTD	1%	-	108
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 12,842	\$ -
JPY : NTD	1%	883	-
USD : RMB	1%	124,569	-
USD : VND	1%	74,866	-

Nine-month period ended September 30, 2016

Sensitivity analysis				
<u>Degree of variation</u>		<u>Effect on profit or loss</u>		<u>Effect on other comprehensive income</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 155,926	\$	-
JPY : NTD	1%	934		-
<u>Non-monetary items</u>				
RMB : NTD	1%	-	\$	309,523
USD : NTD	1%	-		153,280
VND : NTD	1%	-		107,557
USD : NTD	1%	-		450
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 21,136	\$	-
JPY : NTD	1%	1,547		-
USD : RMB	1%	496,668		-
USD : VND	1%	89,405		-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group'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 nine-month periods ended September 30, 2017 and 2016 would have increased/decreased by \$1,549,407 and \$1,197,837, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group 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 Group to fair value interest rate risk. During the nine-month periods ended September

30, 2017 and 2016, the Group's borrowings at variable rate were denominated in the NTD and USD.

- ii. At September 30, 2017 and 2016, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2017 and 2016 would have been \$324,849 and \$374,168 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group 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 Group 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 Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group'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 Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group'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 Group treasury. Group 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 Group'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>September 30, 2017</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	\$ 28,482,016	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,679,521	-	-	-
Notes payable (including related parties)	198,124	-	-	-
Accounts payable (including related parties)	18,344,218	-	-	-
Other payables (including related parties)	10,890,959	-	-	-
Bonds payable	5,250,000	6,200,000	9,250,000	20,550,000
Long-term borrowings	7,070,122	22,165,654	9,902,599	-
<u>December 31, 2016</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	\$ 26,146,750	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,499,464	-	-	-
Notes payable (including related parties)	196,870	-	-	-
Accounts payable (including related parties)	21,911,494	-	-	-
Other payables (including related parties)	8,444,530	-	-	-
Bonds payable	6,750,000	5,700,000	8,950,000	25,100,000
Long-term borrowings	7,666,502	21,089,630	17,524,990	-

<u>September 30, 2016</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	\$ 22,607,585	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,799,654	-	-	-
Notes payable (including related parties)	154,970	-	-	-
Accounts payable (including related parties)	19,342,331	-	-	-
Other payables (including related parties)	8,220,126	-	-	-
Bonds payable	8,750,000	5,250,000	10,900,000	25,100,000
Long-term borrowings	5,403,027	19,807,321	19,870,107	-

Derivative financial liabilities:

<u>September 30, 2017</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>
Forward exchange contracts	\$ -	\$ -	\$ -	\$ -

<u>December 31, 2016</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>
Forward exchange contracts	\$ 1,381	\$ -	\$ -	\$ -

<u>September 30, 2016</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>
Forward exchange contracts	\$ 388	\$ -	\$ -	\$ -

iv. The Group 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.

(4) Fair value estimation

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(3) 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

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

C. The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2017, December 31, 2016 and September 30, 2016:

<u>September 30, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,244	\$ -	\$ 1,244
Beneficiary certificate	629,315	-	-	629,315
Available-for-sale financial assets				
Equity securities	150,377,338	4,514,470	-	154,891,808
Fund	-	4,624,778	-	4,624,778
	<u>\$ 151,006,653</u>	<u>\$ 9,140,492</u>	<u>\$ -</u>	<u>\$ 160,147,145</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 66	\$ -	\$ 66
Beneficiary certificate	627,555	-	-	627,555
Available-for-sale financial assets				
Equity securities	135,122,609	3,162,625	-	138,285,234
Fund	-	4,874,052	-	4,874,052
	<u>\$ 135,750,164</u>	<u>\$ 8,036,743</u>	<u>\$ -</u>	<u>\$ 143,786,907</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,381	\$ -	\$ 1,381

<u>September 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 411	\$ -	\$ 411
Beneficiary certificate	627,129	-	-	627,129
Available-for-sale financial assets				
Equity securities	115,420,304	2,293,555	-	117,713,859
Fund	-	4,724,024	-	4,724,024
	<u>\$ 116,047,433</u>	<u>\$ 7,017,990</u>	<u>\$ -</u>	<u>\$ 123,065,423</u>
<u>Liabilities:</u>				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ 388</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

(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 Group 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 valuation of derivative financial instruments is based on valuation model widely accepted

by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group'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 Group'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.

(f) The Group 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 Group's credit quality.

