

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**NAN YA PLASTICS CORPORATION
AND ITS SUBSIDIARIES**

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**March 31, 2017 and 2016
(With Independent Auditors' Review Report Thereon)**

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
Nan Ya Plastics Corporation:

We have reviewed the accompanying consolidated balance sheets of Nan Ya Plastics Corporation and its subsidiaries (collectively referred to as the "Consolidated Company") as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended. These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these interim consolidated financial statements based on our reviews. However, we did not review the financial statements of certain subsidiaries which have the total assets of \$94,897,376 thousand and \$101,013,275 thousand, constituting 17.74% and 19.36% of the consolidated total assets as of March 31, 2017 and 2016, respectively. The total revenues of these subsidiaries amounted to \$16,737,561 thousand and \$13,294,856 thousand, constituting 23.03% and 20.31% of the consolidated total revenues for the three-month periods ended March 31, 2017 and 2016, respectively. In addition, we did not review the financial statements of certain investee companies under the equity method. The Consolidated Company's investments in the aforementioned investee companies were \$76,315,565 thousand and \$64,577,626 thousand, constituting 14.27% and 12.38% of the consolidated total assets as of March 31, 2017 and 2016, respectively, and the Consolidated Company's equity in net earnings of these investee companies were \$5,226,442 thousand and \$2,426,478 thousand, constituting 115.01% and 54.36% of the consolidated total comprehensive income for the three-month periods ended March 31, 2017 and 2016, respectively. The interim consolidated financial statements of the aforementioned subsidiaries and investee companies were reviewed by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for these subsidiaries and investee companies, is based solely on the reports of other auditors.

Except for those stated in the third and fourth paragraph, we conducted our reviews in accordance with Statement of Auditing Standard No. 36 "Review of Financial Statements" in the Republic of China (ROC). A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is to express an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

The consolidated financial statements of certain non-significant subsidiaries were consolidated based on their financial statements as of and for the three-month periods ended March 31, 2017 and 2016, which were not reviewed by other auditors. The total assets of these subsidiaries amounted to \$63,877,985 thousand and \$57,826,183 thousand, constituting 11.94% and 11.08% of the consolidated total assets as of March 31, 2017 and 2016, respectively; the total liabilities amounted to \$6,572,576 thousand and \$3,805,299 thousand, constituting 3.67% and 2.14% of the consolidated total liabilities as of March 31, 2017 and 2016, respectively. The total comprehensive income of these subsidiaries amounted to \$(1,940,397) thousand and \$(1,288,258) thousand, constituting (42.70)% and (28.86)% of the consolidated comprehensive income for the three-month periods ended March 31, 2017 and 2016, respectively.

Except for those stated in the third paragraph, the consolidated financial statements of certain investee companies under the equity method were not reviewed by other auditors. The Consolidated Company's investment in the aforementioned investee companies were \$34,356,682 thousand and \$39,926,943 thousand as of March 31, 2017 and 2016, respectively, and the Consolidated Company's equity in net earnings of these investee companies were \$(341,398) thousand and \$412,727 thousand for the three-month periods ended March 31, 2017 and 2016, respectively.

Based on our reviews, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34 "Interim Financial Reporting" as endorsed by Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

May 12, 2017

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2017, December 31, 2016, and March 31, 2016
 (Expressed in Thousands of New Taiwan Dollars)

		March 31, 2017		December 31, 2016		March 31, 2016		December 31, 2016		March 31, 2016	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (notes 6(a) and (s))	\$ 62,807,438	12	57,411,505	11	58,022,316	11	2100	Short-term borrowings (notes 6(i) and (s))	\$ 13,708,859	3
1126	Available-for-sale financial assets-current (notes 6(b) and (s))	45,441,069	8	45,602,328	8	41,482,485	8	2110	Short-term notes and bills payable (notes 6(h) and (s))	16,645,162	3
1150	Notes receivable, net (notes 6(c) and (s))	9,155,942	2	9,014,054	2	7,123,331	1	2170	Notes and accounts payable (note (s))	9,454,049	2
1170	Accounts receivable, net (notes 6(c) and (s))	35,640,106	7	36,793,565	7	32,631,525	6	2180	Accounts payable to related parties (notes 6(s) and 7)	8,361,209	1
1180	Accounts receivable due from related parties (notes 6(c), (s) and 7)	2,154,760	-	1,955,811	-	4,722,108	1	2200	Other payables	14,519,085	3
1200	Other receivables(note 6(c))	1,548,489	-	1,605,502	-	1,731,488	-	2220	Other payables to related parties(note 7)	-	-
1210	Other receivables due from related parties (notes 6(c) and 7)	14,785,267	3	25,173,284	5	16,415,246	3	2321	Current portion of bonds payable(notes 6(k) and (s))	9,615,164	2
130X	Inventories (note 6(d))	38,082,051	7	35,385,614	7	39,403,990	8	2322	Current portion of long-term borrowings(notes 6(j) and (s))	3,360,151	1
1470	Other current assets	4,615,518	1	4,536,546	1	3,764,214	1	2399	Other current liabilities	1,313,892	-
Total current assets		214,230,640	40	217,478,209	41	205,296,703	39	Total current liabilities		76,977,571	15
Non-current assets:											
1524	Non-current available-for-sale financial assets (notes 6(b) and (s))	1,146,665	-	1,220,108	-	13,563,531	3	2530	Bonds payable(notes 6(k) and (s))	46,458,831	9
1543	Non-current financial assets at cost (note 6(b))	17,288,002	3	18,223,610	3	18,435,124	4	2540	Long-term borrowings(notes 6(j) and (s))	19,663,952	3
1550	Investments accounted for using equity method (note 6(e))	147,059,745	27	139,567,351	26	131,483,256	25	2570	Deferred tax liabilities	9,925,515	2
1600	Property, plant and equipment (note 6(f))	130,898,483	25	139,724,458	26	135,668,815	26	2640	Net defined benefit liability-non-current	25,491,832	5
1780	Intangible assets (note 6(g))	2,824,743	1	2,873,029	1	-	-	2645	Guarantee deposits	665,970	-
1812	Technology development expense	78,307	-	85,057	-	105,521	-	2670	Other non-current liabilities(note 6(e))	144,183	-
1840	Deferred tax assets	5,889,583	1	6,036,996	1	5,443,017	1	Total non-current liabilities		102,350,283	19
1915	Prepayments for purchase of equipment	2,138,458	-	2,068,844	-	1,920,611	-	Total liabilities		179,327,854	34
1937	Overdue receivables (note 6(c))	-	-	-	-	-	-	Equity attributable to owners of parent (notes 6(m), (n) and (s)):			
1975	Net defined benefit asset-non-current	1,097	-	1,097	-	943	-	3110	Common Stock	79,308,216	15
1990	Other non-current assets	13,377,115	3	9,906,045	2	9,811,356	2	3200	Capital surplus	23,193,559	4
Total non-current assets		320,702,198	60	319,706,595	59	316,432,174	61	3300	Retained earnings	202,163,695	38
								3400	Others	38,865,858	7
								36XX	Non-controlling interests	12,073,656	2
Total assets		\$ 534,932,838	100	\$ 537,184,804	100	\$ 521,728,877	100	Total equity		355,604,984	66
								Total liabilities and equity		\$ 534,932,838	100
										537,184,804	100
										521,728,877	100

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2017 and 2016****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		For the three months ended March 31			
		2017		2016	
		Amount	%	Amount	%
4000	Operating revenue(note 7)	\$ 72,676,153	100	65,469,083	100
5000	Operating costs(notes 6(d), (l), (q), 7 and 12)	59,643,943	82	57,842,627	89
5910	Less: Unrealized (realized) profit from affiliated companies(note 7)	(5,016)	-	52,207	-
	Gross profit, net	13,037,226	18	7,574,249	11
	Operating expenses (notes 6(c), (g), (l), (q), 7 and 12):				
6100	Selling expenses	2,330,028	3	2,137,917	3
6200	Administrative expenses	2,229,620	3	1,987,935	3
	Total operating expenses	4,559,648	6	4,125,852	6
	Operating income	8,477,578	12	3,448,397	5
	Non-operating income and expenses (notes 6(e), (f), and (r)):				
7010	Other income	611,112	1	589,850	1
7020	Other gains and losses	(2,147,012)	(3)	(845,831)	(1)
7050	Finance costs	(421,264)	(1)	(402,585)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	5,989,778	8	3,552,338	6
	Total non-operating income and expenses	4,032,614	5	2,893,772	5
	Profit before income tax	12,510,192	17	6,342,169	10
7950	Less: Income tax expense (note 6(m))	1,940,415	3	1,051,603	2
	Net income	10,569,777	14	5,290,566	8
8300	Other comprehensive income (notes 6(e), (n) and (s)):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences raising on translation of foreign operations	(8,945,760)	(12)	(3,238,690)	(5)
8362	Unrealised gains (losses) on available-for-sale financial assets	(127,732)	-	2,326,227	4
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,661,565	4	(64,390)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	386,655	-	149,645	-
	Total items that will be reclassified to profit or loss	(6,025,272)	(8)	(827,208)	(1)
8300	Other comprehensive income for the year, net of tax	(6,025,272)	(8)	(827,208)	(1)
8500	Total comprehensive income for the year	\$ 4,544,505	6	4,463,358	7
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 10,867,218	14	5,369,937	8
8620	Profit (loss), attributable to non-controlling interests	(297,441)	-	(79,371)	-
		\$ 10,569,777	14	5,290,566	8
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 5,040,288	7	4,559,711	7
8720	Comprehensive income, attributable to non-controlling interests	(495,783)	(1)	(96,353)	-
		\$ 4,544,505	6	4,463,358	7
	Basic earnings per share (note 6(q)):				
9710	Income from continuing operations	\$ 1.58	1.33	0.80	0.67
	Income from non-controlling equity	(0.11)	0.04	(0.06)	0.01
9750	Income attributable to shareholders of the parent	\$ 1.47	1.37	0.74	0.68

