FORMOSA PLASTICS CORPORATION

2016 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK

(SUMMARY)

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

JUNE 17, 2016

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FORMOSA PLASTICS CORPORATION

2016 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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FORMOSA PLASTICS CORPORATION

2016 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time : 2:00 p.m., Friday, June 17, 2016

Venue : 2F, International Ballroom, Sunworld Dynasty Hotel, Taipei
(Located at 100, Dun Hua North Road, Taipei, Taiwan)

1. Discussion Items (I)
   (1) To amend the Articles of Incorporation of the Company, the corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

2. Report Items
   (1) 2015 Business Report
   (2) Audit Committee' Review Report on the 2015 Financial Statements
   (3) Distribution of 2015 Employees Compensation
   (4) Amendment of the Company's "Code of Ethical Conduct for Directors and Managers"
   (5) Resignation from the Director's Position of the Company

3. Ratification Items
   (1) Please approve the 2015 Business Report and Financial Statements as required by the Company Act.
   (2) Please approve the Proposal for Distribution of 2015 Profits as required by the Company Act.

4. Discussion Items (II)

(1) To comply with the regulations of the competent authority in charge of securities affairs, the Company has established Audit Committee in lieu of Supervisor. As such, the Company's "Procedures for Acquisition and Disposal of Assets of the Company" shall be revised to reflect such amendments. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

(2) To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company's "Procedures for Engaging in Derivatives Transactions of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

(3) To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company's "Procedures for Loaning Funds to other Parties of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

(4) To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company's "Procedures for Providing Endorsements and Guarantees to other Parties of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

(5) To comply with the regulations of the competent authority in charge of securities affairs, the Company has established Audit Committee in lieu of Supervisor. As such, the Company's "Rules of Procedure for Shareholders' Meeting of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Discussion Items (I) Proposal 1

Proposal: To amend the Articles of Incorporation of the Company, the corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	(New article added)	Article 39	When allocating the net profits for each fiscal year, the Company shall set aside 0.05% to 0.5% of the balance of pre-tax profit prior to deducting employees compensation as compensation of employees. However, the Company's accumulated losses shall have been covered. The resolution of employees compensation pursuant to Article 235-1 of the Company Act.	The Company amends employees compensation related articles in accordance with the revision of Article 235-1 of the Company Act.
Article 39	Where there is profit of the annual final account,	Article 40	Where there is surplus of the annual final account, when	To amend employees compensation

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	except for rending all taxes, when allocating the net profits for each fiscal year, the Company shall first offset its losses in the previous years and set aside 10% legal capital reserve and special earning reserve as necessary followed by the dividend. For remaining balance (hereinafter the distributable earning after the dividend) incorporated with the accumulative earning in previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and		allocating the net profits for each fiscal year, the Company shall first pay its income tax and offset its prior years' accumulated losses and set aside 10% legal capital reserve and special earning reserve as necessary followed by the dividend. For remaining surplus incorporated with the accumulative earning in previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and submit the same to the shareholders' meeting for resolution. Preceding special earning reserves include: 1. The earning	related articles, the Company deletes paragraph 3 of Article 39 and adjusts the Article order.

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	submit the same to the shareholders' meeting for resolution. Preceding special earning reserves include: 1. The earning reserved recognized for special purpose 2. Investment gain recognized under the equity method and unused tax credit 3. Other special earning reserve pursuant to laws and regulations The Company shall set aside 0.1% to 1% of distributable earning after the dividend as bonus to the employees, while the amount set aside shall be the expenses of current year. The Company is in		reserved recognized for special purpose 2. Investment gain recognized under the equity method and unused tax credit 3. Other special earning reserve pursuant to laws and regulations The Company is in matured phase of business cycle with stable profit every year. The dividend policies adopt the combination of cash dividend, capital increment by earning and by capital reserve. At least 50% of distributable earning deducted by the legal and special reserve shall be distributed, and the cash dividend shall be prioritized. Meanwhile, the percentage of capital increment by earning	

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	matured phase of business cycle with stable profit every year. The dividend policies adopt the combination of cash dividend, capital increment by earning and by capital reserve. At least 50% of distributable earning deducted by the legal and special reserve shall be distributed, and the cash dividend shall be prioritized. Meanwhile, the percentage of capital increment by earning and capital reserve shall not exceed 50% of all dividend in that year.		and capital reserve shall not exceed 50% of all dividend in that year.	
Article 40	In regard to all matters not provided for in these Articles of Incorporation, the	Article 41	In regard to all matters not provided for in these Articles of Incorporation, the Company Act and	To amend employees compensation related articles, the

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	Company Act and other relevant laws shall govern them.		other relevant laws shall govern.	Company adjusts the Article order.
Article 41	(Omitted)	Article 42	Add "the 61st Amendment on June 17, 2016" to the existing Article.	To amend employees compensation related articles, the Company adjusts the Article order and encloses the date of the 61st amendment.

Resolution:

Report Items

1. About the Company’s results of operation for fiscal year 2015, please refer to Business Report for further details (on page 13 of the Handbook.)
2. The Company’s Audit Committee members reviewed the 2015 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee’s Review Report (on page 25 of the Handbook.)
3. Distribution of 2015 Employees Compensation
   Pursuant to newly amended Article 39 of the Articles of Incorporation of the Company, the Board of Directors approved to set aside 0.1415% of the 2015 pre-tax profit prior to deducting employees compensation distributable as employees compensation on March 17, 2016. The form of employees compensation will be in cash, i.e. a total amount of NT $49,507,146.
4. Amendment of the Company’s “Code of Ethical Conduct for Directors and Managers”
   To comply with the regulations of the competent authority in charge of securities affairs, the Company has established Audit Committee in lieu of Supervisor. And to refer to the revisions of the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEx Listed Companies” announced by the Letter of the Taiwan Stock Exchange Corporation dated December 31, 2014 (Reference No. Tai-Cheng-Chih-Li-Tzu-1032201564), the Board of Directors approved the amendment of the “Code of Ethical Conduct for Directors and Managers” of the Company on August 11, 2015. Please refer to page 26 through page 28 of the Handbook for the amended “Code of Ethical Conduct for Directors and Managers.”

5. Resignation from the Director’s Position of the Company

   In early July 2015, the Company discovered ten employees accepting bribes from an exclusive patented bulk bag supplier. Some of these employees had voluntarily admitted violation of company policies and the Company had already handled their cases according to internal regulations and employment contracts.

   In addition, former board director of the Company, Mr. Lin Chen-Jung, had been reported by a whistleblower for possible involvement in the scandal. Thus, Mr. Lin voluntarily resigned on July 24, 2015. The resignation from the director’s position of the Company was approved by the Ministry of Economic Affairs Letter dated August 4, 2015 (Reference No. Ching - Shou - Shang -Tzu-10401163950)

Formosa Plastics Corporation 2015 Business Report

The Company (Formosa Plastics Corporation) generated consolidated sales revenue of TWD191.54bn in 2015, reaching 97% of its target of TWD197.47bn and was down 11.6% from TWD216.59bn generated in 2014. Consolidated pretax profit came in at TWD35.09bn in 2015, reaching 139% of its target of TWD25.12bn and was up 71% from TWD20.43bn generated in 2014.

Dubai crude oil price dropped from USD52.6/b at end-2014 to USD31.78/b at end- 2015, sharply down by almost 40% due to slowing economic growth in China, rising shale oil production in the US, strengthening US dollars, and no oil production cut by OPEC aiming to balance their financial budget and put pressure on the development of shale oil production in the US. The correction of crude oil prices affected prices of commodity feedstocks and products. Accordingly, the Company lowered petrochemical product prices to reflect international market situation, which leads to lower revenues in 2015.

However, the Company’s consolidated operating profit of TWD15bn significantly increased by 90% YoY in 2015 due to the fact that (1) the Company was able to increase capacity utilization rate from 84% in 2014 to 88% in 2015 given smooth operations. (2) Petrochemical margin expanded as major petrochemical product prices decreased less than the drop of raw material cost. The average cost of feedstock ethylene and propylene decreased 23% and 38% in 2015, respectively. (3) Sales volume and profits from differentiated products increased 21% and 155% YoY in 2015, respectively, due to successful developments on high-price differentiated products and continuous marketing developments into Africa, South Asia, New Zealand, Australia, South America, Russia, and other emerging markets. Furthermore, equity investment income from Formosa Petrochemical Corporation (FPCC) and Formosa Plastics Corporation USA (FPC USA) reached TWD20bn in 2015, which was up by TWD10.9bn from 2014. Accordingly, the Company’s consolidated pretax profit increased in 2015 and reached its highest level since 2012.

Looking back at 2015, although the economies of the US and Euro zone have shown steady recovery, Japan's economic growth has stagnated, China's economic growth has slowed down and demand has decreased during the process of industrial restructuring, which deeply impacted the economy of emerging countries that mainly exports to China and resulted in weaker-than-expected global economic growth. This has also impacted Taiwan's economy, with GDP growth rate drops below 1%, which is the lowest level since year 2000. Aside from slowing global economic growth, increasing integration of international and regional economics is another reason. Asian countries have been aggressively developing and signing free trade agreements (FTA) and enjoy reciprocal trade tariff benefits from each other. However, Taiwan has had low participations on this. Taiwan's FTA trading amount accounts for less than 10% of its total trades after ECFA was effective. This has created obstacles for Taiwan, which is an export driven economy, to compete on international trade. It is also seriously marginalizing Taiwanese industries. Korea in particular, which has similar industry structure with Taiwan with 70% of export products overlapping with Taiwan, has replaced Japan and become the second largest trading country in China market. Because China is the largest export market for both Taiwan and Korea, Taiwan's export to China, which accounts for 40% of Taiwan's total exports, will be gradually replaced by Korean exports with China-Korea FTA trade benefits gradually increase. In addition, ASEAN Economic Community (AEC) was established in 2015, Trans-Pacific Partnership (TPP) and "ASEAN plus 6" regional comprehensive economic partnership (RCEP) will be entering into force in 2016, and China, Japan, and Korea will restart FTA negotiation. Taiwan not only has not participated these regional FTAs but also could not sign the trading agreement with China. This is likely to affect Taiwan signing FTA with other countries. If Taiwan government does not seek ways to overcome these obstacles, Taiwan is likely to be marginalized in the international trading market in the future, which is very negative for the survival and developments of Taiwan's industries.