E. For the nine-month periods ended September 30, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. For the nine-month periods ended September 30, 2017 and 2016, 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: Please refer to table 5.

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 6.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and (11); 12(3) and (4).

J. Significant intragroup transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

The Group's reportable segments are strategic business units and provide different products and services. Strategic business units are separately managed because each unit needs different techniques and marketing strategies. The Group's reportable segments are as follows:

1st Petrochemical Div: responsible for production of benzene, p-xylene and o-xylene.

2nd Petrochemical Div: responsible for production of styrene, synthetic phenolic and acetone.

3rd Petrochemical Div and Formosa Chemicals Industries (Ningbo) Limited Co.: responsible for production of purified terephthalic acid.

Plastics Division, Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa PS (Ningbo) Co., Ltd.: responsible for production of ABS resin, polypropylene and PS.

Formosa Taffeta Co., Ltd.: responsible for production of blended fabric, spun fabric, cross-woven fabric, polyamine and polyester fabric, epidemic fabric, designer sportswear fabric, high-tech and function fabric, tire cord fabric, pure cotton yarn, blended yarn, various functional yarn, fireproof fabric, anti-static cloth and industrial fabric, and operation of petrol stations to sell petroleum, diesel fuel, kerosene and small package of petroleum products and provide car wash services.

Formosa Advanced Technologies Co.: responsible for IC packaging, testing and production of memory module.

(2) Measurement of segment information

The Group has not yet amortized tax expenses or non-recurring gains and losses to reportable segments. Furthermore, not all reportable segments' profit or loss include significant non-cash items besides depreciation and amortization. Reporting amount and reports for operating decision-maker are the same.

The Group's operating segment profit or loss is measured based on operating income before tax for performance assessment basis. The Group considers the sale and transfer among segments as transactions with third parties and measured at market price.

(3) Information about segment profit or loss, assets and liabilities

For the nine-month period ended September 30, 2017

	1st		2nd		3rd		Other divisions	Reconciliation and offset	Total
	Petrochemical Div	Petrochemical Div	Petrochemical Div and Formosa Chemical Industries	Plastics Division, Formosa ABS Co., Ltd. and Formosa PS	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.			
External revenue	\$ 36,656,263	\$ 31,331,377	\$ 46,156,712	\$ 79,229,316	\$ 19,169,705	\$ 5,978,529	\$ 41,107,947	\$ -	\$ 259,629,849
Internal revenue	50,590,856	23,203,261	1,805,573	9,586,701	220,882	-	10,298,829	( 95,706,102)	-
Total revenue	<u>\$ 87,247,119</u>	<u>\$ 54,534,638</u>	<u>\$ 47,962,285</u>	<u>\$ 88,816,017</u>	<u>\$ 19,390,587</u>	<u>\$ 5,978,529</u>	<u>\$ 51,406,776</u>	<u>(\$ 95,706,102)</u>	<u>\$ 259,629,849</u>
Segment profit (loss)	<u>\$ 7,830,005</u>	<u>\$ 3,733,547</u>	<u>\$ 4,297,059</u>	<u>\$ 7,580,528</u>	<u>\$ 3,989,094</u>	<u>\$ 1,129,924</u>	<u>\$ 24,105,800</u>	<u>(\$ 5,250,857)</u>	<u>\$ 47,415,100</u>
Total assets of segments	<u>\$ 38,678,367</u>	<u>\$ 34,204,959</u>	<u>\$ 37,102,118</u>	<u>\$ 46,282,723</u>	<u>\$ 82,085,650</u>	<u>\$ 11,625,329</u>	<u>\$ 415,799,700</u>	<u>(\$ 110,897,030)</u>	<u>\$ 554,881,816</u>

