FORMOSA CHEMICALS & FIBRE CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FORMOSA CHEMICALS & FIBRE CORPORATION

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Formosa Chemicals & Fibre Corporation (the "Company") as at December 31, 2016 and 2015, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

資誠聯合會計師事務所 *PricewaterhouseCoopers Taiwan*
11012 臺北市信義區基隆路一段333號27樓 / 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Impairment assessment of property, plant and equipment-PTA division

Description

Please refer to Note 4(14) for accounting policy on non-financial assets impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment valuation of tangible assets, Note 6(8) for explanation of property, plant and equipment impairment.

The Company's property, plant and equipment amounted to NT$50,831,005 thousand at December 31, 2016. Due to the oversupply of the Company's products in the market as a result of too many competitors in the industry, asset items used in the production and manufacturing of PTA may be impaired. Management has identified its Third Chemical Division, which mainly produces and manufactures PTA, as a cash-generating unit. Management used the estimated future cash flows and proper discount rate to calculate value in use and determined the recoverable amount to assess whether assets had been impaired. Based on the aforementioned valuation model, the Company recognized impairment loss on property, plant and equipment of NT$314,437 thousand for the year ended December 31, 2016.

As the estimated recoverable amount of a cash-generating unit is dependent upon significant management judgement, with respect to estimated discount rate applied to estimated future cash flows, we consider impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessing the reasonableness of future cash flows estimated by management for its Third Chemical Division, checking whether the future 5 years cash flows are in line with the business division's operational plan, and reviewing the operational plan proposed by management against actual performance to confirm relevance of key assumptions.
2. Assessing discount rate and weighted average cost of capital, and checking assumptions of market rate, capital structure and cost of debt.
3. Verifing the accuracy of valuation model calculation.

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Impairment assessment of property, plant and equipment - Changhua plant

Description

Please refer to Note 4(14) for accounting policy on non-financial assets impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of tangible assets, and Note 6(8) for details of property, plant and equipment impairment.

As described in Note 12(1), the Company recognized impairment loss on its Changhua plant based on the recoverable amount of idle equipment. As the operation of three cogeneration sets had been suspended since October 7, 2016, the idle equipment are considered not recoverable. Accordingly, the Company recognized impairment loss on property, plant and equipment amounting to NT$466,785 thousand for the year ended December 31, 2016.

Given the significance of the shutdown of the Company's Changhua plant, we consider management's impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtaining Changhua plant's property listing, and confirming completeness of assets.
2. Obtaining assets impairment report prepared by management for Changhua plant, performing physical inspection of available plant assets, and verifying whether certain assets are still working.
3. Verifying the accuracy of the amount of impairment loss recognized.

Other matter – audits of the other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method. The balance of these investments accounted for under equity method amounted to NT$107,556,340 thousand and NT$114,043,846 thousand, constituting 25% and 29% of total assets as of December 31, 2016 and 2015, respectively, and comprehensive income was NT$21,133,455 thousand and NT$10,645,424 thousand, constituting 36% and 87% of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein insofar as it relates to the amounts included in the financial statements relative to these investees, is based solely on the audit reports of the other independent accountants.

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Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou, Chien-Hung   Juanlu, Man-Yu

for and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2017

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 13,108,011	3	$ 18,018,485	4
1125	Available-for-sale financial assets - current	6(2)	98,777,865	23	81,829,505	21
1150	Notes receivable, net	6(3)	335,838	-	369,427	-
1160	Notes receivable - related parties	7	129,706	-	140,382	-
1170	Accounts receivable, net	6(4)	5,835,641	1	5,330,843	1
1180	Accounts receivable - related parties	7	14,424,217	3	11,613,706	3
1200	Other receivables		2,606,436	1	3,156,316	1
1210	Other receivables - related parties	7	19,376,968	5	10,583,312	3
130X	Inventory	6(5)	21,820,886	5	19,433,809	5
1470	Other current assets	7	1,818,615	1	3,144,364	1
11XX	**Total current assets**		178,234,183	42	153,620,149	39
	Non-current assets					
1543	Financial assets carried at cost - non-current	6(6)	2,463,536	1	2,463,536	1
1550	Investments accounted for under equity method	6(7) and 8	186,031,851	44	172,507,251	44
1600	Property, plant and equipment	6(8) and 8	50,831,005	12	55,843,737	14
1840	Deferred income tax assets	6(23)	1,421,036	-	1,538,788	-
1900	Other non-current assets		3,693,755	1	5,482,849	2
15XX	**Total non-current assets**		244,441,183	58	237,836,161	61
1XXX	**Total assets**		$ 422,675,366	100	$ 391,456,310	100

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and equity	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 6,990,100	2	$ 2,508,000	1
2170	Accounts payable		3,221,504	1	3,396,755	1
2180	Accounts payable - related parties	7	11,754,679	3	10,618,602	3
2200	Other payables		6,051,111	1	7,173,155	2
2230	Current income tax liabilities	6(23)	2,949,686	1	2,279,372	1
2320	Long-term liabilities, current portion	6(10)(11)	9,581,962	2	13,642,740	3
2399	Other current liabilities		2,183,611	-	1,140,447	-
21XX	**Total current liabilities**		42,732,653	10	40,759,071	11
	Non-current liabilities					
2530	Corporate bonds payable	6(10)	39,750,000	10	46,500,000	12
2540	Long-term borrowings	6(11)	14,139,898	3	12,271,194	3
2570	Deferred income tax liabilities	6(23)	143,676	-	804,375	-
2600	Other non-current liabilities	6(12)	5,918,573	1	8,291,152	2
25XX	**Total non-current liabilities**		59,952,147	14	67,866,721	17
2XXX	**Total liabilities**		102,684,800	24	108,625,792	28
	Equity					
	Share capital	6(13)				
3110	Common stock		58,611,863	14	58,611,863	15
	Capital surplus	6(14)				
3200	Capital surplus		8,622,642	2	8,875,002	2
	Retained earnings	6(15)				
3310	Legal reserve		46,663,535	11	43,905,716	11
3320	Special reserve		41,927,550	10	41,927,550	11
3350	Unappropriated retained earnings	6(23)	72,560,103	17	52,528,055	13
	Other equity interest					
3400	Other equity interest	6(16)	91,965,445	22	77,334,641	20
3500	Treasury stocks	6(13)	(360,572)	-	(352,309)	-
3XXX	**Total equity**		319,990,566	76	282,830,518	72
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 422,675,366	100	$ 391,456,310	100

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			For the years ended December 31,			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and 7	$ 217,329,630	100	$ 230,409,926	100
5000	**Operating costs**	6(5)(21)(22) and 7	(187,699,298)	(87)	(211,174,988)	(92)
5900	**Net operating margin**		29,630,332	13	19,234,938	8
5910	Unrealized (profit) loss from sales		(487,873)	-	78,217	-
5920	Realized (loss) profit from sales		(78,217)	-	36,091	-
5950	**Net operating margin**		29,064,242	13	19,349,246	8
	Operating expenses	6(12)(21)(22) and 7				
6100	Selling expenses		(4,480,060)	(2)	(4,667,012)	(2)
6200	General and administrative expenses		(3,124,754)	(1)	(2,900,202)	(1)
6000	**Total operating expenses**		(7,604,814)	(3)	(7,567,214)	(3)
6900	**Operating profit**		21,459,428	10	11,782,032	5
	Non-operating income and expenses					
7010	Other income	6(18) and 7	5,631,922	3	4,229,054	2
7020	Other gains and losses	6(8)(19) and 7	(1,310,705)	(1)	4,106,617	2
7050	Finance costs	6(8)(20) and 7	(1,098,747)	(1)	(1,434,408)	(1)
7070	Share of profit of associates and joint ventures accounted for under equity method	6(7)	22,878,875	11	11,479,120	5
7000	**Total non-operating income and expenses**		26,101,345	12	18,380,383	8
7900	**Profit before income tax**		47,560,773	22	30,162,415	13
7950	Income tax expense	6(23)	(3,727,728)	(2)	(2,584,222)	(1)
8200	**Profit for the year**		$ 43,833,045	20	$ 27,578,193	12
	Other comprehensive income (net)	6(16)(23)				
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial loss on defined benefit plans		($ 505,220)	-	($ 573,733)	(1)
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(23,805)	-	(278,660)	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(529,025)	-	(852,393)	(1)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Other comprehensive loss, before tax, exchange differences on translation		(3,160,400)	(1)	(995,932)	-
8362	Other comprehensive income (loss), before tax, available-for-sale financial assets		12,044,560	6	(12,773,811)	(6)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		5,155,497	2	(724,784)	-
8399	Income tax relating to the components of other comprehensive income		591,147	-	15,942	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		14,630,804	7	(14,478,585)	(6)
8300	**Other comprehensive income for the year**		$ 14,101,779	7	($ 15,330,978)	(7)
8500	**Total comprehensive income for the year**		$ 57,934,824	27	$ 12,247,215	5

			2016 Before Tax	2016 After Tax	2015 Before Tax	2015 After Tax
	Basic earnings per share	6(24)	Before Tax	After Tax	Before Tax	After Tax
9750	**Net income**		$ 8.14	$ 7.50	$ 5.16	$ 4.72
	Assuming shares held by subsidiary are not deemed as treasury stock:					
	Basic earnings per share (in dollars)					
	Net income		$ 8.11	$ 7.48	$ 5.15	$ 4.71