Furthermore, Taiwan has been long suffering from fights and opposition between political parties, ineffective economic reform, inappropriate financial and tax planning, and environmental protection pressuring industry developments, which has negatively impacted both domestic and foreign investments. Overtime, Taiwanese companies are forced to invest overseas, which will create a hollow effect on Taiwan industries.

In view of all these risks, we sincerely expect Taiwan government to seriously face those issues and seek for solutions. On the external factors, Taiwan should try to sign the trade agreement with China as soon as possible, and this trade agreement should include the 5 major plastics and fiber raw materials for tariff reduction. Meanwhile, Taiwan should aggressively try to participate TPP and RCEP and sign FTA with major trading partners in order to create an equal competitive position in the international trading market. On the internal factors, Taiwan government should try to improve the investment environment by balancing environmental protection and business. The government should also establish environmental protection regulations that are applied throughout the whole country and provide tax policies that will attract investments, so that the local governments will not establish different regulations based on their own interest, and then companies can operate and invest in a healthy business environment to increase their competitiveness. This will help Taiwan's economy to catch up with other countries and ensure sustainable economic development.

The major challenges in 2015 were slowing economic growth in China, rising competition pressure with regional economic integration, and falling petrochemical product prices given tumbling crude oil prices. Based on Formosa Plastics Group core value, we have not only accelerated on development of high value-added differentiated products and increased its sales contribution, but also aggressively diversified our market concentration risk. We have also developed strategic partnerships with our downstream customers to jointly develop new markets. Meanwhile, we have reviewed production, sales, and R&D of poor performance products in order to increase business efficiency. In addition, we adjusted our production and sales strategy along with the changes of macro-economic situation, raw material and product prices. We also re-exam the inventory levels of our raw material, finished goods, maintenance back-up, and accelerated disposal of pending materials and pending finished goods as well as spare materials in order to reduce the risk of falling inventory valuation and rising financial burden. Separately, we have set up a technical unit to review the exclusive purchasing and contracting projects in order to reduce purchasing cost. In addition, we have established business, production process, and maintenance big data and industrial internet of things promotion unit to forecast future trends and find out potential problems and prepare for it. Through all the improvement measures discussed above, we are step by step seeking effective business process and enhancing our business operations in order to reduce the impact on the company from toughing business environment. In addition, we will continue to develop consolidation of our subsidiaries in Ningbo China (expect to be completed by end of 2016) in order to improve business operation and reduce tax expenses from trades among our China subsidiaries.

The Company and its subsidiaries in Ningbo, China mainly produce raw materials for plastics and fibers. Production volume of PVC in 2015 increased 113,000 tons from 2014 due to Ningbo PVC paste plant started production. Total sales of PVC reached 1.56 million tons in 2015, up 12% from 2014, as ethylene-based PVC production has become more competitive than carbide-based PVC production in China with falling ethylene price along with crude oil price correction. In addition, the Company’s PVC exports to India are exempted from India’s anti-dumping duties. Sales volume of caustic soda reached 1.436 million tons in 2015, down 6% from 2014 due to reduced demand from Mailiao Power Corporation after it finished construction of its aeration basin in January 2015. Sales volume of HDPE increased 9% to 468,000 tons in 2015 due to (1) improving market demand given rising HDPE price along with rebound of crude oil price in the first half of 2015 (2) aggressively increasing order book in the second half of 2015 in view of ethylene price correction bigger than HDPE price correction (3) successfully developed cap and closure grade, non-woven fiber grade and other differentiated HDPE products. Sales volume of EVA increased 22% YoY to 190,000 tons in 2015 due to (1) reduced supply of EVA in the market due to extensive maintenance shutdowns of EVA plants in China and Korea in the first half of 2015 (2) increasing orders on cable grade EVA and other differentiated products after successful developments. Sales volume of LLDPE increased 16% YoY to 214,000 tons in 2015 mainly due to (1) increasing shipments to Vietnam (2) successful developments of injection and rotation grade and other differentiated products, despite lower shipments on agricultural film in China due to expanding coal-based capacities. Sales volume of acrylic fiber decreased 15% YoY to only 30,000 tons in 2015 mainly due to (1) weaker demand from downstream yarn companies in view of falling AN prices (2) weaker demand from Iran due to international sanctions. Sales volume of acrylic esters (AE) increased 21% YoY to 412,000 tons in 2015 mainly due to (1) phase 2 new AE plant in Ningbo started production in July 2015 (2) expanding sales in Eastern and Southern China. Sales volume of carbon fiber increased 4% YoY to 3,300 tons in 2015 mainly due to (1) aggressively expanding sales in China, Korea, Russia, Italy and other markets (2) demand recovered from wind power generation companies in the UK. Sales volume of NBA (mainly for captive use by AE plants) increased 25% YoY to 215,000 tons in 2015 mainly due to Ningbo phase 2 new AE plant started production. Sales volume of SAP decreased 10% YoY to 76,000 tons in 2015 mainly due to weaker than expected demand on rising price competition from new capacities in China, as well as falling raw material prices and turmoil in the Middle East. Sales volume of PP increased 13% YoY to 891,000 tons in 2015 mainly due to (1) China is still short of PP (2) successful development of differentiated products such as healthcare use, water filter, high transparent pressure forming sheet (2) developing sales into Central and Southern American markets. Sales volume of AN increased 5% YoY to 280,000 tons in 2015, which is a record high level for the company given aggressive marketing. Sales volume of MMA increased 7% YoY to 84,000 tons in 2015 mainly due to increasing exports to China after China imposed temporary anti-dumping duties on Thailand, Japan, and Singapore in August 2015, which also led to higher MMA prices. Sales volume of ECH increased 5% YoY to 92,000 tons in 2015 mainly due to stronger than expected downstream epoxy market. Other products such as MTBE also saw stronger sales volume in 2015.

In terms of capacity expansion, in order to strengthen its competitiveness, the Company has been aggressively expanding capacities and conducting debottlenecking projects. In 2015, the Company finished construction of 160,000 tpa AA and 170,000 tpa AE phase 2 plants, and 45,000 tpa SAP capacity expansion. The Company's total AE capacity increased to 668,000 tpa and SAP capacity increased to 200,000 tpa after expansions. The expansion of 72,000 tpa EVA capacity is ongoing and expected to finish in the first half of 2016. In addition, the Company's US subsidiary "Formosa Industries Corporation" will finish construction of a 400,000 tpa HDPE plant in Texas, USA in 2018.

In terms of equity investments, FPC USA (22.61% owned by the Company) generated pretax profit of USD1.29bn in 2015, up 13% from 2014. In order to expand production scale and continue to leverage on shale gas low cost advantage, FPC USA is constructing a 540,000 tpa PDH plant and a 400,000 tpa LDPE plant. FPC USA has also jointly invested in a new ethane-based ethylene plant with 1.2 million tpa capacity with the Company's US subsidiary "Formosa Industries Corporation", which owns 33% of this new plant. All expansions are expected to finish and start production by end of 2019. Separately, Fujian Fuxin Special Steel Corporation (25% owned by the Company) suffered losses in 2015 due to (1) serious price competition given oversupply of stainless steel in China (2) nickel, which is the raw material for 300 series, saw 42% on price collapse and resulted in inventory loss. Looking into 2016, losses are expected to decrease given (1) high-price raw material and finish products have decreased (2) acceleration of development on 400 series super ferritic stainless steel, which will not have price fluctuating along with changes of nickel prices. Furthermore, Formosa Ha Tinh Steel Corporation, which the Company owns 12.34% equity stake, is constructing an integrated steel plant in Ha Tinh Province, Vietnam with 7.1 million tpa steel billet capacity. The plant has started production of hot rolled coil in December 2015. The two blast furnaces will start production in first half of 2016 and first half of 2017, respectively. Separately, in order to expand end-application of carbon fiber and increase sales volume, the Company (invested 18% equity stake in 2015) and Swancor Industrial have jointly established “Sunwell (Jiangsu) Carbon Fiber Materials Co., Ltd.” to produce presoaked carbon fiber cloth for wind power and other carbon fiber compounds for bicycle and automobile in Yancheng City, Jiangsu Province, China. Production at this plant is expected to start in the first half of 2016. In addition, in view of the growing demand of lithium-ion battery solution in China and strong growth of electric vehicle and storage stations, the Company and Mitsui Chemicals (Japan) have formed a 50:50 joint venture “Formosa Mitsui Advanced Chemicals Co., Ltd.” in Ningbo to gain business and expand investment area. The first phase construction of a 1,500 tpa battery solution plant is expected to finish and start production in the first half of 2016, and the second phase construction of a 3,500 tpa battery solution plant is expected to finish by end of 2018.

In terms of research and development, the Company spent TWD1.45 billion on R&D in 2015, which accounts for 0.91% of the Company’s revenues. These R&D expenses are mainly used in developing new formulation, improving production process, increasing product quality, conserving energy consumption, and developing human resources, in order to increase production capacity and lower cost. Meanwhile, in order to conduct R&D on industrial production technical and commercialize specialty products such as low odor PVC for automobile artificial leather application, copolymer paste PVC resin for automobile underbody coating, impact modifier for engineering plastics, non-woven fiber grade HDPE, cap and closure grade HDPE, coating grade EVA, rotation molding grade LLDPE with UV stabilizer, fast absorption speed SAP, thick denier flat flame retardant fiber, prepreg for wind blade application, PP for baby stroller and contact lens mold, PP for infusion bags, and low stress whitening PP. Among these products, the Company's PVC, PP, PE, SAP and other differentiated products have successfully developed into baby strollers, automobile, contact lens, infusion bags, optical and protection film for medical use and other high-end application markets. Profit contribution from differentiated products have surged from 23% in 2014 to 34% in 2015, which is a clear indication that the Company has achieved great results on developing new markets and increasing added-value on downstream products. In addition, the Company will continue to participate technology innovative R&D projects supported by the government, academia, and research institutions, which will help the Company to further enhance its existing technology and product quality, understand industry trend and market demand, and expand end applications of existing technology and products. Meanwhile, in view of the rising demand for new technology from Internet of Things, Automations, and Bio-tech materials, the Company will (1) accelerate its cooperation with industry, government, and academics (2) aggressively connect key technology in the international market with clients (3) evaluate feasibility of technology upgrade and expansion of new end-application markets, in order to strengthen its R&D capability and the Company's competitiveness.