For the nine-month period ended September 30, 2016

	1st		2nd		3rd		Other divisions	Reconciliation and offset	Total
	Petrochemical Div	Petrochemical Div	Petrochemical Div and Formosa Chemical Industries	Plastics Division, Formosa ABS Co., Ltd. and Formosa PS	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.			
External revenue	\$ 29,125,142	\$ 31,752,381	\$ 39,681,315	\$ 67,749,823	\$ 17,227,913	\$ 6,410,042	\$ 45,066,905	\$ -	\$ 237,013,521
Internal revenue	48,729,666	24,683,741	1,788,739	8,029,003	1,337,718	-	10,451,966	( 95,020,833)	-
Total revenue	<u>\$ 77,854,808</u>	<u>\$ 56,436,122</u>	<u>\$ 41,470,054</u>	<u>\$ 75,778,826</u>	<u>\$ 18,565,631</u>	<u>\$ 6,410,042</u>	<u>\$ 55,518,871</u>	<u>(\$ 95,020,833)</u>	<u>\$ 237,013,521</u>
Segment profit (loss)	<u>\$ 6,496,282</u>	<u>\$ 6,501,004</u>	<u>(\$ 111,183)</u>	<u>\$ 5,926,924</u>	<u>\$ 3,364,546</u>	<u>\$ 921,695</u>	<u>\$ 23,446,598</u>	<u>(\$ 3,251,114)</u>	<u>\$ 43,294,752</u>
Total assets of segments	<u>\$ 38,026,897</u>	<u>\$ 33,074,864</u>	<u>\$ 34,598,006</u>	<u>\$ 44,387,767</u>	<u>\$ 75,196,585</u>	<u>\$ 10,819,527</u>	<u>\$ 372,273,299</u>	<u>(\$ 98,925,720)</u>	<u>\$ 509,451,225</u>

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement.

## Formosa Chemicals and Fibre Corporation and subsidiaries

## Loans to others

For the nine-month period ended September 30, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period 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
					September 30, 2017 (Note 3)	September 30, 2017 (Note 8)							Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 7,000,000	\$ 6,000,000	\$ -	1.41	1	2	Additional operating capital	\$ -	-	\$ -	\$ 85,819,566	\$ 171,639,132	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.41	1	2	Additional operating capital	-	-	-	85,819,566	171,639,132	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	7,000,000	6,000,000	-	1.41	1	2	Additional operating capital	-	-	-	85,819,566	171,639,132	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	10,800,000	7,800,000	1,800,000	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	5,482,846	5,453,790	3,943,790	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	1,500,000	1,500,000	-	1.41	1	2	Additional operating capital	-	-	-	85,819,566	171,639,132	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	2,000	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period 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
					September 30, 2017 (Note 3)	September 30, 2017 (Note 8)							Item	Value			
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	\$ 1,600,000	\$ 1,600,000	\$ 275,700	1.41	2	1	Additional operating capital	\$ -	-	\$ -	\$ 68,655,653	\$ 137,311,306	-
0	The Company	Formosa Group (Cayman) Limited	Other receivables-related parties	Yes	8,006,500	4,259,500	4,259,500	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	17,000,000	6,000,000	-	1.41	1	2	Additional operating capital	-	-	-	85,819,566	171,639,132	-
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	900,000	-	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	460,000	260,000	260,000	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Mai-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	40,000	-	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	30,000	-	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	7,023,483	3,002,600	3,002,600	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-
0	The Company	Mai-Liao Power Corp.	Other receivables-related parties	Yes	1,200,000	1,200,000	-	1.41	2	1	Additional operating capital	-	-	-	68,655,653	137,311,306	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period 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
					September 30, 2017 (Note 3)	September 30, 2017 (Note 8)							Item	Value			
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	\$ 15,000	\$ 15,000	\$ 15,000	1.41	2	1	Additional operating capital	\$ -	-	\$ -	\$ 777,390	\$ 1,943,475	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	2,686,635	1,999,952	1,999,952	3.05-3.48	2	1	Additional operating capital	-	-	-	5,334,343	13,335,858	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	749,841	127,851	127,851	3.05-3.48	2	1	Additional operating capital	-	-	-	5,334,343	13,335,858	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber (Ningbo) Limited Co.	Receivables from related party	Yes	2,191,728	2,191,728	2,191,728	3.05-3.48	2	1	Additional operating capital	-	-	-	5,334,343	13,335,858	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	910,158	214,607	214,607	3.05-3.48	2	1	Additional operating capital	-	-	-	5,334,343	13,335,858	-
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	182,644	182,644	182,644	3.48	2	1	Additional operating capital	-	-	-	3,943,473	9,858,682	-
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	1,518,228	1,518,228	1,518,228	3.48	2	1	Additional operating capital	-	-	-	3,943,473	9,858,682	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period 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
					September 30, 2017 (Note 3)	September 30, 2017 (Note 8)							Item	Value			
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 210,321	\$ -	\$ -	3.48	2	1	Additional operating capital	\$ -	-	\$ -	\$ 3,943,473	\$ 9,858,682	-

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 nine-month period ended September 30, 2017

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 : Provided that loans to others are for necessary short-term financing by nature, shall specifically note necessary reasons for the loans and purposes of the borrowers, for example, repayment of loans, acquisition of equipment, and financing for operation, etc.