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								Total other equity interest							
Share capital	Retained earnings				Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Gains (losses) on effective portion of cash flow hedges		Total equity attributable to owners of parent		Non-controlling interests		Total equity	
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings												
\$ 79,308,216	23,642,467	49,417,691	75,611,017	44,676,502	(9)	9										
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	1,462,231	-	-	-	-	-	-	-	-	-	-	1,462,231	-	-	-	1,462,231
-	-	-	-	5,369,937	-	-	-	-	-	-	-	5,369,937	-	-	-	5,290,566
-	-	-	-	-	-	-	(3,012,614)	2,191,889	-	-	-	(810,226)	-	-	-	(827,208)
-	-	-	-	5,369,937	-	-	(3,012,614)	2,191,889	-	-	-	4,559,711	-	-	-	4,463,358
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$ 79,308,216	25,104,698	49,417,691	75,611,008	50,046,448			6,719,897	44,020,654				330,305,684			13,566,903	343,872,587
\$ 79,308,216	23,155,633	52,989,825	80,261,502	58,045,150			584,042	44,067,434				338,453,114			12,580,352	351,033,466
-	37,926	-	-	-	-	-	-	-	-	-	-	37,926	-	-	-	37,926
-	-	-	-	10,867,218	-	-	(8,360,536)	2,543,946	-	-	-	10,867,218	-	-	(297,441)	10,569,777
-	-	-	-	-	-	-	(10,340)	5,826,930	-	-	-	(5,826,930)	-	-	(198,342)	(6,025,272)
-	-	-	-	10,867,218	-	-	(8,360,536)	2,543,946	-	-	-	5,040,288	-	-	(495,783)	4,544,505
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,913)	(10,913)
\$ 79,308,216	23,193,559	52,989,825	80,261,502	68,912,368			(7,776,494)	46,611,380				343,531,328			12,073,656	355,604,984

Balance at January 1, 2016

Reversal of special reserve

Other changes in capital surplus:

Profit (loss)

Other comprehensive income

Total comprehensive income

Changes in non-controlling interests

Balance at March 31, 2016

Balance at January 1, 2017

Other changes in capital surplus:

Profit (loss)

Other comprehensive income

Total comprehensive income

Changes in non-controlling interests

Balance at March 31, 2017

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows
For the three months ended March 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	\$ 12,510,192	6,342,169
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,021,871	3,973,933
Amortization expense	462,027	405,944
Interest expense	421,264	402,585
Interest income	(237,841)	(203,714)
Share of profit of associates and joint ventures accounted for using equity method	(5,989,778)	(3,552,338)
(Gain)loss on disposal of property, plan and equipment	15,454	(6,699)
Property, plan and equipment transferred to expenses	1,027	13
Gain on disposal of investments	-	(9,886)
Impairment loss on financial assets	1,023	-
Unrealized loss(profit) from associates	(5,016)	52,207
Unrealized foreign exchange gain	707,352	883,130
Unclaimed dividend and overdue compensation of directors transferred to other income	979	123
Gain on reversal of impairment loss on property, plant and equipm	(40,593)	(1,413)
Total adjustments to reconcile profit (loss)	(642,231)	1,943,885
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(141,888)	536,920
Accounts receivable (including related parties)	704,830	(14,122)
Other receivable	58,389	45,181
Inventories	(2,357,122)	(495,071)
Other current assets	(77,193)	382,496
Total changes in operating assets	(1,812,984)	455,404
Changes in operating liabilities:		
Notes and accounts payable	(2,207,203)	409,388
Other payable	(3,266,368)	(1,688,749)
Other current liabilities	38,684	41,362
Net defined benefit liability	(29,733)	29,807
Total changes in operating liabilities	(5,464,620)	(1,208,192)
Net changes in operating assets and liabilities	(7,277,604)	(752,788)
Total adjustments	(7,919,835)	1,191,097
Cash inflow generated from operations	4,590,357	7,533,266
Interest received	236,465	230,617
Interest paid	(499,473)	(276,658)
Income taxes paid	(424,259)	(236,063)
Net cash flows from operating activities	3,903,090	7,251,162
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	-	(2,491,550)
Proceeds from disposal of available-for-sale financial assets	-	1,210,686
Proceeds from capital reduction of financial assets at cost	50	-
Acquisition of property, plant and equipment	(2,347,128)	(3,525,804)
Proceeds from disposal of property, plant and equipment	91,626	20,590
(Increase) Decrease in refundable deposits	(36,088)	5,669
Decrease in other receivables due from related parties	10,388,017	3,161,236
Increase in other non-current assets	(1,146,961)	(610,341)
Net cash flows from (used in) investing activities	6,949,516	(2,229,514)
Cash flows from (used in) financing activities:		
(Decrease) Increase in short-term loans	(6,173,355)	96,306
Increase in short-term notes and bills payable	10,301,360	4,448,515
Increase in long-term debts	2,397,259	395,582
Repayments of long-term debt	(8,511,881)	(2,064,305)
Increase in guarantee deposits	6,308	19,078
Increase in other payables to related parties	-	1,800
(Decrease) in other non-current liabilities	(31,041)	(47,143)
Cash dividends paid	(656)	(178)
Change in non-controlling interests	(10,913)	(4,228)
Net cash flows from (used in) financing activities	(2,022,919)	2,845,427
Effect of exchange rate changes on cash and cash equivalents	(3,433,754)	(1,756,073)
Net increase in cash and cash equivalents	5,395,933	6,111,002
Cash and cash equivalents, beginning of year	57,411,505	51,911,314
Cash and cash equivalents, end of year	\$ 62,807,438	58,022,316

See accompanying notes to Consolidated financial statements.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nan Ya Plastics Corporation was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Consolidated Company engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. The Consolidated Company has gone through several capital increases and established many divisions. Currently, the Consolidated Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. The Consolidated Company has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 12, 2017.

(3) New standards, amendments and interpretations adopted:

- (a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already taken effect.

The Group adopted the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC for adoption in preparing their financial statements effective January 1, 2017. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

Except for the following items, the Consolidated Company believes that the adoption of the above IFRSs would not have a material impact on its consolidated financial statements:

(i) Amendments to IAS 36 "Recoverable Amount Disclosures for Non Financial Assets"

Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In such cases, the amendments also require that the following be disclosed if the recoverable amount is based on fair value less costs of disposal:

- 1) the level of the fair value hierarchy within which the fair value measurement is categorized; and
- 2) the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy, and the key valuation assumptions made.

The Group expects the aforementioned amendments will result in a broader disclosure of the recoverable amount for non-financial assets.

(b) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. The FSC announced that the Consolidated Company should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Consolidated Company's financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

The Consolidated Company is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Issuance / Release		
Dates	Standards or Interpretations	Content of amendment
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The new standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. • Impairment: The expected credit loss model is used to evaluate impairment. • Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Issuance / Release Dates	Standards or Interpretations	Content of amendment
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
January 19, 2016	Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	The objective of this project is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. It clarifies that 'taxable profit excluding tax deductions' used for assessing the utilization of deductible temporary differences is different from 'taxable profit on which income taxes are payable'.
January 29, 2016	Amendments to IAS 7 "Disclosure Initiative"	The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
December 8, 2016	Annual Improvements to IFRS Standards 2014-2016 Cycle:	

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Issuance / Release Dates	Standards or Interpretations	Content of amendment
	• IFRS 1 "First-time Adoption of International Financial Reporting Standards" • IFRS 12 "Disclosure of Interests in Other Entities" • IAS 28 "Investments in Associates and Joint Ventures"	• Outdated exemptions for first-time adopters of IFRS are removed. • The disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. • A venture capital organization, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. • A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.
December 8, 2016	IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	IFRIC 22 clarifies the transaction date used to determine the exchange rate. The transaction date is the date on which the company initially recognizes the prepayment or deferred income arising from the advance consideration.

The Consolidated Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016.

(b) Basis of consolidation

- (i) Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2016.
- (ii) List of subsidiaries in the consolidated interim financial statements:

Investor	The name of subsidiaries	Business activity	Stockholder's Equity			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
The Company	Nan Ya Plastics corporation USA	production of plastic products	100.00 %	100.00 %	100.00 %	
The Company	Nan Ya Plastics corporation, America	production of plastic, polyester and chemical products	100.00 %	100.00 %	100.00 %	
The Company	Formosa Plastics Group Investment Corp	investment	100.00 %	100.00 %	100.00 %	
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics and electronic products trading, investment holding	100.00 %	100.00 %	100.00 %	
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment holding	100.00 %	100.00 %	100.00 %	
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %	66.97 %	
The Company	Wen Fung Industrial Co., Ltd.	production of electronic components	100.00 %	100.00 %	100.00 %	
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %	50.00 %	
The Company	Nan Ya International (Cayman) Limited	investment	100.00 %	100.00 %	100.00 %	
The Company	PFG Fiber Glass Corporation	production of glass fiber	100.00 %	100.00 %	50.00 %	Note 1
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited	glass fiber trading	100.00 %	100.00 %	50.00 %	Note 1
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	retargeting	100.00 %	100.00 %	100.00 %	
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment holding	100.00 %	100.00 %	100.00 %	
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, production of steam and electricity	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %	

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	Stockholder's Equity			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of electronic materials	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	85.00 %	85.00 %	85.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %	100.00 %	
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics corporation, America	Nan Ya Plastics corporation, Texas	production of plastic, polyester and chemical products	100.00 %	100.00 %	100.00 %	
PFG Fiber Glass (Hong Kong) Corporation Limited	PFG Fiber Glass (Kunshan) Co., Ltd.	glass fiber trading	100.00 %	100.00 %	50.00 %	Note 1

Note 1: Became a subsidiary in November 18, 2016. Please refer to note 6(f) of the consolidated financial statements as of and for the year ended December 31, 2016 for related disclosures.