In terms of operational safety and environmental protection, the Company has always been putting equal emphasis on industry developments and environmental protection. As of the end of 2015, the accumulated investments on operational safety, environmental protection, and firefighting has reached TWD17.6 billion, which was mainly used for pollution prevention and control, saving energy and reducing waste, reducing greenhouse gases and improving operational safety and firefighting. The Company's treatment on pollutants and emissions is better than national regulatory standards. In 2015, our Linyuan PP plant received the "Occupational Safety 5-Star Award" from the Ministry of Labor. Our Mailiao HDPE plant was rewarded for excellence in labor safety & hygiene by the Yunlin County Government. Our Linyuan VCM plant was also awared by the Kaohsiung City Fire Department for excellent fire protection management. Meanwhile, our Renwu complex was selected by the EPA of Kaohsiung City Government as “Excellent company for air purification area adoption”, and Renwu Utility plant was also awarded by the EPA of Kaohsiung City Government for “Excellent company for Continuous Emission Monitoring Systems (CEMS)”. The Company accomplished 164 improvement projects in 2015 in an effort to save water and energy consumed as well as to reduce greenhouse gas emissions. Total water saved amounted to 767 MT/day while greenhouse gas emissions reduction reached 173,971 MT/year. Another 170 improvement projects will be accomplished in 2016, which would further conserve water by 957 MT/day and reduce greenhouse gas emissions by 75,892 MT/year. In order to further enhance the performance of energy saving and carbon reduction, the Mailiao Complex conducts quarterly performance evaluation on water, electricity, and steam consumption target rates, improvement of unit energy consumption rate, and rainwater recycling rate. In addition, to ensure operation safety and lower the possibility of occupational incident, the Company started implementing in full scale of “Execution Implementation SOP – Full Participation” in 2015. In addition to encouraging proposals from employees, the Company organized observation and idea exchange activities for different factories and different divisions to ensure effective implementation and positive results. Furthermore, in view of the dust explosion at Formosa Fun Coast, the Company checked for similar and potential risks at all factories and conducted full scale check on production equipment and fixed any abnormal operation. The Company also increased the implementation of RBMI operation and training certification, and continues to promote “processed water not touching ground”, in order to prevent environmental pollution. The Company expects to ingrain the emphasis on workplace safety and environmental protection by quarterly reviewing the performance of operational safety and environmental protection, sharing of improving cases and experience, and to manage to reach the goal of “Zero damage, Zero pollution and Zero accidents”.

Looking into 2016, US economy is expected to continue with its growth. Euro zone and Japan should continue with its easing monetary policy to stimulate economic growth. India and other emerging countries should maintain steady recovery. However, over capacity in China and relatively high property inventory, continuation of supply-side structure reform (from investment and manufacturing driven economy to consumption and service driven economy) will lead to slowdown of economic expansion in China and weaken its import demand for bulk commodity and products. This will also impact economic performance of other emerging countries that rely mostly on exporting goods to China and also lead to weaker global economic growth. Therefore, international agencies expect global economy to only recover gradually and slowly.

In addition, according to the forecast by IHS Chemical, global ethylene capacity expansion is around 7 million tons in 2016, which are mainly located in India, Middle East, North America, and China. Global supply and demand of ethylene is rather balanced. However, due to low development cost of shale gas in the US given breakthrough of drilling technology, there are 7 ethane crackers investment plans with a combined new ethylene production capacity of 10 million tpa in North America, which are likely to finish construction between 2018 and 2019. While only 10% of ethane are used as energy material, the impact of rising production has very limited impact on Asian market due to constraints on transportation and shipping capacity, storage capacity at ports, and pipelines. In addition, the cost and investment is very high to restructure existing naphtha cracker. So far only Reliance in India imports ethane. Separately, due to improving coal-chemical technology in China, there will be roughly 5 million tons of new coal-based ethylene capacities in China in 2016-2020. However, investments for coal-based ethylene capacity are very high. Coal-based chemical production is less competitive in a low crude oil price environment. New policies in China do not encourage developments of coal-to-chemical investments. In addition, coal-based chemical production has environmental protection issues such as large consumption of water and electricity and high emission of CO_2

etc. Around 2/3 of the new coal-based chemical investment plans have been on hold or postponed. Therefore, it should be only limited impact on Asian market. Countries in the Middle East do not have cheap natural gas advantage anymore except for Iran. However, Western countries' sanctions on Iran have been removed in January 2016. The construction of natural gas separation plants in Iran will be able to continue without the restriction on importing equipment and important parts. This will increase capacity utilization rate of ethylene plants and downstream derivative plants in Iran. Nonetheless, exports of ethylene or ethylene derivatives from Iran are only expected to increase 20-25% YoY in 2016, and these exports are likely to be sold to Europe first given higher prices there. Therefore, the impact on Asian market should be limited as well. Overall, petrochemical market in 2016 is expected to be flattish versus 2015.

However, in order to reduce the pressure of economic slowdown and prevent a hard-landing situation, China government has established Asian Infrastructure Investment Bank, deepened "One Belt, One Road" strategy, and increased monetary easing. The result of these policies is remained to be seen. In addition, we still need to be conservative in view of uncertainty factors on whether bulk commodity and product prices will continue to fall, whether the US will continue to raise interest rate, which is likely to lead to downside risk for the market, and geopolitical risks in the Middle East and Africa, which are likely to impact global economic growth outlook and petrochemical market.

For this new year, the imbalance between supply and demand is likely to continue in 2016 given China economic situation unlikely to improve in the near-term, and some products have already become oversupplied in China, which accounts for 45% of the Company's total exports. However, IEA expect global crude oil market to remain oversupplied and crude oil price is unlikely to increase significantly. This has translated to stronger competitiveness for naphtha-based petrochemicals versus coal-based petrochemicals. Ethylene price in Asia is likely to stay high due to tightening supply on maintenance shutdowns and operational issues of naphtha-based olefin cracker in Asia, which could pressure the operating performance of ethylene derivatives. In addition, propylene price has decreased due to oversupply in Asia on the back of PDH capacity expansions in China and rising production of propylene from oil refineries. This translates to lower production cost for the Company's propylene derivative products. Nonetheless, China is still short of PE and PP and needs to import large amount every year, which is good for the Company. In addition, the Company's new 72K tpa EVA plant in Ningbo is expected to start production in the first half of 2016, which should add on to the Company's business momentum.

In view of the sluggish global economic growth and an operating environment that is full of uncertainties, the Company will not only continue to accelerate its development and expansion on differentiated products, but also increase its competitiveness in the international market based on a forward-looking and innovative spirit. The Company will continue to work toward its target of "Global No.1". In addition, the Company will increase sales contribution of markets outside of China to lower its concentration risks, as well as establish technical service units in the overseas market to provide service to customers. Meanwhile, the Company will establish Industrial 4.0 unit to increase product quality and capacity utilization rate through applications of big data, cloud computing, and Internet of Things. Furthermore, by continuously promoting its No.6 Naphtha Cracker phase 4.9 plan and investments on ethane cracker and HDPE plant in the US, which are all expected to become new growth drivers, the Company will overcome all different operating difficulties and once again generate good operating performance.

Chairman: Jason Lin President: Jason Lin In-charge Accountant: Chia-Tse Chang

Formosa Plastics Corporation

Audit Committee' Review Report

The Board of Directors has prepared the Company's 2015 Business Report, Financial Statements and Proposal for Profits Distribution. The CPA firm of KPMG was retained to audit Formosa Plastics Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Formosa Plastics Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Plastics Corporation
Chairman of the Audit Committee: Chi-Lin, Wea

March 17, 2016

Formosa Plastics Corporation
Code of Ethical Conduct for Directors and Managers

Amended by Board of Directors on August 11, 2015

Chapter 1 General Principles

Article 1: The Code of Ethical Conduct (the "Code") of Formosa Plastics Corporation (the "Company") is established to stipulate rules for Directors and managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Chief Financial Officer, Chief Accounting Officer, and other persons authorized to manage affairs and sign documents on behalf of the Company) to abide by in terms of ethical conduct when engaging in business activities within the scope of their authority, to prevent unethical conduct or any conduct that may damage the interest of the Company and its shareholders.

Chapter 2 Content of the Code

Article 2: Directors and managers shall conduct corporate affairs on the basis of integrity, faithfulness, compliance with laws, fairness and righteousness and with an ethical, self-disciplined attitude.

Article 3: Directors and managers shall avoid any conflicts of interest arising when their personal interest intervenes, or is likely to intervene in the overall interest of the Company, including but not limited to unable to perform their duties in an objective and efficient manner, or taking advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. To prevent conflicts of interest, any matters pertaining to lending funds, providing guarantees, and major asset transactions between the Company and the above-mentioned persons or their affiliated enterprise thereof shall be submitted to the Board of Directors for its approval in advance. The corresponding purchase (or sale) of goods shall be dealt with the best interest of the Company.

Article 4: When the Company has an opportunity for profit, the Directors and managers have the responsibility to conserve the reasonable and lawful benefits that can be obtained by the Company.

The Directors and managers shall not obtain personal gain by using the Company property or information or taking advantage of their positions. Unless otherwise stipulated in the Company Act or Articles of Incorporation, they shall not engage in activities that compete with the business of the Company.