Note 7 : 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 8 : 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 nine-month period ended September 30, 2017

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

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 September 30, 2017 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2017	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	\$ 14,554,881	\$ 5,146,443	\$ 4,973,308	\$ 4,973,308	\$ -	1.45	\$ 446,261,744	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	223,130,872	32,300,800	25,380,438	25,380,438	-	7.39	446,261,744	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	223,130,872	15,694,038	15,694,038	11,709,900	-	4.57	446,261,744	N	N	N	-
0	The Company	Formosa Resources Corporation	6	223,130,872	3,271,870	3,257,788	3,257,788	-	0.95	446,261,744	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	42,902,295	1,410,525	1,301,180	317,730	-	1.97	85,804,590	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	42,902,295	1,567,250	1,513,000	79,892	-	2.29	85,804,590	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	3	42,902,295	2,037,425	1,966,900	311,678	-	2.98	85,804,590	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	42,902,295	4,599,520	4,599,520	2,509,181	-	6.97	85,804,590	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Co., Ltd.	6	42,902,295	5,273,383	5,273,383	3,934,665	-	7.99	85,804,590	N	N	N	-
2	Formosa Development Co., Ltd.	Public More Internation Company Co., Ltd.	3	179,056	3,000	3,000	3,000	-	1.09	358,113	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 nine-month period ended September 30, 2017

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	Other related parties	Available-for-sale financial assets - current	486,978,692	\$ 44,704,644	7.65	\$ 44,704,644	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related parties	Available-for-sale financial assets - current	63,621,500	3,901,270	14.97	3,901,270	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related parties	Available-for-sale financial assets - current	413,327,750	30,999,581	5.21	30,999,581	-
The Company	Stocks_Nan Ya Technology Corp.	Other related parties	Available-for-sale financial assets - current	364,815,409	31,483,570	13.26	31,483,570	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	15,498,339	278,195	3.16	278,195	-
The Company	Mega Private US Dollar Money Market Funds	-	Available-for-sale financial assets - current	14,977,992	4,624,778	-	4,624,778	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	Other related parties	Financial assets measured at cost - noncurrent	39,562,740	539,260	17.98	539,260	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	Other related parties	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	13,533,879	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.	Other related parties	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	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related parties	Financial assets measured at cost - noncurrent	355,880	1,750	18.22	1,750	-
The Company	Stocks_Formosa Development Corp.	Other related parties	Financial assets measured at cost - noncurrent	14,672,636	90,010	17.32	90,010	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets measured at cost - noncurrent	2,925,000	\$ 13,331	12.50	\$ 13,331	-
The Company	Stocks_Formosa Plastics Marine Corp.	Other related parties	Financial assets measured at cost - noncurrent	2,428,500	15,000	15.00	15,000	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	Other related parties	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	1.97	25,000	-
FCFC International (Cayman) Limited	Stocks_Formosa Ha Tinh(Cayman) Limited	Other related parties	Financial assets measured at cost - noncurrent	564,707,472	15,920,554	11.43	15,920,554	-
Tah Shin Spinning Corp.	Stocks_Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	6,367	549	-	549	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	16,351	0.18	16,351	-
Formosa Biomedical Technology Corp.	Stocks_Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	3,000	149	0.01	149	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Energy & Material Technology Corp.	Other related parties	Financial assets measured at cost - noncurrent	5,300,000	53,000	15.14	53,000	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets measured at cost - noncurrent	471,120	2,582	2.01	2,582	-
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.	Other related parties	Financial assets measured at cost - noncurrent	423,720	8,400	0.46	8,400	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,179,750	613,159	12.63	613,159	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets measured at cost - noncurrent	26,850,922	667,608	18.99	667,608	-
Hong Jing Resources Corp.	Stocks_Bemjhou Technology Corp.	-	Financial assets measured at cost - noncurrent	200,000	2,000	8.33	2,000	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Parent company	Available-for-sale financial assets - current	12,169,610	\$ 1,120,821	0.21	\$ 1,120,821	-
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.	Other related parties	Available-for-sale financial assets - current	640	59	-	59	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Available-for-sale financial assets - current	482,194	36,164	0.01	36,164	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Other related parties	Available-for-sale financial assets - current	10,000,000	613,200	2.35	613,200	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related parties	Available-for-sale financial assets - noncurrent	15,421,010	1,330,833	0.56	1,330,833	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related parties	Available-for-sale financial assets - noncurrent	365,267,576	38,718,363	3.83	38,718,363	-
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.	Other related parties	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	644,230	3,100	1.20	3,100	-
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	1,926,759	263	3.17	263	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Optical Corp.	Other related parties	Financial assets measured at cost - noncurrent	4,261,443	58,345	9.53	58,345	-
Formosa Taffeta (Cayman) Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets measured at cost - noncurrent	190,009,706	5,574,434	3.85	5,574,434	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Parent company	Available-for-sale financial assets - noncurrent	2,293,228	70,517	0.14	70,517	-
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Stocks_Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	137	0.11	137	-