The Consolidated Company holds fifty-percent voting shares of Nan Chung Petrochemical Corporation, and the general manager of Nan Chung Petrochemical Corporation was designated by the Company. As the Consolidated Company has control over the operations of Nan Chung Petrochemical Corp., the Consolidated Company included Nan Chung Petrochemical Corporation, a subsidiary company, in its consolidated financial statements.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2016. Please refer to Note 6 of the 2016 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand	\$ 1,457	1,686	1,732
Cash in banks	6,609,580	28,322,264	26,956,285
Time deposits	51,497,349	21,988,219	30,396,377
Cash equivalents	<u>4,699,052</u>	<u>7,099,336</u>	<u>667,922</u>
Cash and cash equivalents	<u><u>\$ 62,807,438</u></u>	<u><u>57,411,505</u></u>	<u><u>58,022,316</u></u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Financial Assets

(i) Financial assets consisted of the following:

	March 31, 2017	December 31, 2016	March 31, 2016
Available-for-sale financial assets — current:			
Stocks	\$ 39,943,831	39,827,587	38,380,569
Funds	<u>5,497,238</u>	<u>5,774,741</u>	<u>3,101,916</u>
Total	<u><u>\$ 45,441,069</u></u>	<u><u>45,602,328</u></u>	<u><u>41,482,485</u></u>
Available-for-sale financial assets — non-current:			
Stocks	\$ -	-	12,312,581
Bonds and others	<u>1,146,665</u>	<u>1,220,108</u>	<u>1,250,950</u>
Total	<u><u>\$ 1,146,665</u></u>	<u><u>1,220,108</u></u>	<u><u>13,563,531</u></u>
Financial assets carried at cost — non-current:			
Stocks	<u><u>\$ 17,288,002</u></u>	<u><u>18,223,610</u></u>	<u><u>18,435,124</u></u>

The financial assets carried at cost are measured at cost, less, accumulated impairment losses on the reporting date. The fair values of these investments cannot be measured reliably because the range of reasonable fair value estimates is large and the probabilities for each estimate cannot be reasonably determined.

Please refer to note 8 for the details of financial assets pledged as collateral as of March 31, 2017, December 31, 2016 and March 31, 2016.

(c) Notes receivable, accounts receivable and other receivables

	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable	\$ 9,210,241	9,071,368	7,180,252
Accounts receivable	38,120,270	39,104,746	37,722,798
Other receivables	16,333,756	26,778,786	18,146,734
Overdue receivables	46,487	49,121	51,274
Allowance for doubtful receivables	<u>(426,190)</u>	<u>(461,805)</u>	<u>(477,360)</u>
Total	<u><u>\$ 63,284,564</u></u>	<u><u>74,542,216</u></u>	<u><u>62,623,698</u></u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Movements of the allowance for doubtful receivables were as follows:

	For the three months ended March 31,	
	2017	2016
Balance, beginning of period	\$ 461,805	440,979
Impairment loss recognised (Gain on reversal of impairment loss)	(17,220)	44,053
Effect of exchange rate changes	(18,395)	(7,672)
Balance, end of period	<u>\$ 426,190</u>	<u>477,360</u>

The Consolidated Company estimates doubtful receivables and recognizes impairment allowance based on aging analysis, historical default rates and analysis of clients' financial situation.

Aging analysis of notes receivable, accounts receivable and other receivables which were overdue but not yet impaired were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Overdue within 1 to 3 months	\$ 283,768	980,793	902,482
Overdue within 3 to 6 months	217,659	306,378	139,420
Overdue within 6 to 12 months	177,446	129,695	238,548
Overdue over 12 months	134,438	128,796	194,096
	<u>\$ 813,311</u>	<u>1,545,662</u>	<u>1,474,546</u>

As of March 31, 2017, December 31, 2016 and March 31, 2016, notes receivable and accounts receivable which were overdue or under legal proceedings amounted to \$46,487, \$49,121 and \$51,274, respectively. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

The Consolidated Company signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of March 31, 2017, December 31, 2016 and March 31, 2016, the outstanding accounts receivable factoring transactions between the Consolidated Company and the financial institutions were as follows:

March 31, 2017			
	Factoring Purchaser	Factoring Balance	Prepaid Amount
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	<u>\$ 53,036</u>	-
			100,000
December 31, 2016			
	Factoring Purchaser	Factoring Balance	Prepaid Amount
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	<u>\$ 47,347</u>	-
			100,000

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2016			
	Factoring Purchaser	Factoring Balance	Prepaid Amount
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	\$ <u>43,610</u>	-
			100,000

(d) Inventories, net

As of March 31, 2017, December 31, 2016 and March 31, 2016, the components of inventories were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Finished goods	\$ 12,184,105	10,462,363	12,426,800
Work in process	9,441,057	8,488,488	9,492,606
Machinery and accessories in process	3,135,159	3,503,969	5,332,282
Raw materials	11,185,924	10,392,666	9,642,968
Supplies	660,982	763,077	577,157
Consigned-out raw materials	204,740	188,122	183,193
Consigned-out finished goods	10,494	5,567	3,618
Goods in transit	<u>1,259,590</u>	<u>1,581,362</u>	<u>1,745,366</u>
Total	<u>\$ 38,082,051</u>	<u>35,385,614</u>	<u>39,403,990</u>

For the three months ended March 31, 2017 and 2016, net realizable value of inventories has increased because the factor that caused the inventory devaluation in the prior period were no longer present, the Consolidated Company recognized a gain from recovery in the value of inventories of \$56,762 and \$73,652, respectively, which were credited to cost of goods sold.

None of the inventory was pledged as collateral as of March 31, 2017, December 31, 2016 and March 31, 2016.

(e) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Associates	\$ 146,599,021	139,098,733	126,826,825
Jointly ventures	<u>460,724</u>	<u>468,618</u>	<u>4,656,431</u>
	<u>\$ 147,059,745</u>	<u>139,567,351</u>	<u>131,483,256</u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(i) Associates

For the three months ended March 31, 2017 and 2016, the Consolidated Company's share of net income (loss) of associates is as follows:

	<u>For the three months ended March 31</u>	
	<u>2017</u>	<u>2016</u>
The Consolidated Company's share of net income of associates	\$ <u>5,970,146</u>	<u>3,476,262</u>

- 1) All of the aforementioned associates are recognized based on the unreviewed interim financial statements generated by the associates' management, except for that of Nan Ya Technology Corporation and Formosa Petrochemical Corporation, which are recognized based on the interim financial statements reviewed by other auditors that have been furnished to us.
- 2) The unrealized translation gain or loss arising from the investment in foreign entities, which was determined on exchange rates as of March 31, 2017, December 31, 2016 and March 31, 2016, was recognized in comprehensive income.
- 3) The unrealized sales profits from downstream transactions with investees under the equity method are treated as deductions from gross income. The realized sales profits from downstream sales are added to gross income. Details of these transactions are disclosed in note 7.
- 4) The Consolidated Company, which invested in "Formosa Automobile Corporation", an investee accounted for using the equity method, recognized gains of \$5,253 and \$9,817 from this investment for the three months ended March 31, 2017 and 2016, respectively. As of March 31, 2017, December 31, 2016 and March 31, 2016, the Consolidated Company's cumulative loss from this investment had already exceeded the book value of the investment by \$61,397, \$66,650 and \$72,521, respectively.

As the Consolidated Company intends to support this investee companies, the investments in this investees were offset against related accounts receivable—related parties. As the balances of accounts receivable—related parties from "Formosa Automobile Corporation" were \$0 as of March 31, 2017, December 31, 2016 and March 31, 2016, such offset resulted in credit balances to the investments in this investees of \$61,397, \$66,650 and \$72,521, respectively, which were reclassified to non-current other liabilities.

- 5) The Company transferred 25% of its share of stocks in its associate company, "Formosa Group Investment (Cayman) Limited", to its subsidiary, "Nan Ya International (Cayman) Limited", as consideration for acquiring the latter's 100% share of the newly-issued ordinary stocks, 50,000 in total. The share equity of Formosa Ha Tinh (Cayman) Limited, originally held by Formosa Plastics Group Investment (Cayman) Limited, has been transferred to Nan Ya International (Cayman) Limited, resulting in an 11.43% shareholding of the said equity, which was recognized under "Financial assets carried at cost—non current".

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

6) Aggregate information of associates that were not individually material:

	March 31, 2017	December 31, 2016	March 31, 2016
The carrying value of associates that were not individually material	\$ 146,599,021	139,098,733	126,826,825
	For the three months ended March 31		
	2017	2016	
Attributable to the Consolidated Company:			
Net Income	\$ 5,970,146		3,476,262
Other comprehensive income	1,741,950		(333,491)
Total comprehensive income	\$ 7,712,096		3,142,771

(ii) Joint ventures

The Consolidated Company's investments in joint ventures are not significantly different from that of the consolidated financial report as of December 31, 2016. All of the joint ventures are recognized according to unreviewed interim financial statements generated by management, except for Nan Ya Republic Plastics (Nantong) Co., Ltd and Nan Ya Plastics (Zhengzhou) Co., Ltd, which are recognized according to interim financial statements reviewed by other auditors that have been furnished to us.

For the three months ended March 31, 2017, December 31, 2016 and March 31, 2016, the Consolidated Company's share of net income of joint venture were as follows:

	For the three months ended March 31	
	2017	2016
The Consolidated Company's share of net income of joint ventures	\$ 19,632	76,076

Aggregate information of joint ventures that were not individually material:

	March 31, 2017	December 31, 2016	March 31, 2016
The carrying value of joint ventures that were not individually material	\$ 460,724	468,618	4,656,431
	For the three months ended March 31		
	2017	2016	
Attributable to the Consolidated Company:			
Net income	\$ 19,632		76,076
Other comprehensive income	-		(79,564)
Total comprehensive income	\$ 19,632		(3,488)

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Collateral

Please refer to note 8 for investments accounted for using equity method which were pledged to banks or courts as collateral to secure the Consolidated Company's bank loans and lawsuits as of March 31, 2017, December 31, 2016 and March 31, 2016.