Article 5: The Directors and managers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 6: The Directors and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7: The Directors and managers shall have the responsibility to safeguard the Company’s assets, to use the assets for official business purpose properly, and to avoid any impact on the Company’s profitability resulting from theft, negligence in care or waste of the assets.

Article 8: The Directors and managers shall comply with applicable laws and the Company’s regulations.

Article 9: When a director or manager is found by employee to have committed a violation of a law, regulation or the Code, the employee shall report to the Audit Committee, their direct managers, president office personnel, chief internal auditor, or other appropriate personnel with sufficient evidence. Once the misconduct is confirmed, the Company will reward the above-mentioned employee in accordance with the Company's rules for employment management.

The Company shall handle the above-mentioned report properly and confidentially. The Company also shall use its best efforts to ensure the safety of the conscientious reporter and protect him/her from all kinds of reprisals.

Article 10: Where a director or manager is verified to have violated the Code, in addition to being subject to punishment under the Company's rules for employment management, the Company shall report the violation to the Board of Directors. The person involved in the violation shall be liable for civil, criminal or administrative responsibilities required by law and the Company shall disclose the violation on the Market Observation Post System ("MOPS") immediately, including: the date of the violation, description of the violation, the provisions of the Code violated, and the disciplinary actions taken.

Chapter 3 Procedures for Exemption

Article 11: Where a Director or manager is to be exempted from the Code due to special circumstances, such exemption shall be approved by an majority vote at a meeting of the Board of Directors attended by over two-third of the Directors in person or through representation. The Company shall immediately disclose on the MOPS, including: date of exemption granted by the Board of Directors, any opposing or qualified opinion expressed by the independent directors, and the period of, reasons for, and the provisions of the Code behind the application of the exemption for shareholders to evaluate the appropriateness and to safeguard the interests of the Company.

Chapter 4 Method of Information Disclosure

Article 12: The Company shall disclose the Code on the Company's website, annual reports, prospectuses, and the MOPS. Any amendment is subject to the same procedure.

Chapter 5 Additional Provision

Article 13: The Code shall be implemented after approval by the Board of Directors and shall be reported to a shareholders meeting. Any amendment is subject to the same procedure.

Ratification Items Proposal 1

Proposal: For approval of the 2015 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2015 Consolidated and Individual Financial Statements were completed and the same were approved at the 1st meeting of the Board in 2016 and audited by independent auditors, Ms. Delphi Chen and Mr. Astor Kou, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 13 of the Meeting Handbook. As for the Financial Statements, please refer to page 63 through page 70 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items Proposal 2

Proposal: For Approval of the Proposal for Distribution of 2015 Profits as required by the Company Act.

Proposed by the Board of Directors

Attachment:

Please refer to page 71 of the Handbook for the Statement of Profits Distribution.

Resolution:

Discussion Items (II) Proposal 1

Proposal: To comply with the regulations of the competent authority in charge of securities affairs, the Company has established Audit Committee in lieu of Supervisor. As such, the Company's "Procedures for Acquisition and Disposal of Assets of the Company" shall be revised to reflect such amendments. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
Article 6	Where an acquisition or disposition of assets of the Company shall be approved by the Board of Directors according to the Procedures or other relevant laws, if any director expresses dissent and such dissent is recorded in the meeting minutes or made by a written statement, the Company shall submit the dissenting opinions to each supervisor. Where the Company has established the position of independent director, the independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. Where an audit committee has	Where an acquisition or disposition of assets of the Company shall be approved by the Board of Directors according to the Procedures or other relevant laws, the independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. A major asset transaction or a derivatives transaction shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than

	been established, a major asset transaction or a derivatives transaction shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.	two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
Article 12	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or

	redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors <u>and recognized by the supervisors</u>: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 through 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts	redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors : 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 13 through 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing

	for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 26 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors <u>and recognized by the Supervisors</u> need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use	from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 26 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use equipment between the Company and its parent or

	equipment between the Company and its parent or subsidiaries, the Company's Board of Directors may pursuant to Article 10 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently proposed to and ratified by the next Board of Directors meeting. Where the position of independent director has been established, when a matter is proposed for discussion by the Board of Directors pursuant to paragraph 1 of this Article, the independent Directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. Where an audit committee has been established, the matters for which paragraph 1 requires approved by the Supervisors shall first be approved by more than half of all audit committee members and submitted to the Board of Directors for a	subsidiaries, the Company's Board of Directors may pursuant to Article 10 delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently proposed to and ratified by the next Board of Directors meeting. When a matter is proposed for discussion by the Board of Directors pursuant to paragraph 1 of this Article, the independent Directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all

	resolution. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.	Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
Article 16	Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 13 through 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special earnings reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and such difference may not be distributed or used for capital increase by issuance of new shares. Where the Company uses the equity	Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 13 through 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special earnings reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and such difference may not be distributed or used for capital increase by issuance of new shares. Where the Company uses the equity

	method to account for its investment in another company, then the special earnings reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall supervise the Company's execution of in accordance with the Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company having set aside a special earnings reserve under the preceding paragraph may not utilize the special earnings reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or	method to account for its investment in another company, then the special earnings reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Audit Committee shall supervise the Company's execution of the aforesaid matter. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company having set aside a special earnings reserve under the preceding paragraph may not utilize the special earnings reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or

	they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the securities competent authority has given its consent. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.	adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the securities competent authority has given its consent. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.
Article 33	If there is an audit committee established by the Company, the provision of Article 6, Article 12 and Article 34 of this Procedures regarding the Supervisor shall apply mutatis mutandis to the audit committee; in addition, subparagraph 2 of paragraph 1 of Article16 of this Procedures shall apply mutatis mutandis to the Independent Directors of the audit committee.	(Deleted)
Article 35	After the Procedures are approved by the Board of	After the Procedures are approved by the Board of

	Directors, the Procedures shall be submitted to <u>each supervisor and</u> the Shareholders Meeting for approval before its implementation. Any amendment is subject to the same procedure.<u> Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor.</u> <u>Where the Company has established the position of independent director, t</u>he independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. <u>Where an audit committee has been established, the adoption or amendment of this Procedures </u>shall be approved by more than half of all audit committee members <u>and submitted to the Board of Directors for a resolution.</u> If approval of more than half of all audit committee members is	Directors, the Procedures shall be submitted to the Shareholders Meeting for approval before its implementation. Any amendment is subject to the same procedure. <u>T</u>he independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. <u>The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution</u> shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

	not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.	

Resolution:

Discussion Items (II) Proposal 2

Proposal: To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company’s “Procedures for Engaging in Derivatives Transactions of the Company” shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
Article 5	The total contract amount of derivatives transactions of the Company shall not exceed 50% of the Company’s net worth, and the maximum loss limit is 10% of the contract amount for all contracts in aggregate or for any individual contract. The content of individual derivatives contract shall be approved by high-level manager(s), who is authorized by the Board of Directors.	The total contract amount of derivatives transactions of the Company shall not exceed 50% of the Company’s net worth, and the maximum loss limit is 10% of the contract amount for all contracts in aggregate or for any individual contract. The content of individual derivatives contract shall be approved by high-level manager(s), who is authorized by the Board of Directors. <u>Major derivatives transactions of the Company requires approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be</u>

		implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
Article 9	When the Company's subsidiaries are not domestic public companies and are participating in derivatives transactions, the Company shall follow the requirements of Article 8.	When the Company's subsidiaries are not domestic public companies and are participating in derivatives transactions, the Company shall follow the requirements of Article 8 hereof to report and make public announcements on behalf of its subsidiaries.
Article 18	The derivatives trading positions of the Company shall be evaluated at least once a week by the in-charge department, but the hedging transactions made for business purposes shall be evaluated at least twice a month. The manager of the in-charge department shall pay attention to the risk control and monitoring of derivatives transactions from time to time, and periodically supervise and evaluate the derivatives transactions to check whether they are conducted in	The derivatives trading positions of the Company shall be evaluated at least once a week by the in-charge department, but the hedging transactions made for business purposes shall be evaluated at least twice a month. The manager of the in-charge department shall pay attention to the risk control and monitoring of derivatives transactions from time to time, and periodically supervise and evaluate the derivatives transactions to check whether they are conducted in

	accordance with the related procedures formulated by the Company hereof and whether the attendant risk of these transactions is within the capability of the Company. The foresaid evaluation reports shall be given to a high-level manager(s) authorized by the Board of Directors for review. If there is any abnormal situation highlighted in the market evaluation reports (e.g. the holding position has reached the maximum loss limit), the Company shall immediately take necessary measures to deal with the situation and report to the Board of Directors. <u>Where the Company has established the positions of independent director, t</u>here shall be independent directors attending the Board of Directors meeting and expressing their opinions.	accordance with the related procedures formulated by the Company hereof and whether the attendant risk of these transactions is within the capability of the Company. The foresaid evaluation reports shall be given to a high-level manager(s) authorized by the Board of Directors for review. If there is any abnormal situation highlighted in the market evaluation reports (e.g. the holding position has reached the maximum loss limit), the Company shall immediately take necessary measures to deal with the situation and report to the Board of Directors. There shall be independent directors attending the Board of Directors meeting and expressing their opinions.
Article 19	The Company shall establish a log book to record all its derivatives transaction information, including types and amounts of derivatives transactions, and matters to be evaluated cautiously in	The Company shall establish a log book to record all its derivatives transaction information, including types and amounts of derivatives transactions, and matters to be evaluated cautiously in

	accordance with Article 18 hereof. The Company's internal audit personnel shall be in charge of periodically assessing the appropriateness of the internal control regarding the derivatives transactions, and take the responsibility of auditing the trading department's compliance with the Procedures, analyzing the transaction cycle, preparing the monthly auditing report and submitting the auditing report to the high-level management personnel authorized by the Board of Directors. If any material violation is discovered, <u>all supervisors</u> shall be notified in writing and the Company should, depending on the status of such material violation, penalize the relevant personnel in accordance with the Human Resources Management Policies.	accordance with Article 18 hereof. The Company's internal audit personnel shall be in charge of periodically assessing the appropriateness of the internal control regarding the derivatives transactions, and take the responsibility of auditing the trading department's compliance with the Procedures, analyzing the transaction cycle, preparing the monthly auditing report and submitting the auditing report to the high-level management personnel authorized by the Board of Directors. If any material violation is discovered, <u>the Audit Committee</u> shall be notified in writing and the Company should, depending on the status of such material violation, penalize the relevant personnel in accordance with the Human Resources Management Policies.
Article 21	After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to <u>each supervisor and</u> the	After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for