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of September 30, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Plastics Corp.	Other related parties	Available-for-sale financial assets - current	146,388	\$ 13,439	-	\$ 13,439	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Available-for-sale financial assets - current	312,512	23,438	-	23,438	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Ultimate parent company	Available-for-sale financial assets - current	13,887,000	1,278,993	0.24	1,278,993	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related parties	Available-for-sale financial assets - current	574,000	60,844	0.01	60,844	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related parties	Available-for-sale financial assets - noncurrent	10,510,215	907,032	0.38	907,032	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Optical Corp.	Other related parties	Financial assets measured at cost - noncurrent	2,130,721	29,172	4.77	29,172	-
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	25,512,583	375,339	-	375,339	-
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	253,976	-	253,976	-

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 (15).

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 nine-month period ended September 30, 2017

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, 2017		Addition (Note 3)		Disposal (Note 3)			Balance as at September 30, 2017		
					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 Resource Corp.	Investments accounted for under equity method	Formosa Resource Corp.	-	416,250,000	\$ 4,159,625	168,344,000	\$ 1,683,440	-	\$ -	\$ -	\$ -	584,594,000	\$ 5,593,661
The Company	Franklin Templeton Sinoam Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	29,259,443	300,000	29,259,443	300,056	300,000	56	-	-
The Company	Capital Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	31,228,335	500,000	31,228,335	500,084	500,000	84	-	-
The Company	Fubon Chi-Hsiang Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	64,217,415	1,000,000	64,217,415	1,000,161	1,000,000	161	-	-
The Company	Jih Sun Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	54,423,250	800,000	54,423,250	800,141	800,000	141	-	-
The Company	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	39,899,984	600,000	39,899,984	600,060	600,000	60	-	-
FCFC International (Cayman) Limited	Formosa Ha Tinh (Cayman) Limited	Financial assets measured at cost - noncurrent	-	-	508,236,725	15,132,580	56,470,747	1,738,438	-	-	-	-	564,707,472	15,920,554
Formosa Advanced Technologies Co., Ltd.	Formosa Chemicals & Fibre Corp.	Available-for-sale financial assets - current	-	-	7,316,000	704,531	6,571,000	601,325	-	-	-	-	13,887,000	1,278,993
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Available-for-sale financial assets - current	-	-	15,041,215	726,491	-	-	4,531,000	328,854	166,287	162,567	10,510,215	907,032
Formosa Taffeta (Cayman) Co., Ltd.	Formosa Ha Tinh (Cayman) Limited	Financial assets measured at cost - noncurrent	-	-	171,008,736	5,316,710	19,000,970	587,072	-	-	-	-	190,009,706	5,574,434

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 NTS10 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  
Disposal of real estate reaching \$300 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2017

Table 5 Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
The Company	25 lands No. 269 and etc. in Shinfang section, Xinyuan Township, Pingtung County	2017/3/17	1980/12/1	\$ 41,652	\$ 830,541	Completed	\$ 788,889	Ming Dih Industry Co., Ltd.	-	Disposal of idle land	Taiwan Dawa Real Estate Appraisers Firm valuated at \$881,436; Cushman & Wakefield valuated at \$888,714.	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the 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 shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

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 nine-month period ended September 30, 2017