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

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

				Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on available-for-sale financial assets	Hedging instrument gain on effective hedge of cash flow hedges	Treasury stocks	Total
For the year ended December 31, 2015											
Balance at January 1, 2015		$ 58,611,863	$ 8,668,561	$ 42,852,687	$ 41,927,550	$ 33,888,707	$ 4,235,625	$ 87,580,223	($ 2,622)	($ 332,413)	$277,430,181
Appropriation of 2014 earnings	6(15)										
Legal reserve		-	-	1,053,029	-	(1,053,029)	-	-	-	-	-
Cash dividends		-	-	-	-	(7,033,423)	-	-	-	-	(7,033,423)
Stocks of the parent company purchased by the subsidiary and recognised as treasury stocks	6(13)	-	-	-	-	-	-	-	-	(19,896)	(19,896)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	6,701	-	-	-	-	-	-	-	6,701
Changes in the net interest of associates recognised under the equity method	6(14)	-	199,740	-	-	-	-	-	-	-	199,740
Profit for the year		-	-	-	-	27,578,193	-	-	-	-	27,578,193
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	(852,393)	413,895	(14,964,675)	72,195	-	(15,330,978)
Balance at December 31, 2015		$ 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
For the year ended December 31, 2016											
Balance at January 1, 2016		$ 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
Appropriation of 2015 earnings	6(15)										
Legal reserve		-	-	2,757,819	-	(2,757,819)	-	-	-	-	-
Cash dividends		-	-	-	-	(20,514,153)	-	-	-	-	(20,514,153)
Stocks of the parent company purchased by the subsidiary and recognised as treasury stocks	6(13)	-	-	-	-	-	-	-	-	(8,263)	(8,263)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	20,975	-	-	-	-	-	-	-	20,975
Changes in the net interest of associates recognised under the equity method	6(14)	-	(273,335)	-	-	-	-	-	-	-	(273,335)
Profit for the year		-	-	-	-	43,833,045	-	-	-	-	43,833,045
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	(529,025)	(3,660,896)	18,318,099	(26,399)	-	14,101,779
Balance at December 31, 2016		$ 58,611,863	$ 8,622,642	$ 46,663,535	$ 41,927,550	$ 72,560,103	$ 988,624	$ 90,933,647	$ 43,174	($ 360,572)	$319,990,566

(Note) Employees' compensation for the years ended December 31, 2015 and 2014 was $47,608 and $39,710, respectively, and was deducted from the statements of comprehensive income.

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 47,560,773	$ 30,162,415
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(21)	7,289,036	7,843,684
Amortization	6(21)	3,890,281	3,168,326
Net gain on financial assets and liabilities at fair value through profit or loss	6(19)	-	(1,129)
Loss from price reduction (gain from price recovery) of inventory	6(5)	329,604	(1,301,663)
Interest expense	6(20)	1,098,747	1,434,408
Interest income	6(18)	(308,290)	(381,417)
Dividend income	6(18)	(4,623,739)	(2,905,441)
Share of profit or loss of associates accounted for under the equity method		(22,878,875)	(11,479,120)
Impairment loss on property, plant and equipment	6(8)(19)	781,222	-
Loss (gain) on disposal and scrap of property, plant and equipment	6(19)	2,902	(27,244)
Gain on disposal of investments	6(19)	-	(1,155,418)
Realized loss (gain) from sales		566,090	(114,308)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	1,129
Notes receivable		33,589	83,342
Notes receivable - related parties		10,676	147,778
Accounts receivable		(504,798)	452,947
Accounts receivable - related parties		(2,810,511)	(714,890)
Other receivables		562,741	7,403,953
Inventory		(2,716,681)	8,842,536
Other current assets		1,202,022	39,805
Other non-current assets		307,020	174,523
Changes in operating liabilities			
Accounts payable		(175,251)	(391,684)
Accounts payable - related parties		1,136,077	(1,163,768)
Other payables		1,054,829	437,317
Other current liabilities		1,043,163	144,295
Accrued pension liabilities		(2,845,274)	(592,728)
Cash inflow generated from operations		30,005,353	40,107,648
Interest received		295,429	388,976
Dividends received		17,575,534	7,265,520
Interest paid		(1,145,955)	(1,465,008)
Income tax paid		(3,009,214)	(29,815)
Net cash flows from operating activities		43,721,147	46,267,321

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other receivables - related parties		($ 8,793,656)	$ 9,389,128
Acquisition of available-for-sale financial assets		(4,903,800)	-
Proceeds from disposal of available-for-sale financial assets		-	88,599
Acquisition of financial assets measured at cost		-	(25,000)
Acquisition of investments accounted for under the equity method		(2,452,940)	-
Proceeds from disposal of investments accounted for under equity method		-	1,656,262
Acquisition of property, plant and equipment	6(25)	(3,790,863)	(3,529,175)
Proceeds from disposal of property, plant and equipment		14,966	47,438
Increase in deferred expenses		(2,335,523)	(1,799,122)
Decrease (increase) in guarantee deposits paid		55,381	(12,152)
Net cash flows (used in) from investing activities		(22,206,435)	5,815,978
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		4,482,100	939,600
Increase in long-term borrowings		6,000,000	160,000
Payment of long-term borrowings		(5,437,755)	(22,941,466)
Payment of bonds payable		(9,500,000)	(10,000,000)
Decrease in other non-current liabilities		(32,525)	(40,955)
Payment of cash dividends	6(25)	(21,932,687)	(6,277,741)
Net cash flows used in financing activities		(26,420,867)	(38,160,562)
Effect of foreign exchange translations		(4,319)	(9,901)
Net (decrease) increase in cash and cash equivalents		(4,910,474)	13,912,836
Cash and cash equivalents at beginning of year		18,018,485	4,105,649
Cash and cash equivalents at end of year		$ 13,108,011	$ 18,018,485

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

FORMOSA CHEMICALS & FIBRE CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 17, 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 ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

None.

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

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
Argriculture: 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 Company’s financial condition and operating results based on the Company’s assessment.

(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 effective from 2017 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
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 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
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized 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 Company's financial condition and operating results based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

i. 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 amortized 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.

ii. 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 ('ECL') or lifetime ECL (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.

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 recognized 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 recognizes 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 recognizes 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: Recognize 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 IFRS 15 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 licence should be recognized 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. 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.

E. 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.

F. Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’

These amendments clarify the recognition of deferred tax assets for unrealized 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 utilize 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

ii. Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'

B. Translation of foreign operations

(a) The operating results and financial position of all associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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 recognised in other comprehensive income.

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

(4) <u>Classification of current and non-current items</u>

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

(a) Hybrid (combined) contracts; or

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

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

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

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

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(8) Loans and receivables

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

(9) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Company, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, and is recognised 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 recognised, the previously recognised 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 recognised previously. Impairment loss is recognised 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 recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised 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 recognised 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 recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and, the Company has not retained control of the financial asset.

(11) Inventories

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

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

A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.

B. Unrealized profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. The amount previously recognized in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. When the Company loses significant influence over the subsidiary, the profit or loss is reclassified from equity to profit or loss.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent 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.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, 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.

L. When the Campany disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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 recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

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

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(15) Borrowings

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

(16) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

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

(a) Hybrid (combined) contracts; or

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

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

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

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) Derivative financial instruments

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

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(i) Defined contribution plan

For defined contribution plan, 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.

(j) Defined benefit plan

i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, service life and salary of the employee. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the 'corridor' method.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Treasury shares

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

(24) Dividends

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

(25) Revenue recognition

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

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

Financial assets—impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Realizability of deferred tax assets

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

C. Calculation of net defined benefit liabilities

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and petty cash	$ 296	$ 291
Checking accounts and demand deposits	2,430,762	2,612,869
Cash equivalents		
Time deposits	10,676,953	15,405,325
	$ 13,108,011	$ 18,018,485

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Available-for-sale financial assets

	December 31, 2016	December 31, 2015
Listed (TSE and OTC) stocks	$ 24,703,260	$ 24,703,260
Unlisted stocks	725,839	725,839
Fund	4,903,800	
Valuation adjustments of available-for-sale financial assets	70,735,656	58,691,096
	101,068,555	84,120,195
Less: Accumulated impairment	(2,290,690)	(2,290,690)
	$ 98,777,865	$ 81,829,505

A. For operational capital purpose, the Company sold stocks of Nan Ya Technology Corp. of 1,069 thousand shares in quoted market in January 2015. The Company recognized gain on disposal of investments of $62,357 (recorded as other gains and losses).

B. The Company participated in private placement of Nan Ya Technology Corp. in November 2011 and December 2012. As of December 31, 2015, the lock-up period of the equity investment in the private placement has expired. The Company has reclassified financial assets – non-current amounting to $2,250,000 as current in accordance with the Company's intention.

C. The Company 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.

D. The Company recognized $4,283,442 and $2,643,769 as dividend income from available-for-sale financial assets for the years ended December 31, 2016 and 2015, respectively.

E. The Company recognized $12,044,560 and ($12,773,811) in other comprehensive income for fair value change for the years ended December 31, 2016 and 2015, respectively.

(3) Notes receivable, net

	December 31, 2016	December 31, 2015
Notes receivable	$ 335,838	$ 369,427
Less: Allowance for doubtful accounts	-	-
	$ 335,838	$ 369,427

(4) Accounts receivable, net

	December 31, 2016	December 31, 2015
Accounts receivable	$ 5,996,038	$ 5,491,240
Less: Allowance for doubtful accounts	(160,397)	(160,397)
	$ 5,835,641	$ 5,330,843

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

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

	December 31, 2016	December 31, 2015
Up to 30 days	$ 122,609	$ 178,697
31 to 90 days	5,726	8,568
91 to 180 days	925	-
	$ 129,260	$ 187,265

The above ageing analysis was based on past due date.

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

	For the year ended December 31, 2016		
	Individual provision	Group provision	Total
At January 1	$ 141,213	$ 19,184	$ 160,397
Provision for impairment	-	-	-
Reversal of impairment	-	-	-
At December 31	$ 141,213	$ 19,184	$ 160,397

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

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

(5) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 10,146,142	($ 63,321)	$ 10,082,821
Materials	2,725,602	(511,541)	2,214,061
Work in process	3,139,913	(1,394)	3,138,519
Finished goods	6,403,458	(22,129)	6,381,329
Other inventory	4,156	-	4,156
	$ 22,419,271	($ 598,385)	$ 21,820,886

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,985,347	($ 157,815)	$ 5,827,532
Materials	2,948,391	-	2,948,391
Work in process	3,365,443	(15,810)	3,349,633
Finished goods	7,395,727	(95,156)	7,300,571
Other inventory	7,682	-	7,682
	$ 19,702,590	($ 268,781)	$ 19,433,809

Expense and loss incurred on inventories for the years ended December 31, 2016 and 2015 were as follows:

	For the years ended December 31,	
	2016	2015
Cost of inventories sold	$ 186,041,262	$ 211,299,416
Loss (gain) on inventory valuation (Note)	329,604	(1,301,663)
Idle capacity	1,179,479	1,014,541
Others	148,953	162,694
	$ 187,699,298	$ 211,174,988

(Note) The gain from price recovery for the year ended December 31, 2015 resulted from the disposal of inventory which were previously provided with allowance. As the market value of petroleum related products decreased for the year ended December 31, 2016, the Group recognized related allowance for inventory valuation losses after assessment.