	Shareholders Meeting for approval before its implementation. Any amendment is subject to the same procedure. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor. Where the Company has established the position of independent director, the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors meeting.	approval before its implementation. Any amendment is subject to the same procedure. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Resolution:

Discussion Items (II) Proposal 3

Proposal: To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company's "Procedures for Loaning Funds to other Parties of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
Article 3	When making loans to the company/firm having business relationship with the Company, the Company shall comply with <u>paragraph</u> 2 of Article 4 hereof. As to loaning funds to a company/firm, which has no business relationship with the Company, for short term financing needs, the borrower shall be: 1. Affiliates of the Company which a short-term financing facility is necessary to meet their business needs. 2. Companies/firms other than affiliates of the Company which need short term financing for materials purchase, working capital, or general business needs.	When making loans to the company/firm having business relationship with the Company, the Company shall comply with <u>subparagraph</u> 2 of Article 4 hereof. As to loaning funds to a company/firm, which has no business relationship with the Company, for short term financing needs, the borrower shall be: 1. Affiliates of the Company which a short-term financing facility is necessary to meet their business needs. 2. Companies/firms other than affiliates of the Company which need short term financing for materials purchase, working capital, or general business needs.
Article 5	Before the Company makes loans to a funds borrower, the	Before the Company makes loans to a funds borrower, the

	Company shall do an investigation and assessment of the following aspects: the purposes of the borrowing, the terms of the security for the borrowing, and the impact on the Company’s operational risks, financial conditions and shareholders’ rights and interests. The limit or maximum amount of lending, tenor and interest calculation terms shall be determined based on these findings, and then submitted to the Board of Directors for approval.	Company shall do an investigation and assessment of the following aspects: the purposes of the borrowing, the terms of the security for the borrowing, and the impact on the Company’s operational risks, financial conditions and shareholders’ rights and interests. The limit or maximum amount of lending, tenor and interest calculation terms shall be determined based on these findings, and then submitted to the Board of Directors for approval. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. When the Company making major loans to others, it requires approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter

		may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
Article 10	The Company's internal auditors shall audit the Procedures for Loaning Funds to other Parties and the implementation thereof no less frequently than quarterly and prepare written records accordingly. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If any material violation is found, in addition to notifying all the Supervisors promptly in writing, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company.	The Company's internal auditors shall audit the Procedures for Loaning Funds to other Parties and the implementation thereof no less frequently than quarterly and prepare written records accordingly. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If any material violation is found, in addition to notifying the Audit Committee promptly in writing, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company.
Article 11	If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of the Procedures or the loan	If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of the Procedures or the loan

	balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Board of Directors for its approval and then to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.	balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee for its approval and then to the Board of Directors for a resolution, and shall complete the rectification according to the timeframe set out in the plan.
Article 14	After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to each supervisor and the Shareholders Meeting for approval before its implementation. Any amendment is subject to the same procedures. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor and for discussion by the Shareholders' Meeting. Where the Company has established the position of independent director, the independent directors' opinions specifically expressing assent or dissent and their reasons for	After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for approval before its implementation. Any amendment is subject to the same procedures. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee

	dissent shall be included in the minutes of the Board of Directors' meeting.	members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Resolution:

Discussion Items (II) Proposal 4

Proposal: To comply with the regulations of the competent authority in charge of securities affairs and in response to the Company has established Audit Committee in lieu of Supervisor, the Company's "Procedures for Providing Endorsements and Guarantees to other Parties of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve. **Proposed by the Board of Directors**

Article	Article before Amendment	Article after Amendment
Article 3	The Company may make endorsements/guarantees for the following companies： 1. A company with which it does business. 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares. 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company. 4. Companies in which the parent company holds, directly or indirectly, 90% or more of the voting shares, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the parent company, provided that this	The Company may make endorsements/guarantees for the following companies： 1. A company with which it does business. 2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares. 3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company. 4. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

	<u>restriction shall not apply to endorsements/guarantees made between companies in which the parent company holds, directly or indirectly, 100% of the voting shares.</u> <u>5.</u> Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project. <u>6.</u> Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. Capital contribution referred to in the paragraph shall mean capital contribution directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares.	<u>5.</u> Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. Capital contribution referred to in the paragraph shall mean capital contribution directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares. <u>Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u>
Article 4	The ceiling on the total outstanding amount of making endorsements or guarantees of	The ceiling on the total outstanding amount of making endorsements or guarantees of

	the Company or the Company and its subsidiaries: 1. The aggregate amount of making endorsements or guarantees shall not exceed 1.3 times of the net value of the Company. 2. For any one endorsee or guarantee, the amount shall not exceed 50% of the aggregate amount above. 3. The total outstanding amount of endorsement to each of the companies, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount or contract price, whichever is highest, provided that the highest amount shall in no event exceed the amount set forth in the preceding item. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business needs, it shall obtain approval from the Board of	the Company or the Company and its subsidiaries: 1. The aggregate amount of making endorsements or guarantees shall not exceed 1.3 times of the net value of the Company. 2. For any one endorsee or guarantee, the amount shall not exceed 50% of the aggregate amount above. 3. The total outstanding amount of endorsement to each of the companies, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount or contract price, whichever is highest, provided that the highest amount shall in no event exceed the amount set forth in the preceding item. Where the Company needs to exceed the limits set out in the Procedures to satisfy its business needs, it shall obtain approval from the Board of

	Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement or guarantee. It shall also amend the Procedures accordingly and submit the same to the Shareholders Meeting for ratification. If the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the amount of making endorsements or guarantees exceeds the limits because of the change of the calculation bases or endorsees or guarantees later become unqualified under Article 3, the Company shall discharge the amount exceeding the limits or the endorsements or guarantees amount on the date the agreement term expires or within a designated period pursuant to an internal plan. The above timeframe shall be reported to the Board of Directors for its approval and then to the supervisors of the	Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement or guarantee. It shall also amend the Procedures accordingly and submit the same to the Shareholders Meeting for ratification. If the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and to the Board of Directors for a resolution, and shall complete the rectification according to the timeframe set out in the plan.

	Company for their review.	
Article 5	Any endorsement/guarantee provided by the Company shall be approved in advance by the Board of Directors, provided that the Board of Directors can authorize the chairman to approve, in advance, any endorsement or guarantee within a certain amount without the approval of the Board of Directors. After that, the chairman needs to submit the results for ratification by the Board of Directors. When the Company provide endorsements or guarantees to the other companies in which the same parent company directly or indirectly holds more than ninety percent (90%) of their total outstanding shares with voting rights in accordance with Paragraph 4 of Article 3, the prior approval from the Board of Directors of the parent company shall be required; provided that this restriction does not apply to companies in which the Company's parent company directly or indirectly hold one hundred percent (100%) of	Any endorsement/guarantee provided by the Company shall be approved in advance by the Board of Directors, provided that the Board of Directors can authorize the chairman to approve, in advance, any endorsement or guarantee within a certain amount without the approval of the Board of Directors. After that, the chairman needs to submit the results for ratification by the Board of Directors. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. Major endorsement/guarantee provided by the Company requires approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if

	their total outstanding shares with voting rights.	approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, one hundred percent (100%) of their total outstanding shares with voting rights.
Article 8	The Company's internal auditors shall audit the execution of the endorsement/guarantee operation thereof no less frequently than quarterly and prepare written records accordingly. The internal	The Company's internal auditors shall audit the execution of the endorsement/guarantee operation thereof no less frequently than quarterly and prepare written records accordingly. The internal

	auditor, during the auditing, shall immediately correct violation(s) upon finding of any violation. If any material violation is found, in addition to notifying all the supervisors promptly in writing, the personnel who violate the Procedures shall be penalized in accordance with the employee management rules of the Company.	auditor, during the auditing, shall immediately correct violation(s) upon finding of any violation. If any material violation is found, in addition to notifying the Audit Committee promptly in writing, the personnel who violate the Procedures shall be penalized in accordance with the employee management rules of the Company.
Article 12	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the paragraphs of Article 11. The percentage of the balance of endorsements/guarantees over the net worth of the Company under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements/guarantees to the Company's net worth.	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the subparagraphs of Article 11. The percentage of the balance of endorsements/guarantees over the net worth of the Company under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements/guarantees to the Company's net worth.
Article 14	After the Procedures are approved by the Board of Directors, the same shall be submitted to each supervisor	After the Procedures are approved by the Board of Directors, the same shall be submitted for approval by the

	and for approval by the shareholders meeting before its implementation. Any amendment is subject to the same procedures. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor and to the shareholders meeting for discussion. Where the Company has established the position of independent director, the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors meeting.	shareholders meeting before its implementation. Any amendment is subject to the same procedures. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting. The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Resolution:

Discussion Items (II) Proposal 5

Proposal: To comply with the regulations of the competent authority in charge of securities affairs, the Company has established Audit Committee in lieu of Supervisor. As such, the Company's "Rules of Procedure for Shareholders' Meeting of the Company" shall be amended accordingly. The corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
Article 3	(Above Omitted) To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders' meeting notice and proxy forms, and causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors <u>or supervisors</u>, and upload them to the MOPS no later than 30 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. The Company shall prepare electronic	(Above Omitted) To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders' meeting notice and proxy forms, and causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the MOPS no later than 30 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. The Company shall prepare electronic versions of a

	versions of a shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS no later than 21 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. In addition, the Company shall also have prepared a shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time no later than 15 days prior to the scheduled Shareholders' Meeting date. The Meeting Agenda and supplemental materials shall also be displayed at the Company and at the professional shareholder services agent engaged by the Company as well as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public	shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS no later than 21 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. In addition, the Company shall also have prepared a shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time no later than 15 days prior to the scheduled Shareholders' Meeting date. The Meeting Agenda and supplemental materials shall also be displayed the Company and at the professional shareholder services agent engaged by the Company as well as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the

	announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors <u>or supervisors</u>, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1 of Article 185 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the causes in the notice to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. (Below Omitted)	consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1 of Article 185 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the causes in the notice to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. (Below Omitted)
Article 6	(Above Omitted) The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an	(Above Omitted) The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an

	election of directors <u>or supervisors</u>, pre-printed ballots shall also be furnished. (Below Omitted)	election of directors, pre-printed ballots shall also be furnished. (Below Omitted)
Article 14	The election of directors <u>or supervisors</u> at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors <u>and supervisors</u> and the numbers of votes with which they were elected. (Below Omitted)	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (Below Omitted)

Resolution:

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	December 31, 2014 (Adjusted)	December 31, 2015
Assets		
Current assets：		
Cash and cash equivalents (note 6(1))	$ 5,392,825	19,756,722
Available-for-sale financial assets－current (note 6(2))	83,956,324	79,288,300
Notes receivable (note 6(3))	1,026,818	1,914,785
Accounts receivable, net (note 6(3))	7,350,138	5,956,527
Accounts receivable－related parties (notes 6(3) and 7)	4,225,994	3,529,159
Other receivables (note 6(3))	1,052,161	1,099,364
Other receivables－related parties (notes 6(3) and 7)	29,179,344	15,815,496
Inventories (note 6(4))	22,872,390	16,696,688
Other current assets	5,082,721	4,501,464
Total current assets	160,138,715	148,558,505
Non-current assets：		
Available-for-sale financial assets－non-current (note 6(2))	10,729,587	-
Financial assets carried at cost－non-current	2,437,768	2,534,190
Investments accounted for using equity method (notes 6(5) and 8)	160,240,810	180,274,482
Property, plant and equipment (notes 6(6), 7 and 8)	83,997,627	81,461,329
Intangible assets	601,282	586,857
Deferred tax assets (note 6(12))	1,677,266	1,637,819
Other assets (notes 6(3), 7 and 8)	10,979,936	8,447,868
Total non-current assets	270,664,276	274,942,545
Total assets	**$ 430,802,991**	**423,501,050**

	December 31, 2014 (Adjusted)	December 31, 2015
Liabilities and Equity		
Current liabilities:		
Short-term borrowings (note 6(8))	$ 13,767,560	12,399,653
Accounts payable	5,454,975	4,345,240
Accounts payable－related parties (note 7)	7,358,639	6,649,234
Other payables	1,270,407	4,966,775
Other payables－related parties (note 7)	937,159	2,801,830
Current portion of bonds payable (note 6(10))	7,993,512	14,635,089
Current portion of long-term debts (notes 6(9) and 8)	1,515,645	1,627,254
Other current liabilities (note 7)	9,625,843	12,038,977
Total current liabilities	47,923,740	59,464,052
Non-current liabilities：		
Bonds payable (note 6(10))	51,913,453	37,303,242
Long-term debts (notes 6(9) and 8)	26,944,995	18,097,544
Deferred tax liabilities (note 6(12))	9,412,161	11,554,480
Net defined benefit liabilities (note 6(11))	8,985,137	8,876,233
Other liabilities	473,295	770,595
Total non-current liabilities	97,729,041	76,602,094
Total liabilities	145,652,781	136,066,146
Equity attributable to owners of the parent (notes 6(12) (13)):		
Common stock	63,657,408	63,657,408
Capital surplus	11,277,988	11,443,715
Retained earnings		
Legal reserve	43,339,205	45,138,549
Special reserve	39,078,218	43,706,916
Unappropriated retained earnings	46,066,241	58,804,131
Total retained earnings	128,483,664	147,649,596
Other components of equity	81,731,150	64,684,185
Total equity	285,150,210	287,434,904
Total liabilities and Equity	**$ 430,802,991**	**423,501,050**

See accompanying notes to consolidated financial statements.

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	For the years ended December 31,	
	2014 (Adjusted)	2015
Operating revenues (notes 6(15) and 7):	$ 216,589,040	191,545,395
Operating costs (notes 6(4)(11)(13)(16) and 7)	200,036,215	169,720,286
Gross profit	16,552,825	21,825,109
Operating expenses (notes 6(11)(13)(16) and 7):		
Selling expenses	5,173,862	5,509,128
Administrative expenses	4,948,209	4,961,335
Research and development expenses	918,041	853,485
Total operating expenses	11,040,112	11,323,948
Operating income	5,512,713	10,501,161
Non-operating income and expenses (notes 6(3)(5)(17) and 7) :		
Other income	2,960,516	3,627,780
Other gains and losses	4,408,900	2,296,734
Finance costs	(1,565,536)	(1,354,812)
Recognized share of profit of associates and joint ventures accounted for using equity method, net	9,116,054	20,023,445
Total non-operating income and expenses	14,919,934	24,593,147
Income before income tax	20,432,647	35,094,308
Less: income tax expense (note 6(12))	2,557,755	4,217,039
Net income	17,874,892	30,877,269
Other comprehensive income (note 6(12)):		
Items that could not be reclassified subsequently to profit or loss:		
Remeasurements of the net defined benefit liabilities	(62,657)	(894,428)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	(147,202)
Less: Income tax expense related to items that could not be reclassified subsequently to profit or loss	10,652	152,052
Total amount of items that could not be reclassified subsequently to profit or loss	(52,005)	(889,578)
Items that could be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	5,503,175	2,327,662
Unrealized gains on available-for-sale financial assets	9,144,815	(15,248,717)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	3,551,838	(3,564,002)
Less: Income tax benefit related to components of other comprehensive income (loss)	(645,307)	(561,908)
Total amount of items that could be reclassified subsequently to profit or loss	17,554,521	(17,046,965)
Total other comprehensive income (loss), net of tax	17,502,516	(17,936,543)
Total comprehensive income	$ 35,377,408	12,940,726
Basic earnings per share (note 6(14))		
-before income tax	$ 3.21	5.51
-after income tax	$ 2.81	4.85

See accompanying notes to consolidated financial statements.

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
			Retained Earnings			Others			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference on translation of foreign operations	Unrealized gains on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total Equity
Balance as of January 1, 2014	$ 63,657,408	11,275,671	41,267,621	33,508,131	48,550,893	558,916	63,615,604	2,109	262,436,353
Effect of the retrospective application of accounting principle or adjustment	-	-	-	-	(570,961)	-	-	-	(570,961)
Adjusted balance as of January 1, 2014	63,657,408	11,275,671	41,267,621	33,508,131	47,979,932	558,916	63,615,604	2,109	261,865,392
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	2,071,584	-	(2,071,584)	-	-	-	-
Special reserve	-	-	-	5,570,087	(5,570,087)	-	-	-	-
Cash dividends	-	-	-	-	(12,094,907)	-	-	-	(12,094,907)
Changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	2,546	-	-	-	-	-	-	2,546
Other	-	(229)	-	-	-	-	-	-	(229)
Net income for the year	-	-	-	-	17,874,892	-	-	-	17,874,892
Other comprehensive income (loss) for the year, net of income tax	-	-	-	-	(52,005)	4,857,868	12,701,858	(5,205)	17,502,516
Total comprehensive income (loss) for the year	-	-	-	-	17,822,887	4,857,868	12,701,858	(5,205)	35,377,408
Balance as of December 31, 2014	63,657,408	11,277,988	43,339,205	39,078,218	46,066,241	5,416,784	76,317,462	(3,096)	285,150,210
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	1,799,344	-	(1,799,344)	-	-	-	-
Special reserve	-	-	-	4,628,698	(4,628,698)	-	-	-	-
Cash dividends	-	-	-	-	(10,821,759)	-	-	-	(10,821,759)
Changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	165,904	-	-	-	-	-	-	165,904
Other	-	(177)	-	-	-	-	-	-	(177)
Net income for the year	-	-	-	-	30,877,269	-	-	-	30,877,269
Other comprehensive income (loss) for the year, net of income tax	-	-	-	-	(889,578)	1,765,754	(18,898,091)	85,372	(17,936,543)
Total comprehensive income (loss) for the year	-	-	-	-	29,987,691	1,765,754	(18,898,091)	85,372	12,940,726
Balance as of December 31, 2015	$ 63,657,408	11,443,715	45,138,549	43,706,916	58,804,131	7,182,538	57,419,371	82,276	287,434,904

See accompanying notes to consolidated financial statements.