(f) Property, Plant and Equipment

The cost, depreciation, and impairment of property, plant and equipment of the Consolidated Company for the three months ended March 31, 2017 and 2016 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2017	\$ 9,871,616	61,776,017	340,269,689	1,563,481	12,073,648	12,000,648	437,555,099
Additions	-	2,437	253,883	1,596	39,619	2,049,593	2,347,128
Disposals	-	(609)	(723,951)	(6,804)	(101,812)	-	(833,176)
Reclassification	-	35,675	(3,384,862)	14,442	108,134	(950,065)	(4,176,676)
Effect of exchange rate changes	(3,576)	(1,589,893)	(7,859,529)	(28,307)	(241,751)	(296,937)	(10,019,993)
Balance on March 31, 2017	<u>\$ 9,868,040</u>	<u>60,223,627</u>	<u>328,555,230</u>	<u>1,544,408</u>	<u>11,877,838</u>	<u>12,803,239</u>	<u>424,872,382</u>
Balance on January 1, 2016	\$ 9,925,466	58,077,921	315,610,160	1,635,103	11,693,360	14,400,528	411,342,538
Additions	-	-	62,110	4,101	146,696	3,312,897	3,525,804
Disposals	-	(282)	(562,839)	(47,480)	(57,250)	-	(667,851)
Reclassification	-	27,917	3,921,449	3,845	49,825	(3,542,757)	460,279
Effect of exchange rate changes	(2,008)	(552,898)	(2,651,672)	(9,984)	(84,966)	(156,032)	(3,457,560)
Balance on March 31, 2016	<u>\$ 9,923,458</u>	<u>57,552,658</u>	<u>316,379,208</u>	<u>1,585,585</u>	<u>11,747,665</u>	<u>14,014,636</u>	<u>411,203,210</u>
Depreciation and impairment loss:							
Balance on January 1, 2017	\$ -	31,518,303	255,594,785	1,381,323	9,336,230	-	297,830,641
Depreciation for the period	-	501,900	3,385,330	10,708	123,933	-	4,021,871
Reversal of impairment	-	-	(39,366)	(4)	(1,223)	-	(40,593)
Disposals	-	(414)	(638,011)	(6,240)	(80,404)	-	(725,069)
Reclassification	-	2,398	(1,191,840)	125,548	17	-	(1,063,877)
Effect of exchange rate changes	-	(705,633)	(5,138,319)	(25,890)	(179,232)	-	(6,049,074)
Balance on March 31, 2017	<u>\$ -</u>	<u>31,316,554</u>	<u>251,972,579</u>	<u>1,485,445</u>	<u>9,199,321</u>	<u>-</u>	<u>293,973,899</u>
Balance on January 1, 2016	\$ -	29,448,212	234,558,409	1,458,563	8,811,026	-	274,276,210
Depreciation for the period	-	496,142	3,315,461	10,890	151,440	-	3,973,933
Reversal of impairment	-	-	(1,396)	(4)	(13)	-	(1,413)
Disposals	-	(65)	(551,172)	(47,370)	(55,340)	-	(653,947)
Reclassification	-	14	3,801	(6,768)	2,113	-	(840)
Effect of exchange rate changes	-	(247,460)	(1,742,473)	(8,111)	(61,504)	-	(2,059,548)
Balance on March 31, 2016	<u>\$ -</u>	<u>29,696,843</u>	<u>235,582,630</u>	<u>1,407,200</u>	<u>8,847,722</u>	<u>-</u>	<u>275,534,395</u>
Carrying amounts:							
Balance on January 1, 2017	\$ 9,871,616	30,257,714	84,674,904	182,158	2,737,418	12,000,648	139,724,458
Balance on March 31, 2017	<u>\$ 9,868,040</u>	<u>28,907,073</u>	<u>76,582,651</u>	<u>58,963</u>	<u>2,678,517</u>	<u>12,803,239</u>	<u>130,898,483</u>
Balance on January 1, 2016	\$ 9,925,466	28,629,709	81,051,751	176,540	2,882,334	14,400,528	137,066,328
Balance on March 31, 2016	<u>\$ 9,923,458</u>	<u>27,855,815</u>	<u>80,796,578</u>	<u>178,385</u>	<u>2,899,943</u>	<u>14,014,636</u>	<u>135,668,815</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

- (i) Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of March 31, 2017, December 31, 2016 and March 31, 2016.
- (ii) For the three months ended March 31, 2017 and 2016, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Consolidated Company amounted to \$21,983 and \$32,373, respectively. The capitalized interest rate ranged from 1.562% to 2.02% and 1.1% to 1.9042% for the three months ended March 31, 2017 and 2016, respectively.

(g) Intangible assets

The cost, amortization and impairment of the intangible assets of the Consolidated Company for the three months ended March 31, 2017 were as follows:

	<u>Trademark</u>
Costs :	
Balance at March 31, 2017 (as same as balance at January 1, 2017)	\$ <u>2,897,172</u>
Accumulated amortization and impairment losses :	
Balance at January 1, 2017	\$ 24,143
Amortization for the period	<u>48,286</u>
Balance at March 31, 2017	\$ <u>72,429</u>
Carrying value :	
Balance at January 1, 2017	\$ <u>2,873,029</u>
Balance at March 31, 2017	\$ <u>2,824,743</u>

The amortization expense relating to the intangible assets of the Consolidated Company for the three months ended March 31, 2017 was recognized in the administrative expenses in the statements of comprehensive income.

(h) Short-term notes and bills payable

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Short-term notes and bills payable	\$ 16,650,000	6,350,000	10,000,000
Discount on short-term notes and bills payable	<u>(4,838)</u>	<u>(6,198)</u>	<u>(3,203)</u>
Total	\$ <u>16,645,162</u>	<u>6,343,802</u>	<u>9,996,797</u>
Interest rate	<u>0.41%~0.73%</u>	<u>0.63%~0.73%</u>	<u>0.37%~0.46%</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(i) Short-term borrowings

	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured short-term borrowings	<u>\$ 13,708,859</u>	<u>19,882,214</u>	<u>7,025,657</u>
Interest rate	<u>0.65%~4.48%</u>	<u>0.70%~4.1325%</u>	<u>0.71%~2.2%</u>

The Consolidated Company redeemed the amount of \$6,173,355 on short term borrowings for the three months ended March 31, 2017. There were no material issue, buyback, or redemption during the three months ended March 31, 2016. For information concerning interest expense, please refer to note 6(r); and for other related information please refer to note 6(j) of the consolidated financial report as of December 31, 2016.

(j) Long-term debts

Long-term debts consisted of the following:

March 31, 2017				
	Currency	Interest rate	Expiration	Amount
Secured long-term debts	TWD	1.2192%~1.6316%	2017~2021	\$ 6,100,000
Unsecured long-term debts	TWD	0.95%~1.15%	2017~2019	5,257,143
Unsecured long-term debts	USD	1.36%~2.25%	2017~2020	11,666,960
Current portion	TWD			(3,360,151)
Total				<u>\$ 19,663,952</u>

December 31, 2016				
	Currency	Interest rate	Expiration	Amount
Secured long-term debts	TWD	1.2151%~1.6316%	2019~2021	\$ 6,100,000
Unsecured long-term debts	TWD	0.9561%~1.25%	2017~2019	6,314,286
Unsecured long-term debts	USD	1.3364%~2.02%	2017~2020	16,724,439
Current portion	TWD			(10,487,130)
Total				<u>\$ 18,651,595</u>

December 31, 2016				
	Currency	Interest rate	Expiration	Amount
Secured long-term debts	TWD	1.416842%~1.6316%	2016~2021	\$ 6,608,672
Unsecured long-term debts	TWD	1.0476%~1.2500%	2016~2018	6,818,528
Unsecured long-term debts	USD	1.3364%~1.7202%	2015~2018	15,501,740
Current portion	TWD			(10,772,569)
Total				<u>\$ 18,156,371</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

- (i) The Consolidated Company issued and redeemed the amounts of \$2,397,259 and \$8,511,881 respectively, on long term loans for the three months ended March 31, 2017. There were no material issues, and the amount of \$2,064,305 was redeemed for the three months ended March 31, 2016. For information concerning interest expense, please refer to note 6(r); and for other related information please refer to note 6(k) of the consolidated financial report as of December 31, 2016.

- (ii) Pledged assets for bank loans

Refer to note 8 for information on the Consolidated Company's assets pledged to secure loans.

- (iii) Secured debts

In order to raise funds to repay debts and for reinvestments, new factory construction plans, and foreign and domestic equipment acquisitions, the Consolidated Company signed a syndicated long-term mortgage loan agreement with Bank of Taiwan, the lead bank of the syndicated loan, and other banks on November 14, 2013. The key terms and conditions of the loan agreement are as follows:

- 1) Credit line: NT\$6,000,000
- 2) Interest rate: as settled with each participating bank.
- 3) Period: 7 years (including a 3-year grace period)
- 4) Collateral: the acquired land financed by the loan.
- 5) The financial covenants under this loan agreement include the requirement to maintain certain financial ratios based on the audited annual financial reports. Failure to comply with these financial covenants may cause the syndicated banks to terminate the credit line or declare the unpaid principal and interest under the loan agreement to be immediately due and payable. These financial ratios are as follows:
 - a) Current Ratio (total current assets divided by total current liabilities): not less than 100%
 - b) Leverage Ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 150%

As of March 31, 2017, NT\$6,000,000 of the credit line had been drawn.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(k) Unsecured bonds payable

	March 31, 2017	December 31, 2016	March 31, 2016
Domestic unsecured nonconvertible corporate bonds	\$ 52,500,000	52,500,000	58,000,000
Foreign unsecured nonconvertible corporate bonds	3,640,474	3,873,642	5,810,735
Costs of issuing bonds	(66,479)	(71,527)	(83,111)
Current portion	<u>(9,615,164)</u>	<u>(9,730,424)</u>	<u>(12,428,724)</u>
Total	<u>\$ 46,458,831</u>	<u>46,571,691</u>	<u>51,298,900</u>

The terms of domestic corporate bonds as of March 31, 2017 were as follows:

	The first domestic unsecured nonconvertible corporate bond in 2012	The second domestic unsecured nonconvertible corporate bond in 2012	The third domestic unsecured nonconvertible corporate bond in 2012	The first domestic unsecured nonconvertible corporate bond in 2013
Issued amount	NT\$6,800,000	NT\$5,200,000	NT\$6,000,000	NT\$9,600,000
Balance, end of year	4,048,241	3,997,018	5,995,059	8,043,952
Current portion	2,748,805	1,199,105	-	3,847,108
Issuance date	July 4, 2012	September 7, 2012	February 25, 2013	August 5, 2013
Issuance period	5 years and 7 years	5 years and 7 years	7 years and 10 years	4 years, 5 years and 7 years
Coupon rate	1.36% and 1.45%	1.25% and 1.37%	1.36% and 1.5%	1.40%, 1.45% and 1.55%
Interest payment date	July 4	September 7	February 25	August 5
Repayment method	Payable in 2 equal installments for each coupon rate in 2016~2017 and 2018~2019, respectively.	Payable in 2 equal installments for each coupon rate in 2016~2017 and 2018~2019, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2021~2022, respectively.	Payable in 2 equal installments for each coupon rate in 2016~2017, 2017~2018 and 2019~2020, respectively.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The second domestic unsecured nonconvertible corporate bond in 2014	The first domestic unsecured nonconvertible corporate bond in 2016
Issued amount	NT\$10,400,000	NT\$10,000,000	NT\$5,000,000	NT\$5,000,000
Balance, end of year	10,381,890	9,979,359	4,995,429	4,992,573
Current portion	-	-	-	-
Issuance date	December 18, 2013	June 24, 2014	November 11, 2014	August 16, 2016
Issuance period	10 years and 12 years	14 years and 15 years	5 years and 10 years	5 years
Coupon rate	1.98% and 2.08%	2.04%	1.45% and 1.93%	0.68%
Interest payment date	December 18	June 24	November 11	August 16
Repayment method	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, respectively	Payable in 2 equal installments for each coupon rate in 2028 and 2029, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively	Payable in 2 equal installments for each coupon rate in 2020 and 2021, respectively.