(6) Financial assets measured at cost

Items	December 31, 2016	December 31, 2015
Formosa Ocean Group Marine Investment Corp.	$ 856,948	$ 856,948
Formosa Plastic Corp. U.S.A	818,316	818,316
Mai Liao Harbor Administration Corp.	539,260	539,260
Formosa Development Corp.	90,010	90,010
Guangyuan Investment Corp.	50,000	50,000
Chinese Television System Corp.	38,419	38,419
Formosa Plastics Marine Corp.	15,000	15,000
Formosa Technologies Corp.	13,331	13,331
Taiwan Aerospace Corp.	10,702	10,702
Yi-Jih Development Corp.	3,000	3,000
Taiwan Stock Exchange Corporation	1,800	1,800
Formosa Automobile Corp.	1,750	1,750
Mage Growth Venture Capital Co., Ltd.	25,000	25,000
	2,463,536	2,463,536
Less: Accumulated impairment	-	-
	$ 2,463,536	$ 2,463,536

A. According to the Company's intention, the investment in above stocks should be classified as available-for-sale financial assets. However, as stocks are not traded in active market, and no sufficient industry information of companies similar to the Company's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.

B. The Company recognized $340,297 and $261,672 as dividend income from investing in financial assets measured at cost for the years ended December 31, 2016 and 2015, respectively.

C. As of December 31, 2016 and 2015, no financial assets measured at cost held by the Company were pledged to others.

(7) Investments accounted for using equity method

	December 31, 2016	December 31, 2015
Subsidiaries		
FCFC Investment Corp. (Cayman)	$ 30,374,641	$ 32,310,866
Formosa Taffeta Co., Ltd.	24,474,108	19,417,976
FCFC International Corp. (Cayman)	15,441,324	-
Formosa Industries Corp., Vietnam	8,898,096	8,887,497
Formosa Idemitsu Petrochemical Corp.	2,741,757	1,873,624
Formosa Biomedical Technology Corp.	1,692,877	1,690,386
Formosa BP Chemicals Corp.	1,358,751	1,364,957
Formosa Carpet Corp.	211,562	210,588
Tah Shin Spinning Corp.	132,913	151,685
Associates		
Formosa Petrochemical Corp.	74,173,344	64,138,149
Mai Liao Power Corp.	10,936,483	11,324,458
Formosa Heavy Industries Corp.	7,644,268	8,353,099
Formosa Resourse Corp.	4,159,625	4,387,101
Formosa Synthetic Rubber Corp. (Hong Kong)	1,212,400	549,701
Formosa Plastics Transport Corp.	750,304	733,803
Formosa Group (CAYMAN) Corp.	549,598	154,121
Formosa Synthetic Rubber Corp.	315,764	369,090
Chia-Nan Enterprise Corp.	261,922	261,493
Formosa Environmental Technology Corp.	255,716	261,178
Su Hua Transport Corp.	251,008	219,427
Formosa Fairway Corp.	101,719	81,090
Formosa Construction Corp.	91,895	10,661
Hwa Ya Science Park Management Consulting Co., Ltd.	1,776	1,861
Formosa Group Investment (Cayman) Corp.	-	15,754,440
	$ 186,031,851	$ 172,507,251

A. The related information on subsidiaries is provided in Note 4(3) of consolidated financial statements in 2016.

B. The investments accounted for using equity method were based on the investees' audited financial statements for the years ended December 31, 2016 and 2015.

C. The financial information of the associate that is material to the Company is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2016	December 31, 2015	Nature of relationship	Method of measurement
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	Investments accounted for using equity method	Equity method

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

Balance Sheets

	Formosa Petrochemical Corp.	
	December 31, 2016	December 31, 2015
Current assets	$ 281,610,398	$ 233,472,422
Non-current assets	168,006,910	188,444,138
Current liabilities	(67,458,120)	(57,547,205)
Non-current liabilities	(73,094,405)	(97,480,329)
Total net assets	$ 309,064,783	$ 266,889,026
Share in associate's net assets	$ 74,639,145	$ 64,405,400
Unrealized profit from sales of upstream transactions eliminations	(355,082)	(156,532)
Net differences in share capital	(110,719)	(110,719)
Carrying amount of the associate	$ 74,173,344	$ 64,138,149

Statement of comprehensive income

	Formosa Petrochemical Corp.	
	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	$ 544,397,827	$ 627,992,308
Profit for the year from continuing operations	$ 75,764,102	$ 47,301,922
Other comprehensive income (loss), net of tax	4,766,840	(12,256,743)
Total comprehensive income	$ 80,530,942	$ 35,045,179
Dividends received from associates	$ 9,203,199	$ 1,974,380

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

As of December 31, 2016 and 2015, the carrying amount of the Company's individually immaterial associates amounted to $26,532,478 and $42,461,523, respectively.

	Year ended December 31, 2016	Year ended December 31, 2015
Profit for the year from continuing operations	$ 4,864,185	$ 2,300,281
Other comprehensive income, net of tax	(534,784)	1,784,154
Total comprehensive income	$ 4,329,401	$ 4,084,435

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

	December 31, 2016	December 31, 2015
Formosa Petrochemical Corp.	$ 257,689,578	$ 181,303,024

G. In response to Formosa Ha Tinh Steel Corporation's planning of shareholding, the Company has signed an agreement for the transfer of capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014, whereby the Company will transfer all its capital contribution of USD$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh

(Cayman) Limited. The Company has conducted restructuring in June, 2015, transferring 14.75% of equity in Formosa Ha Tinh (Cayman) Limited to Formosa Company Investment (Cayman) Limited as capital contribution. After reorganization, the Company now indirectly holds 19.71% of voting rights of Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh (Cayman) Limited. In August, 2015, Formosa Ha Tinh (Cayman) Limited received cash from a capital increase. Since Formosa Taffeta (Cayman) Co., Ltd., the Company's subsidiary, and Formosa Company Investment (Cayman) Corp., the Company's associate, did not subscribe to the capital increase proportionately, the Company's overall ownership percentage decreased from 19.71% to 16.5%. Accordingly, capital surplus was recognized. In January 2016, the Company has transferred all its share capital of Formosa Group Investment (Cayman) Corp. as investment in FCFC International Limited (Cayman). After reorganization, the Company'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.

H. In order to improve financial structure, the Company has sold 22 million shares in Formosa Petrochemical Corp. in open market in December 2015. Therefore, the Company recognized gain on disposal of $1,093,061 (recorded as other gains and losses) and the shareholding ratio of Formosa Petrochemical Corp. decreased to 24.15%.

I. The Company received cash dividends of $12,951,795 and $4,360,079 for the years ended December 31, 2016 and 2015, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Company's investments accounted for using equity method.

J. Certain equity investments were pledged to banks as described in Note 8.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Construction in progress and equipment to be inspected	Total
January 1, 2016						
Cost	$ 5,948,478	$18,094,290	$ 162,496,289	$ 3,943,204	$ 6,855,452	$ 197,337,713
Accumulated depreciation and impairment	-	(11,772,110)	(126,905,675)	(2,816,191)	-	(141,493,976)
	$ 5,948,478	$ 6,322,180	$ 35,590,614	$ 1,127,013	$ 6,855,452	$ 55,843,737
2016						
Opening net book amount	$ 5,948,478	$ 6,322,180	$ 35,590,614	$ 1,127,013	$ 6,855,452	$ 55,843,737
Additions		14	232,288	27,765	2,819,665	3,079,732
Disposals	-	-	(14,865)	(3,003)	-	(17,868)
Reclassifications	-	163,067	4,797,331	51,631	(5,016,367)	(4,338)
Depreciation charge	-	(594,836)	(6,497,422)	(196,778)	-	(7,289,036)
Impairment loss	-	(77,231)	(650,121)	(10,361)	(43,509)	(781,222)
Closing net book amount	$ 5,948,478	$ 5,813,194	$ 33,457,825	$ 996,267	$ 4,615,241	$ 50,831,005
December 31, 2016						
Cost	$ 5,948,478	$18,241,866	$ 166,958,353	$ 3,930,046	$ 4,658,750	$ 199,737,493
Accumulated depreciation and impairment	-	(12,428,672)	(133,500,528)	(2,933,779)	(43,509)	(148,906,488)
	$ 5,948,478	$ 5,813,194	$ 33,457,825	$ 996,267	$ 4,615,241	$ 50,831,005

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

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:

	For the years ended December 31,	
	2016	2015
Amount capitalized	$ 71,421	$ 107,809
Interest rate	1.49~1.53	1.49~1.57

B. Under the regulations, land may only be owned by individuals. Thus, the Company has already obtained ownership of the agriculture land for future plant expansion which was acquired by the Company under the name of a third party, and has pledged the full amount to the Company. As of December 31, 2016 and 2015, the pledge amounts were both $16,237.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

D. The Company recognized impairment loss for the year ended December 31, 2016. Details of such loss are as follows:

	For the years ended December 31,			
	2016		2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Buildings	$ 77,231	$ -	$ -	$ -
Impairment loss－Machinery and equipment	650,121	-	-	-
Impairment loss－Transportation equipment	10,361	-	-	-
Impairment loss－Construction in progress	43,509	-	-	-
	$ 781,222	$ -	$ -	$ -

E. The impairment loss reported by operating segments is as follows:

	For the years ended December 31,			
	2016		2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
3rd Petrochemical Div	$ 314,437	$ -	$ -	$ -
Other divisions	466,785	-	-	-
	$ 781,222	$ -	$ -	$ -

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

Type of loans	December 31, 2016	Interest rate range	Collateral
Unsecured loans	$ 6,990,100	0.78%~1.12%	None

Type of loans	December 31, 2015	Interest rate range	Collateral
Unsecured loans	$ 2,508,000	1.13%~1.52%	None

(10) Bonds payable

	December 31, 2016	December 31, 2015
Domestic unsecured nonconvertible corporate bonds	$ 46,500,000	$ 56,000,000
Less: current portion	(6,750,000)	(9,500,000)
	$ 39,750,000	$ 46,500,000