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2014	2015
Cash flows from operating activities:		
Income before income tax	$ 20,432,647	35,094,308
Adjustments for:		
Incomes and expenses not affecting cash flows:		
Depreciation expense	7,555,974	7,759,297
Amortization expense	544,066	630,262
Reversal for bad debt expense	(1,248)	(1,236)
Interest expenses	1,565,536	1,354,812
Interest income	(500,464)	(361,271)
Share of profit of associates and joint ventures accounted for using equity method	(9,116,054)	(20,003,445)
Gain on disposal of property, plant and equipment	(35,459)	(9,251)
Property, plant and equipment transferred to expenses	854	-
Gain on disposal of investments	(1,902)	(160,655)
Gain on disposal of investments accounted for using equity method	(2,627,625)	(1,094,025)
Unrealized foreign exchange gain	(784,395)	(637,476)
Unclaimed dividend and overdue compensation of directors transferred to other income	(16,058)	-
Incomes and expenses not affecting cash flows	(3,416,775)	(12,522,988)
Changes in operating assets and liabilities :		
Changes in operating assets :		
Notes receivable	32,736	(887,967)
Accounts receivable	1,579,701	696,835
Accounts receivable－related parties	405,951	1,394,847
Other receivables	495,932	(47,203)
Other receivables－related parties	(7,440,132)	4,430,922
Inventories	(1,160,199)	5,716,392
Other current assets	(155,806)	581,048
Total changes in operating assets	(6,241,817)	11,884,874
Changes in operating liabilities :		
Accounts payable	976,877	(1,109,735)
Accounts payable－related parties	(5,495,120)	(709,405)
Other payables	103,961	3,696,368
Other payables－related parties	17,974	1,081,791
Accrued expense and other current liabilities	847,516	1,275,928
Net defined benefit liabilities	(405,258)	(851,279)
Total changes in operating liabilities	(3,954,050)	3,383,668
Total changes in operating assets and liabilities	(10,195,867)	15,268,542
Total adjustments	(13,612,642)	2,745,554
Cash generated from operations:	6,820,005	37,839,862
Interest received	544,287	359,011
Dividends received	8,415,528	4,156,538
Interest paid	(1,641,691)	(1,393,936)
Income tax paid	(699,730)	(109,471)
Net cash provided by operating activities	13,438,399	40,852,004
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(2,400,965)	(3,500,000)
Proceeds from disposal of available-for-sale financial assets	2,401,902	3,809,549
Acquisition of financial assets carried at cost	(21,600)	(96,422)
Acquisition of investments accounted for using equity method	(1,177,877)	(5,475,568)
Proceeds from disposal of investments accounted for using equity method	3,776,928	1,656,179
Acquisition of property, plant and equipment	(8,074,296)	(5,649,693)
Proceeds from disposal of property, plant and equipment	50,875	31,919
(Increase) decrease in due from related parties (listed under other receivables－related parties)	(122,671)	8,932,926
Acquisition of intangible assets	(930)	-
Decrease in other assets	1,594,673	1,387,460
Net cash (used in) provided by investing activities	(3,973,961)	1,096,350
Cash flows from financing activities:		
Proceeds from short-term borrowings	168,852,539	133,096,899
Repayment of short-term borrowings	(172,609,291)	(134,464,807)
Decrease in short-term notes and bills payable	(3,099,844)	-
Proceeds from bonds issued	5,984,010	-
Repayment of bonds payable	(6,000,000)	(8,000,000)
Proceeds from long-term debts	24,199,654	5,640,055
Repayments of long-term debts	(16,950,306)	(14,344,531)
Increase in due to related parties (listed under other payables－related parties)	36,721	782,880
Increase in other liabilities	50,136	137,207
Cash dividends paid	(12,093,820)	(10,337,193)
Net cash used in financing activities	(11,630,201)	(27,489,490)
Effect of foreign currency exchange translation	(114,289)	(94,967)
(Decrease) increase in cash and cash equivalents	(2,280,052)	14,363,897
Cash and cash equivalents at beginning of year	7,672,877	5,392,825
Cash and cash equivalents at end of year	**$ 5,392,825**	**19,756,722**

See accompanying notes to consolidated financial statements.

FORMOSA PLASTICS CORPORATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	December 31, 2014 (Adjusted)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents (note 6(1))	$ 1,511,528	15,464,948
Available-for-sale financial assets－current(note 6(2))	83,956,324	79,288,300
Notes receivable (note 6(3))	188,461	183,994
Accounts receivable, net (note 6(3))	5,897,305	4,646,305
Accounts receivable－related parties (notes 6(3) and 7)	5,523,436	4,561,546
Other receivables (note 6(3))	850,278	1,020,824
Other receivables－related parties (notes 6(3) and 7)	32,403,928	18,720,269
Inventories (note 6(4))	17,274,810	12,494,360
Other current assets	1,365,734	1,151,094
Total current assets	148,971,804	137,531,640
Non-current assets:		
Available-for-sale financial assets－non-current (note 6(2))	10,729,587	-
Financial assets carried at cost－non-current	2,437,768	2,462,768
Investments accounted for using equity method (notes 6(5) and 8)	191,434,844	211,000,116
Property, plant and equipment (notes 6(6), 7 and 8)	44,434,530	42,548,010
Intangible assets	124,762	124,762
Deferred tax assets (note 6(12))	1,574,089	1,610,066
Other assets (notes 6(3), 7 and 8)	7,960,156	5,414,198
Total non-current assets	258,695,736	263,159,920
Total assets	$ 407,667,540	400,691,560

	December 31, 2014 (Adjusted)	December 31, 2015
Liabilities and Equity		
Current liabilities:		
Short-term borrowings (note 6(8))	$ 3,080,272	3,945,309
Accounts payable	4,058,391	3,068,157
Accounts payable－related parties (note 7)	7,276,158	6,617,200
Other payables	1,029,952	4,780,205
Other payables－related parties (note 7)	258	1,024,559
Current portion of bonds payable (note 6(10))	7,993,512	14,635,089
Current portion of long-term debts (notes 6(9) and 8)	790,001	114,286
Other current liabilities (note 7)	7,891,427	10,228,593
Total current liabilities	32,119,971	44,413,398
Non-current liabilities：		
Bonds payable (note 6(10))	51,913,453	37,303,242
Long-term debts (notes 6(9) and 8)	19,665,427	10,391,417
Deferred tax liabilities (note 6(12))	9,412,161	11,554,480
Net defined benefit liabilities (note 6(11))	8,985,137	8,876,233
Other liabilities	421,181	717,886
Total non-current liabilities	90,397,359	68,843,258
Total liabilities	122,517,330	113,256,656
Equity attributable to owners of the parent (notes 6(12) (13)):		
Common stock	63,657,408	63,657,408
Capital surplus	11,277,988	11,443,715
Retained earnings		
Legal reserve	43,339,205	45,138,549
Special reserve	39,078,218	43,706,916
Unappropriated retained earnings	46,066,241	58,804,131
Total retained earnings	128,483,664	147,649,596
Other components of equity	81,731,150	64,684,185
Total equity	285,150,210	287,434,904
Total liabilities and Equity	$ 407,667,540	400,691,560

See accompanying notes to financial statements.

FORMOSA PLASTICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	For the years ended December 31,	
	2014(Adjusted)	2015
Operating revenues (notes 6(15) and 7):	$ 184,599,915	160,366,578
Operating costs (notes 6(4)(11)(13)(16) and 7)	168,396,177	139,571,382
Gross profit	16,203,738	20,795,196
Add: gain (loss) of recognized sales	33,175	(14,171)
Gross profit	16,236,913	20,781,025
Operating expenses (notes 6(11)(13)(16) and 7):		
Selling expenses	4,560,346	4,660,004
Administrative expenses	4,461,010	4,431,398
Research and development expenses	918,041	853,485
Total operating expenses	9,939,397	9,944,887
Operating income	6,297,516	10,836,138
Non-operating income and expenses (notes 6(3)(5)(17) and 7) :		
Other income	2,707,443	3,556,972
Other gains and losses	4,650,220	3,525,318
Finance costs	(1,256,079)	(1,174,756)
Recognized share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	8,025,177	18,204,491
Total non-operating income and expenses	14,126,761	24,112,025
Income before income tax	20,424,277	34,948,163
Less: income tax expense (note 6(12))	2,549,385	4,070,894
Net income	17,874,892	30,877,269
Other comprehensive income (loss) (note 6(12)) :		
Items that could not be reclassified subsequently to profit or loss:		
Remeasurements of the net defined benefit liabilities	(62,657)	(894,428)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	(147,202)
Less: Income tax benefit related to items that could not be reclassified subsequently to profit or loss	10,652	152,052
Total amount of items that could not be reclassified subsequently to profit or loss	(52,005)	(889,578)
Items that could be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	5,503,175	2,327,662
Unrealized gains on available-for-sale financial assets	9,144,815	(15,248,717)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	3,551,838	(3,564,002)
Less: Income tax expense related to items that could be reclassified to profit or loss	(645,307)	(561,908)
Total amount of items that could be reclassified subsequently to profit or loss	17,554,521	(17,046,965)
Total other comprehensive income (loss), net of tax	17,502,516	(17,936,543)
Total comprehensive income	**$ 35,377,408**	**12,940,726**
Basic earnings per share (note 6(14))		
-before income tax	**$ 3.21**	**5.49**
-after income tax	**$ 2.81**	**4.85**

See accompanying notes to financial statements.

FORMOSA PLASTICS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
			Retained Earnings			Others			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference on translation of foreign operations	Unrealized gains on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total Equity
Balance as of January 1, 2014	$ 63,657,408	11,275,671	41,267,621	33,508,131	48,550,893	558,916	63,615,604	2,109	262,436,353
Effect of the retrospective application of accounting principle or adjustment	-	-	-	-	(570,961)	-	-	-	(570,961)
Adjusted balance as of January 1, 2014	63,657,408	11,275,671	41,267,621	33,508,131	47,979,932	558,916	63,615,604	2,109	261,865,392
Appropriation and distribution of retained earnings (Note 1):									
Legal reserve	-	-	2,071,584	-	(2,071,584)	-	-	-	-
Special reserve	-	-	-	5,570,087	(5,570,087)	-	-	-	-
Cash dividends	-	-	-	-	(12,094,907)	-	-	-	(12,094,907)
Changes in capital surplus									
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	2,546	-	-	-	-	-	-	2,546
Other	-	(229)	-	-	-	-	-	-	(229)
Net income for the year	-	-	-	-	17,874,892	-	-	-	17,874,892
Other comprehensive income (loss) for the year, net of income tax	-	-	-	-	(52,005)	4,857,868	12,701,858	(5,205)	17,502,516
Total comprehensive income for the year	-	-	-	-	17,822,887	4,857,868	12,701,858	(5,205)	35,377,408
Balance as of December 31, 2014	63,657,408	11,277,988	43,339,205	39,078,218	46,066,241	5,416,784	76,317,462	(3,096)	285,150,210
Appropriation and distribution of retained earnings (Note 2):									
Legal reserve	-	-	1,799,344	-	(1,799,344)	-	-	-	-
Special reserve	-	-	-	4,628,698	(4,628,698)	-	-	-	-
Cash dividends	-	-	-	-	(10,821,759)	-	-	-	(10,821,759)
Changes in capital surplus									
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	165,904	-	-	-	-	-	-	165,904
Other	-	(177)	-	-	-	-	-	-	(177)
Net income for the year	-	-	-	-	30,877,269	-	-	-	30,877,269
Other comprehensive income (loss) for the year, net of income tax	-	-	-	-	(889,578)	1,765,754	(18,898,091)	85,372	(17,936,543)
Total comprehensive income for the year	-	-	-	-	29,987,691	1,765,754	(18,898,091)	85,372	12,940,726
Balance as of December 31, 2015	$ 63,657,408	11,443,715	45,138,549	43,706,916	58,804,131	7,182,538	57,419,371	82,276	287,434,904

Note 1: Employees' bonuses of $30,000 were expensed under the statements of comprehensive income for the year 2013.