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote (Note 1)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
The Company	Formosa Plastics Corp.	Other related parties	Sales	(\$ 1,820,159)	( 1)	30 days	\$ -	-	\$ 253,019	1	-
The Company	Nan Ya Plastics Corp.	Other related parties	Sales	( 19,688,289)	( 12)	30 days	-	-	2,055,979	10	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	( 1,298,679)	( 1)	60 days	-	-	Notes receivable 167,880 Accounts receivable 275,752	31 1	- -
The Company	Formosa Petrochemical Corp.	Associates	Sales	( 16,242,474)	( 10)	30 days	-	-	2,073,460	10	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Subsidiary	Sales	( 2,490,009)	( 1)	90 days	-	-	615,875	3	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary	Sales	( 13,798,804)	( 8)	90 days	-	-	5,786,981	28	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Subsidiary	Sales	( 4,293,568)	( 3)	90 days	-	-	1,748,582	8	-
The Company	Formosa Phenol (Ningbo) Limited Co.	Subsidiary	Sales	( 1,413,395)	( 1)	90 days	-	-	126,887	1	-
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Sales	( 1,435,805)	( 1)	30 days	-	-	274,050	1	-
The Company	PFG Fiber Glass Corp.	Other related parties	Sales	( 337,429)	-	30 days	-	-	47,981	-	-
The Company	Nan Ya Plastics Corp., U.S.A.	Other related parties	Sales	( 246,837)	-	30 days	-	-	69,429	-	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	( 8,347,946)	( 5)	30 days	-	-	266,448	1	-
The Company	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	( 230,211)	-	30 days	-	-	47,791	-	-
The Company	Formosa Taffeta (Dong Nai) Corp.	Subsidiary	Sales	( 175,772)	-	60 days	-	-	43,491	-	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote (Note 1)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corp.	Other related parties	Purchases	\$ 4,519,180	4	30 days	\$ -	-	(\$ 467,934)	(3)	-
The Company	Nan Ya Plastics Corp.	Other related parties	Purchases	4,921,552	4	30 days	-	-	( 82,167)	(1)	-
The Company	Formosa Petrochemical Corp.	Associates	Purchases	83,910,894	66	30 days	-	-	( 10,265,150)	(73)	-
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Purchases	247,259	-	30 days	-	-	( 21,168)	-	-
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	( 823,182)	(24)	30 days	-	-	63,993	15	-
Formosa BP Chemicals Corp.	Nan Ya Plastics Corp.	Other related parties	Sales	( 192,731)	(6)	30 days	-	-	8,971	2	-
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Sales	( 370,084)	(11)	30 days	-	-	6,770	2	-
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Purchases	1,320,456	54	45 days	-	-	( 63,709)	(61)	-
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Associates	Sales	( 579,344)	(11)	30 days	-	-	73,136	11	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	Sales	( 1,086,888)	(21)	30 days	-	-	133,456	20	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Co., Ltd.	Associates	Sales	( 645,182)	(12)	30 days	-	-	77,541	12	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	Sales	( 1,756,054)	(34)	30 days	-	-	219,408	33	-
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	( 373,207)	(7)	30 days	-	-	52,415	8	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Associates	Sales	( 368,581)	(7)	30 days	-	-	4,009	1	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	( 545,210)	(3)	90 days	-	-	106,670	8	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote (Note 1)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	\$ 1,536,497	9	90 days	\$ -	-	(\$ 259,776)	(14)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associates	Purchases	745,962	4	90 days	-	-	( 81,472)	(4)	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Purchases	2,111,557	13	30 days	-	-	( 397,466)	(20)	-
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Corp.	Associates	Sales	( 432,280)	(2)	60 days	-	-	115,477	6	-
Formosa Industries Corp.	Formosa Taffeta (Long An) Corp.	Associates	Sales	( 165,167)	(1)	60 days	-	-	41,496	2	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	( 556,460)	(5)	30 days	-	-	86,612	15	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Europe Co., Ltd.	Associates	Sales	( 262,173)	(2)	30 days after closing date	-	-	33,680	6	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates	Sales	( 380,984)	(3)	30 days after closing date	-	-	62,079	11	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	( 622,251)	(6)	30 days after closing date	-	-	51,138	9	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	Sales	( 590,238)	(5)	30 days after closing date	-	-	65,215	11	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (U.S.A) Co., Ltd.	Associates	Sales	( 106,928)	(1)	30 days after closing date	-	-	11,571	2	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote (Note 1)	
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(\$ 3,273,672)	( 31)	30 days	\$ -	-	\$	511,773	41	-
Formosa Phenol (Ningbo) Limited Co.	Formosa Petrochemical Corp.	Associates	Purchases	1,447,580	15	90 days	-	-	(	158,795)	( 24)	-
Formosa Taffeta Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Associates	Sales	( 318,771)	( 2)	Pay by mail transfer 60 days after delivery	-	-		33,937	2	-
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related parties	Sales	( 231,864)	( 1)	Pay 120 days after delivery	-	-		81,475	4	-
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related parties	Purchases	7,093,320	67	Pay every 15 days by mail transfer	-	-	(	460,990)	( 27)	-
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related parties	Purchases	610,578	6	Pay every 15 days by mail transfer	-	-	(	67,678)	( 4)	-
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	245,253	2	Pay every 15 days by mail transfer	-	-	(	20,766)	( 1)	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Other related parties	Sales	( 3,989,535)	( 67)	60 days after monthly billings	-	-		873,701	60	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya PCB Corp.	Other related parties	Purchases	110,075	5	45 days after inspection	-	-	(	6,248)	( 2)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote (Note 1)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associates	Sales	(\$ 289,923)	( 23)	60 days after monthly billings	\$ -	-	\$	174,947	54	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	( 108,049)	( 9)	60 days after monthly billings	-	-		22,158	7	-
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp., Vietnam	Associates	Purchases	155,355	19	60 days after monthly billings	-	-	(	22,375)	( 16)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associates	Sales	( 217,647)	( 8)	60 days after monthly billings	-	-		45,850	5	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	( 516,964)	( 18)	60 days after monthly billings	-	-		162,507	19	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Purchases	256,999	15	60 days after monthly billings	-	-	(	13,439)	( 4)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp., Vietnam	Associates	Purchases	125,796	7	60 days after monthly billings	-	-	(	7,545)	( 2)	-