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

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2016	December 31, 2015	Note
2011							
First issued domestic unsecured nonconvertible corporate bonds	2011.6.10	2015.6.10 ~ 2016.6.10	1.44	$ 6,000,000	$ -	$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2011.10.31	2015.10.31 ~ 2016.10.31	1.38	4,000,000	-	2,000,000	Serial bonds, to be settled 50%, 50%
2012							
First issued domestic unsecured nonconvertible corporate bonds - A	2011.07.26	2016.07.26 ~ 2017.07.26	1.29	6,000,000	3,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2011.07.26	2018.07.26 ~ 2019.07.26	1.40	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2016	December 31, 2015	Note
2012							
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	$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - B	2012.12.7	2018.12.7 ~ 2019.12.7	1.36	3,900,000	3,900,000	3,900,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7 ~ 2022.12.7	1.51	4,100,000	4,100,000	4,100,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - A	2013.1.22	2019.1.22 ~ 2020.1.22	1.34	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22 ~ 2023.1.22	1.50	2,200,000	2,200,000	2,200,000	Serial bonds, to be settled 50%, 50%
2013							
Second issued domestic unsecured nonconvertible corporate bonds - A	2013.7.8	2017.7.8 ~ 2018.7.8	1.24	4,500,000	4,500,000	4,500,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - B	2013.7.8	2019.7.8 ~ 2020.7.8	1.38	2,700,000	2,700,000	2,700,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2016	December 31, 2015	Note
2013							
Second issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8 ~ 2023.7.8	1.52	$ 2,800,000	$ 2,800,000	$ 2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
2014							
First issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%
					46,500,000	56,000,000	
Less: Current portion of bonds payable					(6,750,000)	(9,500,000)	
					$ 39,750,000	$ 46,500,000	

(11) Long-term bank loans and notes payable

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
Sumimoto Mitsui Banking Corporation	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	0.82%~0.82%	"	1,100,000
Taipei Fubon Bank	Aug. 2, 2016 ~ Aug. 2, 2018, payable at maturity date; interest payable monthly	1.14%~1.14%	"	600,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, payable at maturity date	1.05%~1.19%	"	114,286
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-anually after three years; interest payable monthly	1.63%~1.65%	Land	12,100,000
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 1995 ~ Dec. 2018, principal payable annually; interest payable monthly	0.86%~1.01%	None	57,574
				16,971,860
Less: Current portion of long-term bank loans and notes payable				(2,831,962)
				$ 14,139,898

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2015
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 30, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.11%~1.15%	None	$ 4,000,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.18%~1.20%	None	228,571
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021 Jul. 2017, principal payable semi-annually after three years; interest payable monthly	1.63%~1.65%	Land	12,100,000
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, principal payable annually; interest payable monthly	1.007%	None	85,363
				16,413,934
Less: Current portion of long-term bank loans and notes payable				(4,142,740)
				$ 12,271,194

A. The collaterals for long-term bank loans are described in Note 8.

B. In order to finance the construction of the Sixth Naphtha four expansion plan and the related factories, the Company obtained a syndicated loan with Bank of Communications as the lead bank. Due to the expansion of the six Naphtha Cracker project, the Company re-entered into the long-term loan agreement with the banks on May 15, 2006. The details were as follows:
   (a) Total credit line: $16,636,000
   (b) Interest rate: 90-day secondary market in Taiwan issued commercial paper rate plus the average price of 0.60% interest per annum
   (c) Period: 7~10 years
   (d) Collateral: Property, plant and equipment acquired from the proceeds of the loan were pledged as collateral.

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

The Company repaid the loan on December 31, 2015.

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

(a) Total credit line: $12,100,000

(b) Interest rate: Based on the agreement with the banks

(c) Period: 7 years

(d) Collateral: Land in Six Naphtha Cracking Plant, Mailiao Township, Yunlin County

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

(12) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$ 8,248,831	$ 8,549,334
Fair value of plan assets	(2,440,355)	(400,804)
Net defined benefit liability	$ 5,808,476	$ 8,148,530

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	$ 8,549,334	($ 400,804)	$ 8,148,530
Current service cost	108,545	-	108,545
Interest expense (income)	128,240	(6,457)	121,783
	8,786,119	(407,261)	8,378,858
Remeasurements:			
Return on plan assets	-	(7,663)	(7,663)
Change in financial assumptions	176,281	-	176,281
Experience adjustments	336,602	-	336,602
	512,883	(7,663)	505,220
Pension fund contribution	-	(2,025,431)	(2,025,431)
Paid pension	(1,050,171)	-	(1,050,171)
	(1,050,171)	(2,025,431)	(3,075,602)
Balance at December 31	$ 8,248,831	($ 2,440,355)	$ 5,808,476

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31, 2016	Year ended December 31, 2015
Discount rate	1.25%	1.50%
Future salary increases	2.50%	2.50%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.35%	Decrease 0.35%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 176,281)	$ 184,173	$ 258,023	($ 244,522)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1.00%	Decrease 1.00%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 187,230)	$ 195,780	$ 841,254	($ 718,144)

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

The method and assumptions of analysing sensitivity are the same with last year.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2017 are $55,882.

B. (a) From July 1, 2005, the Company has 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 contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2016 and 2015 were $147,436 and $142,865, respectively.

(13) Capital stock

A. As of December 31, 2016, the authorized and paid-in capital was $58,611,863, consisting of 5,861,186 thousand shares with a par value of $10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the years ended December 31, 2016 and 2015 are set forth below:

For the year ended December 31, 2016

Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co., Ltd.	11,219,610	-	-	11,219,610
	Formosa Advanced Technologies Co., Ltd.	7,037,000	279,000	-	7,316,000
		18,256,610	279,000	-	18,535,610

For the year ended December 31, 2015

Reason for reacquisition	Subsidiary	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.	5,582,000	1,455,000	-	7,037,000
		16,801,610	1,455,000	-	18,256,610

C. The market value of treasury stocks was $96.3 and $74 (in dollars) per share at December 31, 2016 and 2015, respectively.

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

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	For the year ended December 31, 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 disposal of net stockholding of associates recognised under the equity method	-	-	-	(237,335)	-	-
At December 31, 2016	$ 2,710,554	$ 5,514,032	$ 159,382	$ 61,003	$ 9,447	$ 204,224

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

(15) 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:

i. Reserve for a special purpose;

ii. 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;

iii. 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

iv. Other special reserves as stipulated by other laws.

The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 24, 2015. The amended articles had been resolved during the shareholders' meeting in 2016.

B. The Company is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee compensation and special reserves shall be distributed to stockholders. The Company would prefer cash dividends. If the Company requires funds for significant investments or needs to improve its financial structure, part of the dividends will be in the form of stocks which shall not exceed 50% of the total dividends.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2015 and 2014 earnings had been resolved at the Stockholder's meeting on June 7, 2016 and June 16, 2015, respectively. Details are as follows:

	For the years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
Legal reserve	$ 2,757,819		$ 1,053,029	
Cash dividends	20,514,153	$ 3.50	7,033,423	$ 1.20
	$ 23,271,972		$ 8,086,452	

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

F. The appropriations of the 2016 net income was resolved by the Board of Directors during its meeting on March 17, 2017 as follows:

	For the year ended December 31, 2016	
	Amount	Dividends per share (in dollar)
Legal reserve	$ 4,383,305	
Special reserve	4,639,539	
Cash dividends	32,822,643	$ 5.60
	$ 41,845,487	

G. Information relating to employees' remuneration and directors' and supervisors' remuneration is summarized in Note 6 (22).

(16) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
January 1, 2016	$ 69,573	$ 72,615,548	$ 4,649,520	$ 77,334,641
Unrealised gain (loss) on available-for-sale investments:				
–Parent company	-	12,044,560	-	12,044,560
–Subsidiaries	-	4,780,190	-	4,780,190
–Associates	-	1,493,349	-	1,493,349
Cash flow hedges:				
–Associates	(26,399)	-	-	(26,399)
Currency translation differences:				
–Parent company	-	-	(3,160,400)	(3,160,400)
–Tax of parent company	-	-	591,147	591,147
–Subsidiaries	-	-	(706,387)	(706,387)
–Associates	-	-	(385,256)	(385,256)
At December 31, 2016	$ 43,174	$ 90,933,647	$ 988,624	$ 91,965,445

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

(17) Operating revenue

	For the years ended December 31, 2016	2015
Sales revenue	$ 217,171,554	$ 230,240,043
Service revenue	577	219
Other operating revenue	157,499	169,663
	$ 217,329,630	$ 230,409,926

(18) Other income

	For the years ended December 31, 2016	2015
Rental revenue	$ 157,806	$ 163,202
Interest income:		
Interest income from bank deposits	114,728	99,786
Interest from current account with others	193,491	243,199
Other interest income	71	38,432
	308,290	381,417
Dividend income	4,623,739	2,905,441
Other revenue	542,087	778,994
	$ 5,631,922	$ 4,229,054

(19) Other gains and losses

	For the years ended December 31, 2016	For the years ended December 31, 2015
Net gain on financial assets at fair value through profit or loss	$ -	$ 1,129
Net currency exchange (loss) gain	(435,644)	2,999,212
Gain on disposal of investments	-	1,155,418
(Loss) gain on disposal of property, plant and equipment	(2,902)	27,244
Impairment loss on property, plant and equipment	(781,222)	-
Other losses	(90,937)	(76,386)
	($ 1,310,705)	$ 4,106,617

(20) Finance costs

	For the years ended December 31, 2016	For the years ended December 31, 2015
Interest expense:		
Bank loans	$ 280,266	$ 501,764
Corporate bond	824,600	951,787
Current account with others	637	215
Discount	53,569	45,248
Other interest expenses	11,096	43,203
	1,170,168	1,542,217
Less: capitalisation of qualifying assets	(71,421)	(107,809)
Finance costs	$ 1,098,747	$ 1,434,408

(21) Expenses by nature

	For the years ended December 31, 2016	For the years ended December 31, 2015
Depreciation charges on property, plant and equipment	$ 7,289,036	$ 7,843,684
Employee benefit expense	7,674,889	7,496,703
Amortisation	3,890,281	3,168,326
	$ 18,854,206	$ 18,508,713

(22) Employee benefit expense

	For the years ended December 31, 2016	For the years ended December 31, 2015
Wages and salaries	$ 6,541,407	$ 6,342,170
Labor and health insurance fees	416,497	418,238
Pension costs	377,764	411,369
Other personnel expenses	339,221	324,926
	$ 7,674,889	$ 7,496,703

A. In accordance with the Articles of Incorporation of the Company, after distributing earnings, the Company shall distribute compensation 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 compensation 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 years ended December 31, 2016 and 2015, employees' remuneration was accrued at $47,608 and $30,193, respectively. The aforementioned amount was recognized in salary expenses.