The details of Nan Ya Plastics (Hong Kong) Co., Ltd's overseas corporate bond were as follows:

	For the year ended December 31, 2013
Issued amount	USD\$ 180,000 thousand
Issuance date	2013.8.5
Issuance period	5 years
Coupon rate	3 month LIBOR+1.1%
Interest payment date	February 5, May 5, August 5, and November 5
Bondholders with a put option	The bondholders bear no right to request the Consolidated Company to redeem the bond.
Issuer with a redemption option	The bond issuer bears the right to request the holders to redeem all outstanding bonds if the issuer needs to pay extra tax due to change in laws and regulations.

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(l) Employee Benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2016 and 2015.

	For the three months ended March 31	
	2017	2016
Operating Costs	\$ 139,071	174,595
Selling expenses	6,561	9,127
Administrative expenses	33,075	38,820
	<u>\$ 178,707</u>	<u>222,542</u>

(ii) Defined contribution plan

The Labor Pension Act ("The Act") prescribes a defined contribution plan. Pursuant to the Act, the Company, and its subsidiaries namely, Nan Ya PCB Corp., Wen Fung Industrial Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp. and PFG Fiber Glass Corporation have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Nan Ya Plastics corporation, America and Nan Ya PCB (U.S.A.) Corporation adopt a Defined Contribution Plan and periodically provide contributions thereon according to local law. Those contributions are recognized as an expense on an accrual basis.

Subsidiaries in China are governed by China laws and regulation. Based on China laws and regulation, those companies contribute for employees' pension benefits at rates ranging from 6% to 20% of salary every month and remit those contributions to the related authority.

	For the three months ended March 31	
	2017	2016
Operating Costs	\$ 272,448	270,689
Selling expenses	13,881	13,902
Administrative expenses	36,381	38,749
	<u>\$ 322,710</u>	<u>323,340</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(m) Income Tax

(i) Income tax expense

The components of income tax expense for the three months ended March 31, 2017 and 2016 were as follows:

	For the three months ended March 31	
	2017	2016
Current income tax expense		
Current period	\$ 1,132,268	570,989
Deferred tax expense		
Origination and reversal of temporary differences	808,147	480,614
Total income tax expense	<u>\$ 1,940,415</u>	<u>1,051,603</u>

The amount of income tax recognized in other comprehensive income for the three months ended March 31, 2017 and 2016 were as follows:

	For the three months ended March 31	
	2017	2016
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ 386,655	149,645

(ii) Income tax examination and approval

The Company's tax returns through 2014 have been examined by the ROC tax authorities.

(iii) Integrated income tax information

	March 31, 2017	December 31, 2016	March 31, 2016
Undistributed earnings in 1997 and prior years	\$ 3,123,574	3,123,574	3,123,574
Undistributed earnings in 1998 and thereafter	65,788,794	54,921,576	46,922,874
	<u>\$ 68,912,368</u>	<u>58,045,150</u>	<u>50,046,448</u>
Balance of imputation credit account	<u>\$ 588,673</u>	<u>588,673</u>	<u>527,052</u>
		2016 (estimated)	2015 (actual)
Creditable ratio distribution to residents		<u>1.07%</u>	<u>6.77%</u>

The aforementioned integrated income tax has been calculated in accordance with information letter No.10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(n) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2017 and 2016. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2016.

(i) Capital surplus

The components of capital surplus as of March 31, 2017, December 31, 2016 and March 31, 2016 were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474	74,474
Other	<u>14,121,949</u>	<u>14,084,023</u>	<u>16,033,088</u>
Total	<u><u>\$ 23,193,559</u></u>	<u><u>23,155,633</u></u>	<u><u>25,104,698</u></u>

(ii) Retained earnings

1) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments(gains) of \$6,277,052, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory Permit No. 1010012865as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only \$6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to \$6,145,034, \$6,145,034 and \$6,145,582 as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively.

Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Earnings distribution

According to the rules of the Company's articles, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

The Company belongs to a mature industry, in which the annual profit is stable. It adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

On March 24, 2017, the Company's board of directors resolved to appropriate the 2016 earnings. On June 23, 2016, the shareholder's meetings resolved to distribute the 2015 earnings. These earnings were appropriated as follows:

	<u>2016</u>	<u>2015</u>
Dividends per share:		
Cash dividends	\$ 4.50	3.30
Stock dividends	-	-
	<u>\$ 4.50</u>	<u>3.30</u>

The appropriations of earnings for 2016 is waiting for the resolutions of the meeting of the shareholders. The related information can be obtained from the Market Observation Post System website.

The earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements in 2015.

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets	Cash flow hedge	Total
Balance, January 1, 2017	\$ 584,042	44,067,434	41,312	44,692,788
Exchange differences arising on translation of foreign operations	(7,440,921)	-	-	(7,440,921)
Share of exchange differences of associates/joint ventures under equity method	(919,615)	-	-	(919,615)
Unrealized gains (losses) on available-for-sale financial assets	-	(127,959)	-	(127,959)
Share of unrealized gains (losses) on available-for-sale financial assets of associates/joint venture under equity method	-	2,671,905	-	2,671,905
Share of cash flow hedge of associates/ joint ventures under equity method	-	-	(10,340)	(10,340)
Balance, March 31, 2017	<u>\$ (7,776,494)</u>	<u>46,611,380</u>	<u>30,972</u>	<u>38,865,858</u>
Balance, January 1, 2016	9,732,511	41,828,765	66,573	51,627,849
Exchange differences arising on translation of foreign operations	(2,663,949)	-	-	(2,663,949)
Share of exchange differences of associates/joint ventures under equity method	(348,665)	-	-	(348,665)
Unrealized gains (losses) on available-for-sale financial assets	-	2,266,778	-	2,266,778
Share of unrealized gains (losses) on available-for-sale financial assets of associates/joint venture under equity method	-	(74,889)	-	(74,889)
Share of cash flow hedge of associates/ joint ventures under equity method	-	-	10,499	10,499
Balance, March 31, 2016	<u>\$ 6,719,897</u>	<u>44,020,654</u>	<u>77,072</u>	<u>50,817,623</u>

(o) Share-based payment

The share based payment of Nan Ya PCB Corporation (a subsidiary of the Consolidated Company) did not have any significant changes for the three months ended March 31, 2017 and 2016. Please refer to note 6(p) of the consolidated financial report as of December 31, 2016 for related information.

(p) Earnings Per Share

	For the three months ended March 31	
	2017	2016
Net income attributable to the Company	<u>\$ 10,867,218</u>	<u>5,369,937</u>
Number of weighted average outstanding shares	<u>7,930,822</u>	<u>7,930,822</u>
	<u>\$ 1.37</u>	<u>0.68</u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(q) Employee remuneration

The Company's articles of incorporation require that earning shall first be offset against any deficit, then, a minimum of 0.05% to 0.5% will be distributed as employee remuneration.

The Company accrued and recognized its remuneration to employee for the three months ended March, 2017 and 2016 were \$11,688 and \$10,074, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employee under the Company's articles of association, and expensed under operating costs or expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss.

The Company recognized its employee remuneration, which are yet to be distributed, amounting to \$51,567 for the year ended December 31, 2016. The Company recognized its employee remuneration, which are the same as the actual distribution, amounting to \$40,296 for the year ended December 31, 2015. Additional related information can be obtained from the Market Observation Post System Website.

(r) Non-operating income and expenses

(i) Other income

For the three months ended March 31, 2017 and 2016, the components of other income were as follows:

	<u>For the three months ended March 31</u>	
	<u>2017</u>	<u>2016</u>
Interest income	\$ 237,841	203,714
Other income	373,271	386,136
	<u>\$ 611,112</u>	<u>589,850</u>

(ii) Other gains and losses

For the three months ended March 31, 2017 and 2016, the components of other gains and losses were as follows:

	<u>For the three months ended March 31</u>	
	<u>2017</u>	<u>2016</u>
Foreign exchange (losses) gains	\$ (2,128,728)	(822,313)
Gain on disposal of investments		
Gain on disposal of available-for-sale financial assets	-	9,886
Impairment loss on financial assets	(1,023)	-
Gain (Loss) on disposal of property, plant and equipment	(15,454)	6,699
Reversal of impairment/ Impairment loss of property, plant and equipment, and non-financial instruments	40,593	1,413
Others	(42,400)	(41,516)
	<u>\$ (2,147,012)</u>	<u>(845,831)</u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Finance costs

For the three months ended March 31, 2017 and 2016, the components of finance costs were as follows:

	For the three months ended March 31	
	2017	2016
Interest expense	\$ 443,247	434,958
Less: Capitalization of interest	(21,983)	(32,373)
	\$ 421,264	402,585

(s) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2016.