Note 1: The disclosed transaction is the revenue side and related transactions are no longer disclosed.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2017

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			( Note 1 )			Amount	Action taken		
The Company	Formosa Plastics Corp.	Other related parties	\$	253,019	11.29	\$ -	-	\$ 253,019	\$ -
The Company	Nan Ya Plastics Corp.	Other related parties		2,055,979	11.94	-	-	2,055,979	-
The Company	Formosa Petrochemical Corp.	Associates	Accounts receivable	2,073,460	10.25	-	-	2,073,460	-
			Other receivables	68,623				22,285	
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	167,880	3.51	-	-	136,114	-
			Accounts receivable	275,752				152,416	
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Accounts receivable	274,050	7.84	-	-	173,614	-
			Other receivables	150,069				102,788	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Subsidiary	Accounts receivable	615,875	2.43	-	-	22,719	-
			Other receivables	538,600				2,622	
The Company	Formosa Phenol (Ningbo) Limited Co.	Subsidiary	Accounts receivable	126,887	29.70	-	-	-	-
			Other receivables	32,072				276	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Subsidiary	Accounts receivable	1,748,582	3.80	-	-	488,000	-
			Other receivables	412,152				-	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary	Accounts receivable	5,786,981	3.56	-	-	2,055,120	-
			Other receivables	311,146				955	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		266,448	16.71	-	-	266,448	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates		133,456	10.23	-	-	133,456	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties		219,408	16.53	-	-	219,408	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	Other related parties		511,773	8.14	-	-	511,773	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties		106,670	9.66	-	-	106,670	-
Formosa Industries Corp., Vietnam	Formosa Taffeta (Dong Nai) Co., Ltd.	Other related parties		115,477	5.72	-	-	29,714	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Other related parties		873,701	5.70	-	-	435,959	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associates		174,947	2.85	-	-	69,121	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company		162,507	5.13	-	-	24,931	-

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 nine-month period ended September 30, 2017

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

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	(\$ 13,798,804)	In regular terms	(5)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	( 8,347,946)	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 nine-month period ended September 30, 2017