For the year ended December 31, 2016, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

Employees' compensation for 2015 as resolved by the Board of Directors was in agreement with the amount of $30,193 recognized in the profit or loss for 2015. Employees' compensation for 2015 had been distributed.

Information about the appropriations of employees' remuneration 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.

(23) Income tax

A. Income tax expense

(a)Components of income tax expense:

	For the years ended December 31,	
	2016	2015
Current tax:		
Current tax on profits for the year	$ 3,770,790	$ 2,309,186
Adjustments in respect of prior years	(91,262)	-
Total current tax	3,679,528	2,309,186
Deferred tax:		
Origination and reversal of temporary differences	48,200	275,036
Income tax expense	$ 3,727,728	$ 2,584,222

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

	For the years ended December 31,	
	2016	2015
Currency translation differences	$ 591,147	$ 15,942

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2016	2015
Tax calculated based on profit before tax and statutory tax rate	$ 8,085,332	$ 5,127,611
Effect from items disallowed by tax regulation	(4,585,648)	(2,328,481)
Effect from five-year exemption	(26,077)	(277,160)
Effect from allowance for deferred tax assets	-	(182,132)
Additional 10% tax on undistributed earnings	345,383	244,384
Under provision of prior year's income tax	(91,262)	-
Income tax expense	$ 3,727,728	$ 2,584,222

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

	For the year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Loss on inventory	$ 45,692	$ 56,033	$ -	$ 101,725
Unrealized gain from downstream transactions	-	82,938	-	82,938
Unfunded pension expense	1,295,870	(407,530)	-	888,340
Impairment loss	57,746	123,435	-	181,181
Others	139,480	27,372	-	166,852
	1,538,788	(117,752)	-	1,421,036
Deferred tax liabilities:				
Currency translation differences	(677,640)	-	591,147	(86,493)
Unrealized loss from downstream transactions	(13,297)	13,297	-	-
Unrealised exchange gain	(113,438)	56,255	-	(57,183)
	(804,375)	69,552	591,147	(143,676)
	$ 734,413	($ 48,200)	$ 591,147	$ 1,277,360

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

D. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015
Earnings generated in and before 1997	$ 6,198,462	$ 6,198,462
Earnings generated in and after 1998	66,361,641	46,329,593
	$ 72,560,103	$ 52,528,055

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

	December 31, 2016	December 31, 2015
Balance of the imputation credit account	$ 4,453,266	$ 2,397,550
	2016 (Estimate)	2015 (Actual)
Creditable tax rate	14.62%	12.76%

(24) 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.

For the years ended December 31, 2016 and 2015, the earnings per share are calculated as follows:

	For the year ended December 31, 2016				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Basic earnings per share					
Net income	$ 47,560,773	$ 43,833,045	5,842,651	$ 8.14	$ 7.50

	For the year ended December 31, 2015				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Basic earnings per share					
Net income	$ 30,162,415	$ 27,578,193	5,842,929	$ 5.16	$ 4.72

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

C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the calculation of basic earnings per share is as follows:

	For the year ended December 31, 2016				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Basic earnings per share					
Net income	$ 47,560,773	$ 43,833,045	5,861,186	$ 8.11	$ 7.48

	For the year ended December 31, 2015				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Basic earnings per share					
Net income	$ 30,162,415	$ 27,578,193	5,861,186	$ 5.15	$ 4.71

(25) Non-cash transaction

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2016	2015
Purchase of fixed assets	$ 3,079,732	$ 4,157,251
Add: opening balance of payable on equipment	1,432,558	804,482
Less: ending balance of payable on equipment	(721,427)	(1,432,558)
Cash paid during the year	$ 3,790,863	$ 3,529,175

B. Financing activities with partial cash payments:

	For the years ended December 31,	
	2016	2015
Distribution of cash dividends	$ 20,514,153	$ 7,033,423
Changes in dividends payable	1,418,534	(755,682)
Cash dividends paid during the year	$ 21,932,687	$ 6,277,741

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2016	2015
Sales of goods:		
－ Subsidiaries	$ 45,450,796	$ 39,445,164
－ Associates	17,261,891	21,749,240
－ Other related parties	28,610,073	30,182,893
	$ 91,322,760	$ 91,377,297

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

B. Purchases of goods:

	For the years ended December 31,	
	2016	2015
Purchases of goods:		
－ Subsidiaries	$ 1,923,418	$ 1,593,437
－ Associates	103,792,719	121,793,926
－ Other related parties	11,344,476	12,514,726
	$ 117,060,613	$ 135,902,089

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

C. Receivables from related parties:

		December 31, 2016		December 31, 2015
Receivables from related parties:				
—Subsidiaries	$	9,829,342	$	7,493,997
—Associates		2,150,909		1,812,457
—Other related parties		2,573,672		2,447,634
		14,553,923		11,754,088
Other receivables:				
—Associates		440,981		2,140,695
	$	14,994,904	$	13,894,783

The 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 sales; 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 parties.

D. Payables to related parties:

		December 31, 2016		December 31, 2015
Payables to related parties:				
—Subsidiaries	$	263,959	$	150,391
—Associates		10,306,212		9,448,556
—Other related parties		1,184,508		1,019,655
	$	11,754,679	$	10,618,602

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:

	For the years ended December 31,			
		2016		2015
Expansion and repair works of factory sites:				
—Associates	$	399,534	$	272,408
—Other related parties		58,267		64,777
	$	457,801	$	337,185

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

		December 31, 2016		December 31, 2015
Payables to related parties:				
—Associates	$	-	$	923
—Other related parties		3,738		306
	$	3,738	$	1,229

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

F. Financing

(a)Loans to related parties

(i) Ending balance of accounts receivable - related parties

	December 31, 2016	December 31, 2015
Subsidiaries	$ 699,200	$ 730,000
Associates	13,456,845	1,060,000
Other related parties	5,220,923	8,793,312
	$ 19,376,968	$ 10,583,312

(ii) Interest income

	December 31, 2016	December 31, 2015
Subsidiaries	$ 10,416	$ 10,349
Associates	66,095	55,120
Other related parties	116,916	177,468
	$ 193,427	$ 242,937

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan was made; interest was collected at 1.41%~1.50% and 1.53%~1.63% per annum for the years ended December 31, 2016 and 2015, respectively.

G. Receivables for payment on behalf of others

	For the years ended December 31,	
	2016	2015
Associates	$ 164,332	$ 414,418

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

F. Operating expenses

	For the years ended December 31,	
	2016	2015
Transportation charges		
－Other related parties	$ 707,398	$ 632,825

H. Rental revenue

	For the years ended December 31,	
	2016	2015
Subsidiaries	$ 23,623	$ 23,919
Associates	33,108	36,035
Other related parties	88,219	91,346
	$ 144,950	$ 151,300

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

I. Property transactions:

(a) Purchase of property, plant and equipment

	For the years ended December 31,	
	2016	2015
Associates	$ 248,063	$ 174,870
Other related parties	34	-
	$ 248,097	$ 174,870

(b)Acquisition of financial assets

	Items	Number of shares	Name of the securities	2016 Addition amount
Subsidiaries	Investments accounted for using equity method	50,000	Shares of FCFC International Corp. (Cayman)	$ 16,084,840
Associates	Investments accounted for using equity method	-	Shares of Formosa Synthetic Rubber Corp. (Hong Kong)	1,276,880
Associates	Investments accounted for using equity method	8,500,000	Shares of Formosa Construction Corp.	85,000
				$ 17,361,720

	Items	Number of shares	Name of the securities	2015 Addition amount
Associates	Investments accounted for using equity method	508,236,725	Shares of Formosa Group Investment (Cayman) Corp.	$ 15,080,156

(c)Disposal of investment property

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

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

Note: Details of the Company’s acquisition of financial assets are provided in Note 6(7)7.

J. Sales of materials:

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

	For the years ended December 31,	
	2016	2015
Sales of materials:		
－ Subsidiaries	$ 281,929	$ 2,021,263
	December 31, 2016	December 31, 2015
Receivable from sales of materials:		
－ Subsidiaries	$ 56,484	$ 321,103

K. Donation

	For the years ended December 31,	
	2016	2015
Other related parties	$ 3,095	$ 7,455

(2) Key management compensation

	For the years ended December 31,	
	2016	2015
Salaries	$ 127,273	$ 100,501
Post-employment benefits	1,694	1,514
	$ 128,967	$ 102,015

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	December 31, 2016	December 31, 2015	Purpose
Long-term equity investments accounted for under the equity method	$ -	$ 12,335,333	Collaterals for bank loans
Property, plant and equipment	6,454,936	7,996,732	〃
	$ 6,454,936	$ 20,332,065	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The details of commitments and contingencies as of December 31, 2016 were as follows:

(1) Capital expenditures contracted for property, plant and equipment at the balance sheet date but not yet incurred amounted to $4,231,178.

(2) The outstanding letters of credit for major raw materials and equipment purchases amounted to US$60,166 thousand, ￥1,007,345 thousand, EUR1,354 thousand, AUD487 thousand and CHF44 thousand.

(3) Formosa Phenol (Ningbo) Limited Co. entered into a five-year, long-term loan with Mega Bank, Bank of Taiwan, Chang Hwa Bank, Taiwan Cooperative Bank, Mizuho Corporate Bank, Taipei Fubon Bank, E. Sun Bank, Yuanta Bank, and Export-Import Bank of China, which were the arrangers, for US$69 million and RMB￥190 million to support the borrowers in completing the building of

factories and in settling the loans.