(i) Currency risk

1) Exposure to foreign currency risk

The Consolidated Company's foreign currency denominated financial assets and liabilities exposed to exchange rate risk were as follows:

	March 31, 2017		
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,847,230	30.3360	56,037,569
JPY	417,230	0.2709	113,028
EUR	1,861	32.7769	60,998
HKD	8,009	3.8892	31,149
CNY	875	4.3967	3,847
<u>Non-monetary items</u>			
USD	647,824	30.3360	19,652,389
CNY	49,198	4.3967	216,309
IDR	105,908,750	0.0023	243,590
VND	6,451,956,339	0.0013	8,387,543

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2017			
	Foreign Currency	Exchange Rate	TWD
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 576,808	30.3360	17,498,047
JPY	1,314,578	0.2709	356,119
EUR	8,016	32.7769	262,740
CNY	518	4.3967	2,277
December 31, 2016			
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,435,905	32.2790	46,349,577
JPY	114,601	0.2768	31,722
EUR	1,847	33.8460	62,514
HKD	16,816	4.1383	69,590
CNY	97,671	4.6531	454,473
<u>Non-monetary items</u>			
USD	661,904	32.2790	21,365,599
CNY	48,375	4.6531	225,094
IDR	99,068,868	0.0025	247,672
VND	6,307,294,061	0.0014	8,830,212
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	718,071	32.2790	23,178,614
JPY	1,117,696	0.2768	309,378
EUR	8,839	33.8460	299,165
CNY	1,551	4.6531	7,217

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2016			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,566,063	32.2820	50,232,826
JPY	176,184	0.2859	50,371
EUR	105	36.6318	3,846
HKD	5,707	4.1387	23,620
CNY	29,300	4.9962	146,389
<u>Non-monetary items</u>			
USD	624,581	32.2820	20,162,724
HKD	789,367	4.1387	3,266,953
CNY	45,499	4.9962	227,322
IDR	83,843,698	0.0023	192,841
VND	6,028,835,027	0.0014	8,440,369
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	963,787	32.2820	31,112,972
JPY	1,197,869	0.2859	342,471
EUR	4,139	36.6318	151,619
CNY	784	4.9962	3,917

2) Sensitivity analysis

The Consolidated Company's exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans and borrowings, accounts payable and other payables which are denominated in different foreign currencies. The overall effects to net income before tax for the three months ended March 31, 2017 and 2016 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of March 31, 2017 and 2016 were as follows:

	<u>For the three months ended March 31</u>	
	<u>2017</u>	<u>2016</u>
Appreciation in value of 1%	\$ (381,332)	(188,409)
Depreciation in value of 1%	381,332	188,409
	<u>\$ -</u>	<u>-</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

This analysis is performed on the same basis assuming that all other variables remain constant and ignoring any impact of forecasted sales and purchases.

3) Foreign exchange gain and loss on monetary items

Due to the variety of functional currencies, the Consolidated Company disclosed its aggregated foreign exchange gains (losses); the Consolidated Company's foreign exchange gains and losses, including realized and unrealized, for the three months ended March 31, 2017 and 2016 were the net exchange losses of \$2,128,728 and \$822,313, respectively.

(ii) Fair value of financial instruments

1) The categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets, is measured on a recurring basis. The carrying amount and fair value of the Consolidated Company's financial assets and liabilities, including the information on fair value hierarchy as stated below. However, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

		March 31, 2017			
		Fair Value			
	Carring amount	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks in listed companies	\$ 39,943,831	39,943,831	-	-	39,943,831
Domestic and foreign funds	5,497,238	900,986	4,596,252	-	5,497,238
Bond investments and others	1,146,665	-	-	1,146,665	1,146,665
Subtotal	<u>\$ 46,587,734</u>	<u>40,844,817</u>	<u>4,596,252</u>	<u>1,146,665</u>	<u>46,587,734</u>
Loans and receivables					
Cash and cash equivalent	\$ 62,807,438	-	-	-	-
Notes and accounts receivable (including related parties)	46,950,808	-	-	-	-
Subtotal	<u>\$ 109,758,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Short-term borrowing	\$ 13,708,859	13,708,859	-	-	13,708,859
Short-term notes and bills payable	16,645,162	16,645,162	-	-	16,645,162
Notes and accounts payable (including related parties)	17,815,258	-	-	-	-
Bonds payable	56,073,995	56,073,995	-	-	56,073,995
Long-term borrowing	23,024,103	23,024,103	-	-	23,024,103
Subtotal	<u>\$ 127,267,377</u>	<u>109,452,119</u>	<u>-</u>	<u>-</u>	<u>109,452,119</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

		December 31, 2016				
		Carring amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Available-for-sale financial assets						
Stocks in listed companies	\$	39,827,587	39,827,587	-	-	39,827,587
Domestic and foreign funds		5,774,741	900,299	4,874,442	-	5,774,741
Bond investments and others		1,220,108	-	-	1,220,108	1,220,108
Subtotal	\$	46,822,436	40,727,886	4,874,442	1,220,108	46,822,436
Loans and receivables						
Cash and cash equivalent	\$	57,411,505	-	-	-	-
Notes and accounts receivable (including related parties)		47,763,430	-	-	-	-
Subtotal	\$	105,174,935	-	-	-	-
Financial liabilities at amortized cost						
Short-term borrowing	\$	19,882,214	19,882,214	-	-	19,882,214
Short-term notes and bills payable		6,343,802	6,343,802	-	-	6,343,802
Notes and accounts payable (including related parties)		20,076,288	-	-	-	-
Bonds payable		56,302,115	56,302,115	-	-	56,302,115
Long-term borrowing		29,138,725	29,138,725	-	-	29,138,725
Subtotal	\$	131,743,144	111,666,856	-	-	111,666,856
		March 31, 2016				
		Carring amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Available-for-sale financial assets						
Stocks in listed companies	\$	50,693,150	50,693,150	-	-	50,693,150
Domestic and foreign funds		3,101,916	679,290	2,422,626	-	3,101,916
Bond investments and others		1,250,950	-	-	1,250,950	1,250,950
Subtotal	\$	55,046,016	51,372,440	2,422,626	1,250,950	55,046,016
Loans and receivables						
Cash and cash equivalent	\$	58,022,316	-	-	-	-
Notes and accounts receivable (including related parties)		44,476,964	-	-	-	-
Subtotal	\$	102,499,280	-	-	-	-
Financial liabilities at amortized cost						
Short-term borrowing	\$	7,025,657	7,025,657	-	-	7,025,657
Short-term notes and bills payable		9,996,797	9,996,797	-	-	9,996,797
Notes and accounts payable (including related parties)		17,828,614	-	-	-	-
Bonds payable		63,727,624	63,727,624	-	-	63,727,624
Long-term borrowing		28,928,940	28,928,940	-	-	28,928,940
Subtotal	\$	127,507,632	109,679,018	-	-	109,679,018

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are measured at fair value based on the quoted market prices. Quoted prices are the prices announced by the main stock exchanges and over-the-counter markets. They are the basis for recognizing the fair value of the listed and over-the-counter equity instruments.

Financial instrument possesses a quoted price in the active markets if the trading prices fairly represent the frequent and orderly transactions for financial instrument, and are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or other related authorities. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. Large or significantly increasing gap between the purchase and the exit prices of a financial instrument, or low trade volume, are general indicators of an inactive market.

If the financial instrument of the Consolidated Company possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair value are calculated by the market's quoted prices.

Other financial instruments that are not traded in active markets are measured with fair values provided by using the valuation techniques via market approach or the discounted cash flow method or other available methods.

If the financial instruments held by the Consolidated Company are not traded in active markets, the valuation of their fair value is categorized as follows:

Bond investments that has no quoted prices: Fair value is measured with the income approach by applying the discounted cash flow method that convert future cashflow amounts to a single current amount on the basis of the value indicated by current market expectations about those future amounts.

3) Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy for the three months ended March 31, 2017 and 2016.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

4) Movement of financial instruments grouped into level 3

	Available-for-sale financial assets
	Bond investment and others
January 1, 2017	\$ 1,220,108
Effect of exchange rate changes	(73,443)
March 31, 2017	<u>\$ 1,146,665</u>
January 1, 2016	\$ 1,281,330
Effect of exchange rate changes	(30,380)
March 31, 2016	<u>\$ 1,250,950</u>

(t) Financial risk management

There were no significant changes in the Consolidated Company's financial risk management and policies as disclosed in Note 6(v) of the consolidated financial statements for the year ended December 31, 2016.

(u) Capital Management

Management believes that the objectives, policies and processes of capital management of the Consolidated Company has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2016. Also, management believes that there were no significant changes in the Consolidated Company's capital management information as disclosed for the year ended December 31, 2016. Please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2016 for further details.

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company and its subsidiaries.

(b) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Formosa Petrochemical Corporation	Investments accounted for using equity method
Nanya Technology Corporation	Investments accounted for using equity method
Formosa Resources Corporation	Investments accounted for using equity method
Formosa Heavy Industries Corporation	Investments accounted for using equity method
Formosa Heavy Industries (Ningbo) Co., Ltd.	Subsidiary of Formosa Heavy Industries Corporation

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Formosa Heavy Industries Corp. (GZ) Ltd.	Subsidiary of Formosa Heavy Industries Corporation
Nan Ya Plastics (Zhengzhou) Co., Ltd.	Joint ventures accounted for using equity method
Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures accounted for using equity method
Formosa Synthetic Rubber (HongKong) Corporation Limited	Investments accounted for using equity method
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Subsidiary of Formosa Synthetic Rubber (HongKong) Corporation Limited
Formosa Industries Corporation	Investments accounted for using equity method
Formosa Group (Cayman) Limited	Investments accounted for using equity method
Formosa Utility Venture, Ltd.	Investments accounted for using equity method of Nan Ya Plastics corporation, America
P.T.Indonesia Nanya Indah Plastics Co.	Joint ventures accounted for using equity method
PFG Fiber Glass Corporation	Investments accounted for using equity method (Note 1)
PFG Fiber Glass (Kunshan) Co., Ltd.	Investments accounted for using equity method (Note 1)
Formosa Plastics Corporation	Director of the Company
Formosa Chemicals and Fiber Corporation	Director of the Company
Hwa Ya Power Corporation	Subsidiary of Formosa Heavy Industries Corporation
Formosa Taffeta Co., Ltd.	Subsidiary of Formosa Chemicals and Fiber Corporation
Formosa Advanced Technology Corporation	Subsidiary of Formosa Taffeta Co., Ltd.
Formosa Ha Tinh (Cayman) Ltd.	The chairman of the Company is a director of Formosa Ha Tinh (Cayman) Ltd.
Formosa Ha Tinh Steel Corporation	The executive director of the Company is a director of Formosa Ha Tinh Steel Corporation
Formosa Ha Tinh (Cayman) Limited Taiwan Branch	Formosa Ha Tinh (Cayman) Limited Taiwan Branch's headquarter is a related party of the Company
China Man made Fiber Corporation	The chairman of China Man made Fiber Corporation is a director of Nan Chung Petrochemical Corporation
Mai Liao Harbor Administration Corp.	The Company is a director of Mai Liao Harbor Administration Corp.
Formosa Industries (Ningbo) Co., Ltd.	Subsidiary of Formosa Plastics Corporation