Note 2: Employees' bonuses of $26,686 were expensed under the statements of comprehensive income for the year 2014.

See accompanying notes to financial statements.

FORMOSA PLASTICS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2014	2015
Cash flows from operating activities:		
Income before income tax	$ 20,424,277	34,948,163
Adjustments for:		
Incomes and expenses not affecting cash flows:		
Depreciation expense	5,835,638	5,711,177
Amortization expense	199,704	301,111
Provision (reversal or provision) for bad debt expense	(1,248)	(1,236)
Interest expenses	1,256,079	1,174,756
Interest income	(247,392)	(290,463)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(8,025,177)	(18,204,491)
Gain on disposal of property, plant and equipment	(37,623)	(11,369)
Property, plant and equipment transferred to expenses	854	-
Gain on disposal of investments	(1,902)	(160,655)
Gain on disposal of investments accounted for using equity method	(2,627,625)	(1,094,025)
(Gain) loss on recognized sales	(33,175)	14,171
Unrealized foreign exchange gain	(939,933)	(637,476)
Unclaimed dividend and overdue compensation of directors transferred to other income	(16,058)	-
Incomes and expenses not affecting cash flows	(4,637,858)	(13,198,500)
Changes in operating assets and liabilities :		
Changes in operating assets :		
Notes receivable	21,931	4,467
Accounts receivable	1,378,271	961,890
Accounts receivable－related parties	479,143	1,357,254
Other receivables	544,842	(168,286)
Other receivables－related parties	(6,884,418)	6,020,206
Inventories	(482,633)	4,572,821
Other current assets	263,219	210,078
Total changes in operating assets	(4,679,645)	12,958,430
Changes in operating liabilities :		
Accounts payable	937,014	(990,234)
Accounts payable－related parties	(5,313,585)	(658,958)
Other payables	83,754	784,764
Other payables－related parties	(15,023)	1,024,301
Accrued expense and other current liabilities	700,515	2,376,290
Net defined benefit liabilities	(405,258)	(851,279)
Total changes in operating liabilities	(4,012,583)	1,684,884
Total changes in operating assets and liabilities	(8,692,228)	14,643,314
Total adjustments	(13,330,086)	1,444,814
Cash generated from operations:	7,094,191	36,392,977
Interest received	247,503	288,203
Dividends received	8,415,528	4,156,538
Interest paid	(1,245,884)	(1,213,880)
Income tax paid	(578,598)	(45,715)
Net cash provided by operating activities	13,932,740	39,578,123
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(2,400,965)	(3,500,000)
Proceeds from disposal of available-for-sale financial assets	2,401,902	3,809,549
Acquisition of financial assets carried at cost	(21,600)	(25,000)
Acquisition of investments accounted for using equity method	(1,177,877)	(7,351,920)
Proceeds from disposal of investments accounted for using equity method	3,776,928	1,656,179
Acquisition of property, plant and equipment	(1,674,008)	(3,619,825)
Proceeds from disposal of property, plant and equipment	50,570	14,165
(Increase) decrease in due from related parties (listed under other receivables－related parties)	(4,726,618)	8,195,213
Decrease in other assets	2,321,983	2,280,776
Net cash (used in) provided by investing activities	(1,449,685)	1,459,137
Cash flows from financing activities:		
Proceeds from short-term borrowings	158,165,250	124,642,823
Repayment of short-term borrowings	(158,599,322)	(123,777,518)
Decrease in short-term notes and bills payable	(3,099,844)	-
Proceeds from bonds issued	5,984,010	-
Repayment of bonds payable	(6,000,000)	(8,000,000)
Proceeds from long-term debts	25,972,570	4,010,000
Repayments of long-term debts	(23,287,145)	(13,959,725)
Increase in other liabilities	8,247	296,704
Cash dividends paid	(12,093,820)	(10,337,193)
Net cash used in financing activities	(12,950,054)	(27,124,909)
Effect of foreign currency exchange translation	32,376	41,069
(Decrease) increase in cash and cash equivalents	(434,623)	13,953,420
Cash and cash equivalents at beginning of year	1,946,151	1,511,528
Cash and cash equivalents at end of year	**$ 1,511,528**	**15,464,948**

See accompanying notes to financial statements.

Formosa Plastics Corporation
Statement of Profits Distribution
For the year of 2015

Unit：NT$

Items	Amount	Items	Amount	Explanation
Available for Distribution:		**Distribution Items:**		1. The Company plans to distribute dividends of $3.6 per share for current year (among which, $1.98 will be distributed as dividends and $1.62 will be distributed as bonus); all of which are cash dividends.
(1) Unappropriated retained earnings of previous years	29,558,326,576	(1) Appropriation of legal reserve (10% of the after-tax profit)	3,087,726,945	2. The Company distributes dividends and bonus for a total of $22,916,666,812; all of which are from net profit after tax of 2015.
(2) Adjustment	-741,507,733	(2) Appropriation of special reserve	3,014,408,875	3. Adjustment: To comply with the 2013 version of IFRS required by Financial Supervisory Commission, the retained earnings of January 1, 2015 decreased by $741,507,733.
(3) Other comprehensive income reclassified to unappropriated retained earnings of current year	-889,577,438	(3) Distribution of dividends and bonus in cash ($3.6 per share)	22,916,666,812	4. Other comprehensive income reclassified to unappropriated retained earnings of current year for a total of $-889,577,438; all of which are adjustment for actuarial pension valuation.
(4) Net profit after tax of current year	30,877,269,453	(4) Unappropriated retained earnings carried forward to next year	29,785,708,226	5. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar.
Total	58,804,510,858	**Total**	58,804,510,858	

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Independent Auditors' Report

The Board of Directors
Formosa Plastics Corporation:

We have audited the accompanying consolidated statements of financial position of Formosa Plastics Corporation (the "Company") and its subsidiaries as of December 31, 2014 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain investee companies under the equity method and certain investee information disclosed in Note 13 as of and for the years ended December 31, 2014 and 2015. The Company's investments in the aforementioned investee companies were constituting 32.97% and 38.14% of the consolidated total assets as of December 31, 2014 and 2015, respectively, and recognized share of profit of associates and joint ventures accounted for using equity method of these investee companies were constituting 53.83% and 64.19% of the consolidated income before income tax for the years ended December 31, 2014 and 2015, respectively. The consolidated financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Formosa Plastics Corporation and its subsidiaries as of December 31, 2014 and 2015, and the results of their operations and their consolidated cash flows for the years ended December 31, 2014 and 2015, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG

We have also audited the parent company only financial statements of Formosa Plastics Corporation as of and for the years ended December 31, 2014 and 2015 and have expressed a modified unqualified opinion thereon.

KPMG

Taipei, Taiwan (the Republic of China)
March 17, 2016

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with IFRSs as endorsed by the FSC of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and original Chinese version or any difference in the interpretation of the two versions, the independent auditors' report and consolidated financial statements in Chinese shall prevail.

KPMG

安侯建業聯合會計師事務所

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Independent Auditors' Report

The Board of Directors
Formosa Plastics Corporation:

We have audited the accompanying balance sheets of Formosa Plastics Corporation (the "Company") as of December 31, 2014 and 2015, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain investee companies under the equity method and certain investee information disclosed in Note 13 as of and for the years ended December 31, 2014 and 2015. The Company's investments in the aforementioned investee companies constituted 34.85% and 40.75% of the total assets as of December 31, 2014 and 2015, respectively; and the recognized share of profit of subsidiaries, associates and joint ventures accounted for using equity method of these investee companies constituted 53.86% and 64.32% of the income before income tax for the years ended December 31, 2014 and 2015, respectively. The financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries and investee companies, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to in first paragraph present fairly, in all material respects, the financial position of Formosa Plastics as of December 31, 2014 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

KPMG

Taipei, Taiwan (the Republic of China)
March 17, 2016

Notes to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, 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. If there is any conflict between the English version and original Chinese version or any difference in the interpretation of the two versions, the independent auditors version prepared and used in the Republic of Chinese shall prevail.

Formosa Plastics Corporation

Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Jason Lin	0
Managing Director	William Wong Representative of Formosa Chemicals & Fibre Corporation	486,978,692
Managing Director	Susan Wang Representative of Nan Ya Plastics Corporation	294,793,105
Managing Director	Wilfred Wang Representative of Formosa Petrochemical Corporation	131,460,365
Managing Director (Independent Director)	C. L. Wea	0
Independent Director	C. J. Wu	0
Independent Director	T. S. Wang	0
Director	C. T. Lee	1,262,541
Director	Cher Wang	7,369,380
Director	Fu Chan Wei Representative of Chang Gung Medical Foundation	601,011,035
Director	K. H. Wu	134,537
Director	Ralph Ho	27,824,363
Director	Cheng-Chung Cheng	0
Director	Wen-Chin Hsiao	6,685

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 101,851,853 shares. As of April 19, 2016, the actual shareholdings of the Company's Directors are 1,550,840,703 shares.

Information regarding the Proposed Employees and Directors' Compensation to Adopted by the Board of Directors of the Company:

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT$ 49,507,146
Employees Stock Compensation	NT$ 0
Directors Compensation	NT$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividend	0%

The above-listed amount of employees' cash compensation is consistent with the proposed amount adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2016 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2016 Annual Shareholders' Meeting and does not required to prepare financial forecast information.