(4) Formosa Phenol (Ningbo) Limited Co. has received a 5-year long-term loan with a credit line of US$80 million and RMB$120 million from Bank of Taiwan in 2014. The Company has provided a commitment letter and will arrange capital to assist the borrowing company on reimbursement and fulfilling other obligations as the Company controls the borrowing company's operations.

(5) The Company signed a 7-year syndicated long-term loan contract with the consortium which included Mega Bank, Bank of Taiwan, Chang Hwa Bank, Hua Nan Bank, Taiwan Cooperative Bank and Land Bank of Taiwan in the amount of $12.1 billion in 2013. As of December 31, 2015, the loan facility had been used and the land in Taisu Industrial Park, Mailiao Township, Yunlin was pledged as collateral.

(6) The Company's investee under the equity method-Formosa Synthetic Rubber Corp. (Ningbo) signed a syndicated loan contract with a consortium, which included Taiwan Cooperative Bank, for US$130 million and RMB300 million due to operational needs. According to the demands of the consortium, the Company has to offer a promissory note in accordance with its ownership percentage and has to manage the necessary funds to fulfill the repayment obligations when needed.

(7) Formosa Resource Australia Pty Ltd., an investee company of the Company's investee accounted for under the equity method-Formosa Resource Corp., needs to sign a loan with ANZ Bank for US$600 million for capital to invest in mineral resources. Under the loan agreement, the Company has to offer a promissory note in accordance with its ownership percentage and has to support the debtor to repay the above loan within necessary limits.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has resolved the appropriation of 2016 earnings on March 17, 2017. Details are provided in Note 6(15) F.

12. OTHERS

(1) 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 March 17, 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 recognised impairment loss on property, plant and equipment amounting to $466,785 for the year ended December 31, 2016.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2016 and 2015 were as follows:

	December 31, 2016	December 31, 2015
Total borrowings	$ 70,461,960	$ 74,921,934
Less: cash and cash equivalents	(13,108,011)	(18,018,485)
Net debt	57,353,949	56,903,449
Total equity	319,990,566	282,830,518
Total capital	$ 377,344,515	$ 339,733,967
Gearing ratio	15%	17%

(2) Financial instruments

A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties)), are approximate to their fair values. Because the interest rates of the long-term loans (including portion maturing within one year or one operating cycle, whichever is longer) are close to the market interest rate, thus the carrying amount is a reasonable basis for the estimation of fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(4).

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. The Company hedges its entire foreign exchange risk exposure. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company uses forward foreign exchange contracts.

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

iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2016		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 545,557	32.28	$ 17,610,580
JPY：NTD	530	0.28	148
EUR：NTD	9	33.85	314
Non-monetary items			
RMB：NTD	$ 6,532,181	4.65	30,374,641
USD：NTD	515,915	32.28	16,653,724
VND：NTD	6,355,782,857	0.0014	8,898,096
Financial liabilities			
Monetary items			
USD：NTD	$ 54,401	32.28	$ 1,756,064
JPY：NTD	235,651	0.28	65,982
EUR：NTD	291	33.85	9,850

	December 31, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 775,003	33.07	$ 25,629,349
JPY：NTD	3,931	0.27	$ 1,061
EUR：NTD	33	36.39	$ 1,201
Non-monetary items			
RMB：NTD	$ 6,306,662	5.09	$ 32,100,910
USD：NTD	594,196	33.07	$ 19,650,062
VND：NTD	6,040,491,276	0.0015	$ 9,060,737
Financial liabilities			
Monetary items			
USD：NTD	$ 43,267	33.07	$ 1,430,840
JPY：NTD	319,253	0.27	$ 86,198

v. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2016 and 2015 amounted to ($435,644) and $2,999,212, respectively.

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

	For the year ended December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD：NTD	1%	$ 127,365	$ -
JPY：NTD	1%	1	-
EUR：NTD	1%	3	-
Non-monetary items			
RMB：NTD	1%	$ -	$ 303,746
USD：NTD	1%	-	166,537
VND：NTD	1%	-	88,981
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 17,561	$ -
JPY：NTD	1%	660	-
EUR：NTD	1%	99	-

	For the year ended December 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD：NTD	1%	$ 256,293	$ -
JPY：NTD	1%	11	-
EUR：NTD	1%	12	-
Non-monetary items			
RMB：NTD	1%	$ -	$ 321,009
USD：NTD	1%	-	196,501
VND：NTD	1%	-	90,607
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 14,308	$ -
JPY：NTD	1%	862	-

Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii.The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the years ended December 31, 2016 and 2015 would have increased/decreased by $907,412 and $796,072, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2016 and 2015, the Company's borrowings at variable rate were denominated in the NTD and USD.

ii. At December 31, 2016 and 2015, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have been $140,866 and $136,236 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Company utilizes certain credit enhancement instruments (such as sales revenue or guarantees received in advance) at appropriate times to lower the credit risk from specific customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties are accepted.

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

(c) Liquidity risk

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

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

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 6,990,100	$ -	$ -	$ -
Accounts payable (including related parties)	14,976,184	-	-	-
Other payables (including related parties)	6,051,111	-	-	-
Bonds payable	6,750,000	5,700,000	8,950,000	25,100,000
Long-term borrowings	2,831,962	4,417,676	9,722,222	-

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

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

D. Fair value estimation

(a) Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(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 Company's financial assets and liabilities that are measured at fair value at December 31, 2016 and 2015:

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurement				
Available-for-sale financial assets				
Equity securities	$ 90,741,188	$ 3,162,625	$ -	$ 93,903,813
Fund	-	4,874,052	-	4,874,052
	$ 90,741,188	$ 8,036,677	$ -	$ 98,777,865

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurement				
Available-for-sale financial assets				
Equity securities	$ 79,607,206	$ 2,222,299	$ -	$ 81,829,505

(d) The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares
Market quoted price	Closing price

ii. 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 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.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants, the inputs used in the valuation method to measure these financial instruments are normally observable in the market.

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

v. The Company takes into account adjustments for credit risks of the counterparty and the Company's credit quality.

(e) For the years ended December 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

(f) For the years ended December 31, 2016 and 2015, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with "Rules Governing the Preparation of Financial Statements by Securities Issuers", significant transactions for the year ended December 31, 2016 are stated as follows:

A. Loans to others: Please refer to table 1.
B. Provision of endorsements and guarantees to others: Please refer to table 2.
C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.
E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant intragroup transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.
B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

14. SEGMENT INFORMATION

None.

Formosa Chemicals and Fibre Corporation and subsidiaries

Loans to others

For the year ended December 31, 2016

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 year ended December 31, 2016 (Note 3)	Balance at December 31, 2016 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	$ 7,000,000	$ 6,000,000	$ -	1.41~1.50	1	2	-	$ -	-	$ -	$ 79,997,642	$ 159,995,283	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.41~1.50	1	2	-	-	-	-	79,997,642	159,995,283	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	7,000,000	6,000,000	-	1.41~1.50	1	2	-	-	-	-	79,997,642	159,995,283	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	-	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	7,000,000	7,000,000	1,000,000	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	5,409,564	4,620,924	3,680,924	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	1,500,000	1,500,000	-	1.41~1.50	1	2	-	-	-	-	79,997,642	159,995,283	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2016 (Note 3)	Balance at December 31, 2016 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	$ 100,000	$ 100,000	$ 9,200	1.41~1.50	2	1	Additional operating capital	$ -	-	$ -	$ 63,998,113	$ 127,996,226	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	1,600,000	1,600,000	690,000	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Group (Cayman) Limited	Other receivables-related parties	Yes	9,215,000	8,006,500	8,006,500	1.41~1.43	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	11,000,000	6,000,000	-	1.41~1.50	1	2	-	-	-	-	79,997,642	159,995,283	-
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	14,500,000	1,500,000	1,500,000	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	720,000	460,000	460,000	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2016 (Note 3)	Balance at December 31, 2016 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Mai-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	$ 780,000	$ 40,000	$ 40,000	1.41~1.50	2	1	Additional operating capital	$ -	-	$ -	$ 63,998,113	$ 127,996,226	-
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	336,000	30,000	30,000	1.41~1.50	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	7,080,345	7,080,345	3,960,345	1.41~1.47	2	1	Additional operating capital	-	-	-	63,998,113	127,996,226	-
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	15,000	15,000	15,000	1.43~1.50	2	1	Additional operating capital	-	-	-	765,568	1,913,921	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	3,151,687	2,052,017	2,052,017	3.05~3.92	2	1	Additional operating capital	-	-	-	5,129,908	12,824,770	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	820,144	763,108	763,108	3.05~3.92	2	1	Additional operating capital	-	-	-	5,129,908	12,824,770	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber (Ningbo) Limited Co.	Receivables from related party	Yes	1,163,275	1,163,275	1,163,275	3.05	2	1	Additional operating capital	-	-	-	5,129,908	12,824,770	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2016 (Note 3)	Balance at December 31, 2016 (Note 8)	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 Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	$ 967,845	$ 851,517	$ 851,517	3.05-3.75	2	1	Additional operating capital	$ -	-	$ -	$ 5,129,908	$ 12,824,770	-
2	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	116,328	-	-	3.48	2	1	Additional operating capital	-	-	-	2,920,608	7,301,519	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.
Note 2: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.
Note 3 : Maximum outstanding balance of loans to others during the year period ended December 31, 2016
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 year ended December 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number （Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor （Note 2）	Limit on endorsements/ guarantees provided for a single party （Note 3）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016 （Note 4）	Outstanding endorsement/ guarantee amount at December 31, 2016	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	$ 15,502,954	$ 5,858,751	$ 5,297,258	$ 5,297,258	$ -	1.66	$ 415,987,736	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	207,993,868	43,450,563	33,247,370	33,247,370	-	10.39	415,987,736	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	207,993,868	13,055,916	12,472,657	12,472,657	-	3.90	415,987,736	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	43,386,297	2,341,500	1,451,250	564,375	-	2.17	86,772,595	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	43,386,297	1,672,500	1,612,500	86,251	-	2.42	86,772,595	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	3	43,386,297	2,676,000	2,096,250	407,382	-	3.14	86,772,595	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	43,386,297	4,505,715	4,344,075	2,405,391	-	6.51	86,772,595	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Co.,Ltd.	6	43,386,297	4,391,447	4,193,422	1,908,131	-	6.28	86,772,595	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:
(1)Having business relationship.
(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5)Mutual guarantee of the trade as required by the construction contract.
(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