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 85,188	\$ 85,188	18,467,619	86.40	\$ 122,066	(\$ 5,668)	(\$ 11,088)	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	23,958,314	3,848,539	1,395,448	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	651,706,181	32.91	7,706,620	181,759	62,351	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	98,824	( 2,132)	( 711)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	17,255	17,255	4,770,420	33.33	747,489	( 8,445)	( 2,815)	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	77,412,112	56,930,628	13,830,782	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	547,030,137	24.94	11,097,018	1,575,373	392,939	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	25,690,257	19,534,946	84,000	100.00	38,345,194	2,091,737	2,091,737	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	1,864	266	88	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	225,034	225,034	12,448,800	30.00	260,974	42,481	12,745	-
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	2,298,788	2,107,100	1,057,032	-
The Company	Su Hua Transport Corp.	Taiwan	Transportation	50,000	50,000	10,494,785	25.00	279,368	113,441	28,360	-
The Company	Formosa Industries Corp., Vietnam	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	7,923,319	734,350	312,099	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value	of the investee for the nine-month period ended September 30, 2017	recognised by the Company for the nine-month period ended September 30, 2017	
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	\$ 1,201,500	\$ 1,201,500	120,150,000	50.00	\$ 1,523,246	\$ 397,850	\$ 188,525	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	252,521 (	13,127) (	3,195)	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	1,718,905	78,059	69,153	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	22,037,185	100.00	210,781 (	4,272) (	4,272)	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	284,132 (	94,904) (	31,631)	-
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Manufacturing of synthetic rubber	2,151,560	2,151,560	-	33.33	899,232 (	939,599) (	313,168)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	5,845,940	4,162,500	584,594,000	25.00	5,534,886 (	250,405) (	62,601)	-
The Company	Formosa Group Corp. (Cayman) Islands	Cayman Islands	Investments	377	377	-	25.00	297,044 (	882,104) (	220,526)	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	100,000	100,000	10,000,000	33.33	88,790 (	9,354) (	3,118)	-
The Company	FCFC International (Cayman) Limited	Cayman Islands	Investments	17,823,278	16,084,840	50,000	100.00	16,229,048	-	-	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	21,637,470	15,482,159	-	100.00	25,298,744	1,353,328	1,353,328	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	\$ 90,000	\$ 90,000	467,600	30.00	\$ 95,619	\$ 6,438	\$ 1,931	-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	252,969	252,969	19,289,016	51.00	319,037	33,802	17,239	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	16,831	(2,792)	(2,792)	-
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	204,780	17,390	14,499	-
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	7,101,089	996,666	654,610	-
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	1,084,282	80,143	80,143	-
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	1,799,257	126,612	126,612	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	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	17.92	\$ 1,153,095	\$ 567,570	\$ 109,017	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	3,150	3,418	1,470	-
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	2,245,886	60,883	60,883	-
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	2,142,051	734,350	72,933	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	5,675,253	5,090,180	171,028,736	100.00	5,574,621	-	-	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	23,223	996,666	1,058	-
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	-	500,000	100.00	5,842	842	842	-

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 nine-month period ended September 30, 2017

Table 10

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month period ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	\$ 5,618,707	2 · 4	\$ 4,682,741	\$ -	\$ -	\$ 4,682,741	\$ 1,825,883	100	\$ 1,825,883	\$ 9,160,039	\$ -	2
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2 · 4	4,051,414	-	-	4,051,414	738,409	100	738,409	13,335,858	-	2
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	12,199,971	2 · 4	9,066,960	3,133,011	-	12,199,971	( 455,417)	100	( 455,417)	9,858,682	-	2
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2 · 4	1,732,458	-	-	1,732,458	193,574	100	193,574	1,399,498	-	2
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol-acetone and acetone	7,701,923	2 · 4	-	3,022,300	-	3,022,300	( 210,712)	100	( 210,712)	4,880,525	-	2
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	6,743,008	2 · 4	2,151,560	-	-	2,151,560	( 939,599)	33	( 313,168)	899,232	-	7

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month period ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	\$ 29,610	2、4	\$ 29,610	\$ -	\$ -	\$ 29,610	(\$ 2,792)	100	(\$ 2,792)	\$ 14,187	\$ -	7
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	63,767	100	63,767	1,625,766	-	3、7
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	( 755)	100	( 755)	6,408	-	4、7
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2	1,334,739	-	-	1,334,739	81,590	100	81,590	972,295	-	5、7

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2017				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month period ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
				Remitted to Mainland China	Remitted back to Taiwan										
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	\$ 70,788	2	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 1,515)	40.78	(\$ 606)	\$ 29,764	\$ -	6 - 7	

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. Its paid-in capital is RMB\$13,592,920.

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

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2017 and that as of September 30, 2017 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, 2017 and that as of September 30, 2017 all amount to US\$570,000.

Note 5: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2017 and that as of September 30, 2017 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.

Note 7: Investment income recognized in current period is based on the financial reports not reviewed by the independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	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	\$ 27,840,444	\$ 37,501,528	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 nine-month period ended September 30, 2017

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2017	%	Balance at September 30, 2017	Purpose	Maximum balance during the nine-month period ended September 30, 2017	Balance at September 30, 2017	Interest rate	Interest during the nine-month period ended September 30, 2017	Others
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 18,998	0.10	\$ -	-	\$ 6,411	0.30	\$ 1,301,180	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-
Formosa Taffeta (Changshu) Co., Ltd.	24,133	0.12	29,526	-	3,029	0.14	1,966,900	For short-term loans from financial institutions	-	-	-	-	-