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

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

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

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the year ended December 31, 2016

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 December 31, 2016				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	486,978,692	$ 43,438,499	7.65	$ 43,438,499	-
The Company	Stocks_Asia Pacific Investment Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	63,621,500	3,162,625	14.97	3,162,625	-
The Company	Stocks_Nan Ya Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	413,327,750	29,428,936	5.21	29,428,936	-
The Company	Stocks_Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	364,815,409	17,620,585	13.27	17,620,585	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	14,936,190	253,168	3.41	253,168	-
The Company	Mega Private US Dollar Money Market Funds	-	Available-for-sale financial assets - current	14,977,992	4,874,052	-	4,874,052	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	39,562,740	539,260	17.98	539,260	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	8,999	818,316	2.92	818,316	-
The Company	Stocks_Central Leasing Corp.	-	Financial assets measured at cost - noncurrent	1,778,611	-	1.07	-	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets measured at cost - noncurrent	13,533,879	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.	The Company's chairman is the issuer's chairman	Financial assets measured at cost - noncurrent	300,000	3,000	1.51	3,000	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets measured at cost - noncurrent	2,376,202	38,419	1.41	38,419	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Stocks_Formosa Plastics Maritime Corp.	The Company is the issuer's corporate director	Financial assets measured at cost - noncurrent	355,880	$ 1,750	18.22	$ 1,750	-
The Company	Stocks_Formosa Development Corp.	The Company is the issuer's supervisor	Financial assets measured at cost - noncurrent	14,672,636	90,010	18.00	90,010	-
The Company	Stocks_Formosa Network Technology Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,925,000	13,331	12.50	13,331	-
The Company	Stocks_Formosa Plastics Marine Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,428,500	15,000	15.00	15,000	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,622	856,948	19.00	856,948	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets measured at cost - noncurrent	5,000,000	50,000	3.91	50,000	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets measured at cost - noncurrent	2,500,000	25,000	1.25	25,000	-
FCFC International (Cayman) Limited	Stocks__Formosa Ha Tinh(Cayman) Limited	The chairman of the FCFC International (Cayman)'s ultimate parent company is issuer's director	Financial assets measured at cost - noncurrent	508,236,725	15,132,580	11.43	15,132,580	-
Tah Shin Spinning Corp.	Stocks_Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	6,367	308	-	308	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	14,880	0.20	14,880	-
Formosa Biomedical Technology Corp.	Stocks_Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	3,000	157	0.01	157	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Energy & Material Technology Corp.	Related party in substance	Financial assets measured at cost - noncurrent	5,300,000	53,000	15.14	53,000	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Same as Formosa Biomedical Technology Corp.'s chairman	Financial assets measured at cost - noncurrent	458,120	2,518	2.45	2,518	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets measured at cost - noncurrent	2,100,000	21,033	6.30	21,033	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Formosa Biomedical Technology Corp. is the director of the issuer's parent company	Financial assets measured at cost - noncurrent	423,720	8,400	0.55	8,400	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,999,750	635,828	18.31	635,828	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets measured at cost - noncurrent	26,940,922	676,215	19.05	676,215	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Taffeta Co., Ltd.'s parent company	Available-for-sale financial assets - current	11,219,610	1,080,449	0.19	1,080,449	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Available-for-sale financial assets - current	32	$ -	-	$ -	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	640	57	-	57	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	482,194	34,332	0.01	34,332	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	10,000,000	497,100	2.35	497,100	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	15,421,010	744,835	0.56	744,835	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	365,267,576	40,909,968	3.83	40,909,968	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets measured at cost - noncurrent	174,441	3,236	0.45	3,236	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Formosa Taffeta Co., Ltd. is the issuer's corporate director	Financial assets measured at cost - noncurrent	14,400	3,000	10.00	3,000	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets measured at cost - noncurrent	613,553	3,099	1.20	3,099	-
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	4,281,686	23,813	3.17	23,813	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Taffeta Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	19,066,860	58,345	9.53	58,345	-
Formosa Taffeta (Cayman) Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Financial assets measured at cost - noncurrent	171,008,736	5,316,710	3.85	5,316,710	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., Ltd. is Formosa Development Co., Ltd. 's parent company	Available-for-sale financial assets - noncurrent	2,473,228	72,960	0.15	72,960	-
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Stocks_Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	141	0.11	141	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	74,388	$ 6,635	-	$ 6,635	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	312,512	22,251	-	22,251	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Advanced Technologies Co., Ltd.'s ultimate parent company	Available-for-sale financial assets - current	7,316,000	704,531	0.12	704,531	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	15,041,215	726,491	0.55	726,491	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	9,533,430	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	374,262	-	374,262	-
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	253,293	-	253,293	-

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. anf 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 year ended December 31, 2016

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, 2016		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2016	
					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	Mage International Private Money Market funds	Available-for-sale financial assets - current	-	-	-	$ -	14,977,992	$ 4,903,800	-	$ -	$ -	$ -	14,977,992	$ 4,874,052
The Company	FCFC International (Cayman) Limited	Investments accounted for under equity method	FCFC International (Cayman) Limited	-	-	-	50,000	16,084,840	-	-	-	-	50,000	15,441,324
The Company	Formosa Group Investment Corp. (Cayman)	Investments accounted for under equity method	Formosa Group Investment Corp. (Cayman)	-	508,249,225	16,085,211	-	-	508,249,225	16,085,211	16,085,211	-	-	-
The Company	Formosa Ha Tinh(Cayman) Limited	Financial assets measured at cost - noncurrent	Formosa Ha Tinh(Cayman) Limited	-	-	-	508,236,725	16,084,840	-	-	-	-	508,236,725	15,132,580
The Company	Formosa Synthetic Rubber (Hong Kong) Limited	Investments accounted for under equity method	Formosa Synthetic Rubber (Hong Kong) Limited		-	549,701	-	1,276,880	-	-	-	-	-	1,212,400
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp._Stocks	Available-for-sale financial assets - noncurrent	-	-	1,214,557	55,505	13,826,658	504,673	-	-	-	-	15,041,215	726,491

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach $300 million or 20% of paid-in capital or more.
Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In case that shares were issued with no par value or a par value other than NT$10 per share, the 20% of paid-in capital level shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Formosa Chemicals and Fibre Corporation and subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 1）
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	($ 2,088,671)	(1)	30 days	$ -	-	$ 177,052	1	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(25,878,406)	(12)	30 days	-	-	2,341,944	11	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(1,754,464)	(1)	60 days	-	-	Notes receivable 129,706	28	-
									Accounts receivable 413,899	2	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Sub-subsidiary	Sales	(307,922)	-	60 days	-	-	53,910	-	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Sales	(17,254,605)	(8)	30 days	-	-	2,150,844	10	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(7,792,498)	(4)	90 days	-	-	2,117,449	10	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(16,701,832)	(8)	90 days	-	-	4,559,129	22	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(5,942,979)	(3)	90 days	-	-	1,262,754	6	-
The Company	Formosa Industries Corp.,Vietnam	Subsidiary	Sales	(3,057,342)	(1)	30 days	-	-	214,387	1	-
The Company	PFG Fiber Glass Corporation	The Company's Chairman is the counterparty's director	Sales	(412,664)	-	30 days	-	-	34,715	-	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(9,738,754)	(4)	30 days	-	-	1,066,021	5	-
The Company	Nan Ya Plastics (Ningbo) Corp.	The Company's Chairman is the director of the counterparty's ultimate parent company	Sales	(188,960)	-	30 days	-	-	-	-	-
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	5,390,037	3	30 days	-	-	(513,391)	(3)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote（Note 1）
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	$ 5,954,439	4	30 days	$ -	-	($ 671,117)	(4)	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Purchases	103,792,719	63	30 days	-	-	(10,306,212)	(69)	-
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	(852,559)	(24)	30 days	-	-	102,589	16	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	Sales	(410,551)	(12)	90 days after delivery	-	-	134,862	20	-
Formosa BP Chemicals Corp.	Nan Ya Plastics Corp.	Affiliated company	Sales	(176,282)	(5)	30 days	-	-	-	-	-
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Sales	(376,549)	(11)	30 days	-	-	51,902	8	-
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Purchases	1,444,728	62	45 days	-	-	(169,008)	(100)	-
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Same parent company	Sales	(834,351)	(12)	30 days	-	-	81,816	11	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	Sales	(1,410,821)	(21)	30 days	-	-	149,983	20	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Same parent company	Sales	(734,838)	(11)	30 days	-	-	83,143	11	-
Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Same parent company	Sales	(106,222)	(2)	30 days	-	-	10,202	1	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Acrylic Esters (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman, is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(692,272)	(10)	30 days	-	-	89,455	12	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Polypropylene (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman, is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(644,026)	(9)	30 days	-	-	69,249	9	-

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 1）
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	($ 620,407)	(9)	30 days	$ -	-	$ 63,885	9	-
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Nan Ya Corp.)	Sales	(496,977)	(7)	30 days	-	-	60,832	8	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Super Absorbent Polymer (Ningbo) Co., Ltd.	Affiliated company	Sales	(149,170)	(2)	30 days	-	-	15,424	2	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Polyethylene (Ningbo) Co., Ltd.	Affiliated company	Sales	(239,589)	(3)	30 days	-	-	30,343	4	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber Corp.	Affiliated company	Sales	(563,899)	(8)	30 days	-	-	68,075	9	-
Formosa chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Nan Ya Corp.)	Sales	(330,715)	(2)	90 days	-	-	43,838	7	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Plastics Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the counterparty's director	Purchases	1,966,851	11	90 days	-	-	(457,602)	(11)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is the ultimate parent company's investee accounted for using equity method	Purchases	694,097	4	90 days	-	-	(181,944)	(5)	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp.,Vietnam as an investee using equity method	Purchases	2,316,088	12	30 days	-	-	(276,300)	(16)	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(854,848)	(6)	30 days	-	-	112,651	12	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Europe Plc	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(247,239)	(2)	30 days after closing date	-	-	17,797	2	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(397,857)	(3)	30 days after closing date	-	-	-	-	-

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 1）
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	($ 940,617)	(7)	30 days after closing date	$ -	-	$ 89,026	10	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals U.S.A Corp.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(106,805)	(1)	30 days after closing date	-	-	14,175	2	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	(635,013)	(5)	30 days after closing date	-	-	62,190	7	-
Formosa Phenol (Ningbo) Limited Co.	Formosa Petrochemical Corp.	The ultimate parent company's chairman is the counterparty's director	Purchases	1,674,799	19	90 days	-	-	(194,766)	(32)	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Electronic Materials (Kunshan) Co., Ltd	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	(111,377)	(1)	30 days	-	-	16,926	3	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	(4,323,506)	(38)	30 days	-	-	560,718	89	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(324,818)	(1)	60 days after monthly billings	-	-	40,685	2	-
Formosa Taffeta Co., Ltd.	Schocller F.T.C. (Hong Kong) Co., Ltd.	Subsidiary	Sales	(252,531)	(1)	120 days	-	-	11,071	1	-
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	The chairman is the firstdegree relative of the Company's managing director	Sales	(332,180)	(1)	120 days	-	-	-	-	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(150,904)	(1)	120 days	-	-	26,874	1	-
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Formosa Taffeta Co., Ltd.'s chairman is the counterparty's director	Purchases	9,257,907	49	15 days	-	-	(437,545)	(20)	-
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the counterparty's director	Purchases	627,326	3	15 days	-	-	(69,267)	(3)	-
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the counterparty's director	Purchases	362,541	2	15 days	-	-	(40,507)	(2)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote（Note 1）
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Sales	($ 5,654,012)	(67)	60 days	$ -	-	$ 992,417	61	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.'s parent company is Affiliated company with Formosa Taffeta (Zhong Shan) Co., Ltd.	Sales	(299,260)	(19)	60 days	-	-	96,016	50	-
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp.,Vietnam	Formosa Industries Corp., Vietnam is the parent company's investee accounted for using equity method	Purchases	192,026	13	60 days	-	-	(27,416)	(22)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.'s parent company is Affiliated company with Formosa Taffeta (Dong Nai) Co., Ltd.	Sales	(318,634)	(10)	60 days	-	-	60,083	9	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp.,Vietnam	Formosa Industries Corp., Vietnam is the parent company's investee accounted for using equity method	Purchases	510,288	18	60 days	-	-	(48,313)	(11)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.'s parent company	Sales	(291,014)	(9)	60 days	-	-	106,103	16	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Nan Ya Plastics Corp.	Formosa Traffeta Co.,Ltd's chairman is designated to represent as the issuer's managing director	Purchases	205,622	7	60 days	-	-	-	-	-

Note 1: The disclosing way is on revenue side and relative 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 year ended December 31, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016 (Note 1)		Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director		$ 177,052	13.50	$ -	-	$ 177,052	$ -
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director		2,341,944	11.22	-	-	2,341,944	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	129,706	3.59	-	-	129,706	-
			Accounts receivable	413,899				297,983	
The Company	Formosa Petrochemical Corp.	Investees accounted for using equity method		2,150,844	8.71	-	-	2,150,844	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	Accounts receivable	2,117,499	4.79	-	-	1,396,979	-
			Other receivables	499,275				1,746	
The Company	Formosa Industries Corp.,	Subsidiary	Accounts receivable	214,387	8.93	-	-	214,387	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	Accounts receivable	1,262,754	5.27	-	-	582,311	-
			Other receivables	308,596				-	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary	Accounts receivable	4,559,129	4.24	-	-	2,714,519	-
			Other receivables	262,725				34	
The Company	Formosa Ha Tinh Steel Corp.	The Company's Chairman is the counterparty's director	Other receivables	440,981	-	-	-	297,541	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		1,066,021	9.62	-	-	1,066,021	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company		134,862	1.88	-	-	25,296	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company		149,983	9.34	-	-	149,983	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent compnay's chairman is the director of the counterpary's parent company		560,718	9.22	-	-	560,718	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	The Company's Chairman is the counterparty's director		992,417	5.45	-	-	487,373	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.'s parent company		106,103	3.48	-	-	32,884	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2016

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	($ 16,701,832)	In regular terms	(5)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	(9,738,754)	In regular terms	(3)

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

(1)Parent company is ‘0’.

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

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

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

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

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

Formosa Chemicals and Fibre Corporation and subsidiaries

Information on investees (Excluding those in Mainland China)

For the year ended December 31, 2016

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2016					
Investor	Investee (Note 1)	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Footnote
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	$ 85,188	$ 85,188	18,467,619	86.40	$ 132,913	($ 19,510)	($ 18,847)	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	24,474,108	3,481,285	1,280,975	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	651,706,181	32.91	7,644,268	35,695	16,993	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	101,719	(20,346)	(6,781)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	17,255	17,255	4,546,463	33.33	750,304	87,642	29,211	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	74,173,344	75,764,102	18,099,603	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	498,842,000	24.94	10,936,483	4,294,373	1,071,140	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	19,534,946	18,443,886	84,000	100.00	30,374,641	297,191	297,191	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	1,776	364	120	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	225,034	225,034	12,448,800	30.00	261,922	46,963	14,123	-
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	2,741,757	2,939,039	1,467,968	-
The Company	Su Hua Transport Corp.	Taiwan	Transportation	50,000	50,000	7,658,750	25.00	251,008	128,817	32,204	-
The Company	Formosa Industries Corp., Vietnam	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	8,898,096	2,096,286	890,920	-

				Initial investment amount		Shares held as at December 31, 2016				Investment income (loss)	
Investor	Investee (Note 1)	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	recognised by the Company for the year ended December 31, 2016	Footnote
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	$ 1,201,500	$ 1,201,500	120,150,000	50.00	$ 1,358,751	$ 67,192	$ 29,378	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	255,716	(20,965)	(5,103)	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	1,692,877	86,353	76,500	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	22,037,185	100.00	211,562	433	427	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	315,764	(159,996)	(53,327)	-
The Company	Formosa Synthetic Rubber (Hong Kong) Limited Co.	Hong Kong	Manufacturing of synthetic rubber	2,151,560	874,680	-	33.33	1,212,400	(1,842,344)	(614,053)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	4,162,500	4,162,500	416,250,000	25.00	4,159,625	(500,633)	(125,158)	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	-	25.00	549,598	1,597,675	399,419	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	100,000	15,000	10,000,000	33.33	91,895	(11,351)	(3,782)	-
The Company	FCFC International (Cayman) Limited	Cayman Islands	Investments	16,084,840	-	50,000	100.00	15,441,324	(247)	(247)	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	15,482,159	14,391,099	-	100.00	18,094,493	(1,100,719)	(1,100,719)	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	94,389	8,667	2,545	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at December 31, 2016: Number of shares	Shares held as at December 31, 2016: Ownership (%)	Shares held as at December 31, 2016: Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Footnote
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	$ 252,969	$ 252,969	19,636,218	51.00	$ 168,969	($ 221,459)	($ 112,944)	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	17,350	1,417	1,417	-
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	199,566	16,054	14,620	-
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	3,773,440	3,773,440	290,464,472	65.68	6,815,323	1,022,556	663,595	-
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	1,025,680	72,275	72,275	-
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	1,763,630	191,512	191,512	-

				Initial investment amount		Shares held as at December 31, 2016					
Investor	Investee (Note 1)	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Footnote
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	$ 1,175,070	$ 699,139	$ 140,023	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	8,977	16,421	7,061	-
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	2,342,320	120,502	120,502	-
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	2,193,337	2,096,286	205,950	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	5,090,180	5,090,180	171,028,736	100.00	5,316,911	(144)	(144)	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,761	1,022,556	1,073	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2016

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	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	$ 699,442	100	$ 699,442	$ 7,442,353	$ -	2
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2、4	4,051,414	-	-	4,051,414	1,397,911	100	1,397,911	12,824,770	-	2
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	9,066,960	2、4	7,975,900	1,091,060	-	9,066,960	(1,613,781)	100	(1,613,781)	7,301,519	-	2
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2、4	1,732,458	-	-	1,732,458	(154,283)	100	(154,283)	1,225,559	-	2
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol-acetone and acetone	4,679,623	2、4	-	-	-	-	(32,098)	100	(32,098)	2,125,062	-	2
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	6,743,008	2、4	874,680	1,276,880	-	2,151,560	(1,842,344)	33	(614,053)	1,212,400	-	2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	$ 29,610	2、4	$ 29,610	$ -	$ -	$ 29,610	$ 1,417	100	$ 1,417	$ 17,351	$ -	2
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	14,021	100	14,021	1,590,666	-	3
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise exhibition, export processing, warehousing and design and drawing of black and white and colour graphs	15,273	1	15,273	-	-	15,273	(242)	100	(242)	7,313	-	4
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2、4	1,334,739	-	-	1,334,739	33,082	100	33,082	906,269	-	5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	$ 70,788	2、4	$ -	$ -	$ -	$ -	$ 96,235	41	$ 39,245	$ 59,856	$ -	6

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

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

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

(3) Others

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

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

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

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

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

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

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

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US$46,400,000.
(The remittance of US$46,388,800 and the capitalised value of machinery and equipment of US$11,200)

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

Note 5: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US$42,000,000. In order to effectively utilise the residential land of the Company, Formosa Chemicals & Fibre Co. split the residential land and established Changshu Fushun Enterprise Management Co., Ltd. by capitalizing the residential land in the first quarter, 2015.
Formosa Chemicals & Fibre Co. reduced the capital of Formosa Taffeta (Changshu) Co., Ltd. by US$900,000, so the Company's paid-in capital amounts to $41,100,000.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	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	$ 21,685,133	$ 33,370,030	Note

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

Formosa Chemicals and Fibre Corporation and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2016

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2016	%	Balance at December 31, 2016	Purpose	Maximum balance during the year ended December 31, 2016	Balance at December 31, 2016	Interest rate	Interest during the year ended December 31, 2016	Others
Formosa Taffeta (Zhongshan) Co., Ltd.	$ 12,499	0.05	$ -	-	$ 810	0.04	$ 1,451,250	For short-term loans from financial institutions	$ -	$ -	-	$ -	–
Formosa Taffeta (Changshu) Co., Ltd.	73,586	0.30	-	-	5,435	0.25	2,096,250	For short-term loans from financial institutions	-	-	-	-	–