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Formosa Power (Ningbo) Limited Company	Subsidiary of Formosa Plastics Corporation
Formosa Electronic (Ningbo) Co., Ltd.	Subsidiary of Formosa Plastics Corporation
Formosa ABS Plastics (Ningbo) Limited Company	Subsidiary of Formosa Chemicals and Fiber Corporation
Formosa Chemicals and Fiber (Ningbo) Corporation	Subsidiary of Formosa Chemicals and Fiber Corporation
Formosa Phenol (Ningbo) Limited Company	Subsidiary of Formosa Chemicals and Fiber Corporation
Xiamen Haicang Investment Group Co., Ltd.	Director of Nan Ya Plastics (Xiamen) Co., Ltd.
Formosa Plastics Marine Corporation	The executive director of the Company is a chairman of Formosa Plastics Marine Corporation
Formosa Plastics Corporation U.S.A.	Investments accounted for using equity method of Formosa Plastics Corporation
Inotera Memories, Inc	Investments accounted for using equity method of Nanya Technology Corporation (Note 2)

Note 1 : On November 18, 2016, the Consolidated Company obtained control over PFG Fiber Glass Corporation and PFG Fiber Glass (Kunshan) Co., Ltd., which were included in its consolidated financial statements.

Note 2 : Since December 8, 2016, the Consolidated Company and Nanya Technology Corporation disposed its shares in Inotera Memories, Inc. Therefore, Inotera Memories and the Consolidated Company are no longer related to each other.

(c) Significant related-party transactions

(i) Sales to related parties

The amounts of significant sales by the Consolidated Company to related parties were as follows :

	<u>For the three months ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Associates and joint venture	\$ 1,389,541	3,446,373
Other related parties	3,514,851	2,982,431
	<u>\$ 4,904,392</u>	<u>6,428,804</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

The receivables from related parties were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture	\$ 837,623	585,583	3,597,832
Other related parties	<u>1,317,137</u>	<u>1,370,228</u>	<u>1,124,276</u>
	<u>\$ 2,154,760</u>	<u>1,955,811</u>	<u>4,722,108</u>

The selling prices and collection terms of sales to related parties are not significantly different from those of third party customers. The accounts receivable arising from sales of machinery and equipment, and machine parts are collected after the delivery inspection, and the accounts receivable arising from sales of other products are collected on the 30th day of the following month.

The Consolidated Company sells mainly machinery and provides engineering services to related parties in China and Vietnam. Payment is made after the test run of machinery sold. Also, it sells other products to these related parties. Selling prices and collection terms of other products sold to these associates are not materially different from those to non related general buyers. Payments are collected 30 to 180 days after shipping of these other products.

(ii) Purchase from related parties

The amounts of significant purchases by the Consolidated Company from related parties were as follows:

	For the three months ended March 31,	
	2017	2016
Associates and joint venture		
Formosa Petrochemical Corporation	\$ 11,141,477	9,041,279
Other associates and joint venture	16,148	1,466,012
Other related parties		
Formosa Chemicals and Fiber Corporation	7,339,934	5,846,478
Other related parties	<u>5,296,962</u>	<u>4,688,061</u>
	<u>\$ 23,794,521</u>	<u>21,041,830</u>

The payables to related parties were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture			
Formosa Petrochemical Corporation	\$ 3,780,527	3,801,251	3,871,854
Other associates and joint venture	900	532	538,439
Other related parties			
Formosa Chemicals and Fiber Corporation	2,097,153	2,359,848	2,336,257
Other related parties	<u>2,479,922</u>	<u>2,511,797</u>	<u>1,863,677</u>
	<u>\$ 8,358,502</u>	<u>8,673,428</u>	<u>8,610,227</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Purchase prices and payment terms of purchases from related parties are not materially different from those of non related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

(iii) Unrealized sales profit

Significant unrealized (realized) profits from sales to related parties for the three months ended March 31, 2017 and 2016 were as follows:

For the three months ended March 31, 2017			
Investee company	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint venture	\$ <u>135,038</u>	<u>(5,016)</u>	<u>130,022</u>

For the three months ended March 31, 2016			
Investee company	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint venture	\$ <u>42,619</u>	<u>52,207</u>	<u>94,826</u>

(iv) Construction

The Consolidated Company contracted with associates to construct and expand the Consolidated Company's factory. The construction costs for the three months ended March 31, 2017 and 2016 were as follows:

For the three months ended March 31,		
	2017	2016
Associates and joint venture	\$ <u>74,457</u>	<u>24,896</u>

The payables to related parties were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture	\$ <u>2,707</u>	<u>-</u>	<u>4,298</u>

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(v) Utility expenses

Part of the utilities of the Consolidated Company's Lin Yuan plant and all of the utilities of the Consolidated Company's Ren Wu plant, including power, water and steam, are supplied by or paid on behalf of the Consolidated Company by the utility plants of Formosa Plastics Corporation. The utilities of the Consolidated Company's Mai Liao plant, including power, water and steam are supplied by Formosa Petrochemical Corporation. The expenses for utilities for the three months ended March 31, 2017 and 2016 were as follows:

		<u>For the three months ended March 31</u>	
		<u>2017</u>	<u>2016</u>
Associates and joint venture			
Formosa Petrochemical Corporation	\$	1,588,564	1,412,656
Other related parties			
Formosa Plastics Corporation		<u>23,306</u>	<u>23,911</u>
	\$	<u><u>1,611,870</u></u>	<u><u>1,436,567</u></u>

(vi) Property transactions

1) Acquisition of financial assets

	<u>Financial Statement Account</u>	<u>Number of Shares (in thousands)</u>	<u>Transaction Shares</u>	<u>For the three months ended March 31, 2016</u>
Other related parties	Financial assets		Shares of stock of	
— Formosa Group Investment	carried at cost —		Formosa Ha Tinh	
(Cayman) Limited	non current	508,237	(Cayman) Ltd.	<u>\$ 16,084,840</u>

The Consolidated Company has no related transactions for the three months ended March 31, 2017.

2) Disposal of financial assets

			For the three months ended March 31, 2016		
	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	Disposal price	Gain (loss) from disposal
Subsidiaries— Nan Ya International (Cayman) Limited	Investments accounted for using equity method	508,249	Shares of stock of Formosa Group Investment (Cayman) Limited	\$ 15,817,802	-

The Consolidated Company has no related transactions for the three months ended March 31, 2017.

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(vii) Loans to related parties

The loans to related parties were as follows:

	Other Receivables from Related Parties		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture			
Nanya Technology Corporation	\$ 9,800,000	8,000,000	8,000,000
Formosa Group (Cayman) Limited	-	7,963,300	-
PFG Fiber Glass (Kunshan) Co., Ltd.	-	-	3,060,690
Other associates and joint venture	622,139	665,394	332,310
Other related parties			
Formosa Plastics Marine Corporation	3,255,193	2,983,903	3,432,690
Formosa Ha Tinh (Cayman) Ltd.	-	4,037,625	-
Other related parties	<u>1,107,935</u>	<u>1,523,062</u>	<u>1,589,556</u>
	<u><u>\$ 14,785,267</u></u>	<u><u>25,173,284</u></u>	<u><u>16,415,246</u></u>

(viii) Financing from related parties

Lendings from related parties were as follows:

	Other Payables to Related Parties		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture	\$ <u>-</u>	<u>-</u>	<u>1,800</u>

(ix) Endorsements and guarantees

As of March 31, 2017, December 31, 2016 and March 31, 2016, the amounts of the Consolidated Company's endorsements and guarantees for securing related parties' loans were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Associates and joint venture			
Formosa Group (Cayman) Limited	\$ 30,184,320	33,247,370	41,684,133
Other associates and joint venture	9,626,304	6,772,869	7,834,194
Other related parties			
Formosa Ha Tinh (Cayman) Ltd.	<u>11,721,879</u>	<u>12,472,657</u>	<u>12,916,674</u>
	<u><u>\$ 51,532,503</u></u>	<u><u>52,492,896</u></u>	<u><u>62,435,001</u></u>

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2017	2016
Short-term employee benefits	<u>\$ 23,889</u>	<u>26,515</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2017	December 31, 2016	March 31, 2016
Available-for-sale financial asset—current—stock of Formosa Plastics Corporation	Others	\$ 1,152,608	1,136,051	1,016,333
Investment accounted for using equity method—stock of Formosa Petrochemical Corporation	Long-term and short-term debt	8,809,253	8,240,538	7,369,727
Land (include idle land)	Long-term and short-term debt	7,529,494	7,529,494	7,558,051
Machinery and equipment	Long-term and short-term debt	448,223	18,217,116	22,623,914
Total		<u>\$ 17,939,578</u>	<u>35,123,199</u>	<u>38,568,025</u>

(9) Commitments and contingencies:

	March 31, 2017	December 31, 2016	March 31, 2016
(1) Outstanding standby letter of credit	\$ 809,976	647,341	1,200,111
(2) Endorsements and guarantees	51,532,503	52,492,896	62,435,001
(3) Bonding guarantees by banks	31,500	31,500	64,500
(4) Letters of credit guarantees by banks	22,275	22,275	20,000

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(5)PFG Fiber Glass (HK) Co., Ltd., an subsidiary, invested in PFG Fiber Glass (Kunshan). The Consolidated Company provided comfort letters to a group of banks, which provided a syndicated loan to PFG Fiber Glass (Kunshan), including Sumitomo Mitsui Financial Group, UFJ, BNP Paribas, Citibank, and Wing Hang Bank. Under these comfort letters, the Consolidated Company has committed not to reduce the percentage of its shareholding in these investee companies below 50%. In addition, the Consolidated Company has to monitor the operations of these investees to ensure that they maintain a sound financial condition and pay debts on schedule.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:

On May 12, 2017, the Board of Directors of the Company agreed to raise its investment (including that of other shareholders) in Formosa Ha Tinh (Cayman) Ltd. through Nan Ya International (Cayman) Limited, a wholly owned subsidiary, on two seperate occasions, with the total amount of USD 1,000,000. For the initial investment of USD500,000, the Company need to provide the amount of USD57,161 in order to acquire 56,471 new shares according to its original share proportion of 11.432% in Formosa Ha Tinh (Cayman) Ltd.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended March 31, 2017				For the three months ended March 31, 2016			
	Operating Costs	Operating expenses	Non-Operating expenses	Total	Operating Costs	Operating expenses	Non-Operating expenses	Total
Employee benefit								
Salaries	5,107,363	1,503,906	-	6,611,269	4,934,815	1,439,688	-	6,374,503
Labor and health insurance	483,207	86,604	-	569,811	465,132	84,814	-	549,946
Pension expenses	411,519	89,898	-	501,417	445,284	100,598	-	545,882
Others personnel expenses	305,702	49,051	-	354,753	278,658	46,198	-	324,856
Depreciation expenses	3,817,019	199,605	5,247	4,021,871	3,748,331	220,022	5,580	3,973,933
Amortization expenses	393,733	20,008	48,286	462,027	385,484	20,460	-	405,944

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NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions:
 - (i) Loans to other parties: Please see attached Table 1.
 - (ii) Guarantees and endorsements for other parties: Please see attached Table 2.
 - (iii) Securities held as of March 31, 2017 (excluding investment in subsidiaries, associates and joint ventures): Please see attached Table 3.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
 - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please see attached Table 4.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please see attached Table 5.
 - (ix) Trading in derivative instruments:None
 - (x) Business relationships and significant intercompany transactions: Please see attached Table 6.
- (b) Information on investees : Please see attached Table 7.
- (c) Information on investment in mainland China : Please see attached Table 8.

(Continued)

NAN YA PLASTICS CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Segment information:

The Consolidated Company's operating segment information and reconciliation are as follows

	For the three months ended March 31, 2017						Total
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	
Revenue :							
Net revenue from external customers	\$ 11,025,855	20,800,965	25,752,800	14,021,022	1,075,511	-	72,676,153
Net revenue from sales among intersegments	177,565	1,690,158	4,752,548	240,817	609,682	(7,470,770)	-
Total revenue	<u>\$ 11,203,420</u>	<u>22,491,123</u>	<u>30,505,348</u>	<u>14,261,839</u>	<u>1,685,193</u>	<u>(7,470,770)</u>	<u>72,676,153</u>
Reportable segment profit or loss	<u>\$ 1,026,699</u>	<u>3,430,527</u>	<u>3,064,804</u>	<u>215,779</u>	<u>7,457,952</u>	<u>(2,685,569)</u>	<u>12,510,192</u>
	For the three months ended March 31, 2016						Total
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	
Revenue :							
Net revenue from external customers	\$ 10,837,617	14,913,536	22,470,889	13,433,765	3,813,276	-	65,469,083
Net revenue from sales among intersegments	175,556	1,996,039	1,665,557	156,644	666,352	(4,660,148)	-
Total revenue	<u>\$ 11,013,173</u>	<u>16,909,575</u>	<u>24,136,446</u>	<u>13,590,409</u>	<u>4,479,628</u>	<u>(4,660,148)</u>	<u>65,469,083</u>
Reportable segment profit or loss	<u>\$ 1,328,093</u>	<u>584,419</u>	<u>95,953</u>	<u>188,382</u>	<u>5,192,301</u>	<u>(1,046,979)</u>	<u>6,342,169</u>
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment assets:							
March 31, 2017	<u>\$ 30,552,885</u>	<u>63,768,918</u>	<u>127,339,387</u>	<u>33,956,909</u>	<u>434,915,838</u>	<u>(155,601,099)</u>	<u>534,932,838</u>
December 31, 2016	<u>\$ 35,762,150</u>	<u>63,825,959</u>	<u>131,018,418</u>	<u>36,244,197</u>	<u>427,588,175</u>	<u>(157,254,095)</u>	<u>537,184,804</u>
March 31, 2016	<u>\$ 35,548,833</u>	<u>67,774,350</u>	<u>123,702,688</u>	<u>33,093,080</u>	<u>412,657,206</u>	<u>(151,047,280)</u>	<u>521,728,877</u>
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment liabilities							
March 31, 2017	<u>\$ 9,221,330</u>	<u>19,707,066</u>	<u>25,582,404</u>	<u>11,007,106</u>	<u>120,856,852</u>	<u>(7,046,904)</u>	<u>179,327,854</u>
December 31, 2016	<u>\$ 9,893,095</u>	<u>21,084,802</u>	<u>25,675,900</u>	<u>10,950,353</u>	<u>122,115,851</u>	<u>(3,568,663)</u>	<u>186,151,338</u>
March 31, 2016	<u>\$ 9,023,701</u>	<u>26,729,935</u>	<u>18,262,797</u>	<u>7,154,839</u>	<u>118,716,989</u>	<u>(2,031,971)</u>	<u>177,856,290</u>

The material reconciling items of the above reportable segment are as below:

The eliminations of the Consolidated Company's intersegment profit amounted to \$2,685,569 and \$1,046,979 for the three months ended March 31, 2017 and 2016, respectively.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
LOANS TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 1

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral	Individual Funding Loan Limits (Note 3)	Maximum Limitation on Fund Financing (Note 4)
0	The Company	Nanya Technology Corporation	Other receivables from related parties	Yes	9,000,000	8,000,000	8,000,000	1.409146%~1.409215%	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Mia Liao Power Corporation	Other receivables from related parties	Yes	950,000	950,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Nan Chung Petrochemical Corporation (Note 6)	Other receivables from related parties	Yes	500,000	500,000	-	1.409146%~1.409215%	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	Yes	4,685,193	4,685,193	3,255,193	1.409146%~1.409215%	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	Yes	100,000	100,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	500,000	500,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Plastics Group Investment Corp. (Note 6)	Other receivables from related parties	Yes	70,000	70,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	9,000,000	9,000,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	Yes	6,000,000	6,000,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	6,000,000	6,000,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Chemicals and Fiber Corporation	Other receivables from related parties	Yes	6,000,000	6,000,000	-	-	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Ha Tinh (Cayman) Ltd.	Other receivables from related parties	Yes	7,147,625	-	-	1.409146%~1.409214%	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Group (Cayman) Ltd.	Other receivables from related parties	Yes	7,963,300	-	-	1.409146%~1.409214%	2	-	Operating capital	-	-	85,882,832	171,765,664
0	The Company	Formosa Ha Tinh (Cayman) Limited Taiwan Branch	Other receivables from related parties	Yes	30,000	-	-	1.409146%~1.409215%	2	-	Operating capital	-	-	85,882,832	171,765,664
1	Nan Ya Plastics (Guangzhou) Co., Ltd. (Note 6)	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	186,861	178,068	178,068	3.045%~3.045%	2	-	Operating capital	-	-	1,214,767	2,429,533
1	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	527,609	527,609	527,609	3.045%~3.48%	2	-	Operating capital	-	-	1,214,767	2,429,533
2	Nan Ya Plastics (Huizhou) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	236,609	-	-	2.02483%~2.02483%	2	-	Operating capital	-	-	1,491,946	2,983,892
2	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 6)	Other receivables from related parties	Yes	43,967	43,967	43,967	3.48%~3.48%	2	-	Operating capital	-	-	1,491,946	2,983,892
2	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	233,027	233,027	233,027	3.045%~3.48%	2	-	Operating capital	-	-	1,491,946	2,983,892
2	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	445,829	445,829	445,829	3.045%~3.48%	2	-	Operating capital	-	-	1,491,946	2,983,892
2	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	87,935	87,935	87,935	3.48%~3.48%	2	-	Operating capital	-	-	1,491,946	2,983,892
2	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	674,900	424,285	424,285	3.045%~3.48%	2	-	Operating capital	-	-	1,491,946	2,983,892
3	Nan Ya Trading (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	19,785	19,785	19,785	3.045%~3.045%	2	-	Operating capital	-	-	24,664	49,327
3	Nan Ya Trading (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	21,984	21,984	21,984	3.045%~3.48%	2	-	Operating capital	-	-	24,664	49,327
4	China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	35,174	35,174	35,174	3.48%~3.48%	2	-	Operating capital	-	-	159,654	319,309
4	China Nantong Huafeng Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	61,554	61,554	61,554	3.48%~3.48%	2	-	Operating capital	-	-	159,654	319,309

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral	Individual Funding Limits (Note 3)	Maximum Limitation on Fund Financing (Note 4)
													Item	Value	
4	China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	158,283	158,283	158,283	3.48%~3.48%	2	-	Operating capital	-	-	159,654	319,309
5	Nan Ya Plastics (Xiamen) Co., Ltd. (Note 6)	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	17,587	17,587	17,587	3.045%~3.045%	2	-	Operating capital	-	-	629,963	629,963
5	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	Yes	87,935	87,935	87,935	3.045%~3.045%	2	-	Operating capital	-	-	629,963	629,963
5	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	219,837	219,837	219,837	3.045%~3.48%	2	-	Operating capital	-	-	629,963	629,963
5	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	Yes	189,060	182,465	182,465	3.045%~3.045%	2	-	Operating capital	-	-	629,963	629,963
6	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	250,614	250,614	250,614	3.045%~3.045%	2	-	Operating capital	-	-	3,276,825	6,553,650
6	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	17,587	13,190	13,190	3.48%~3.48%	2	-	Operating capital	-	-	3,276,825	6,553,650
6	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	180,266	180,266	180,266	3.48%~3.48%	2	-	Operating capital	-	-	3,276,825	6,553,650
6	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	216,033	1,974,576	1,974,576	3.045%~3.48%	2	-	Operating capital	-	-	3,276,825	6,553,650
7	Nantong Huafu Plastics Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	43,967	43,967	43,967	3.48%~3.48%	2	-	Operating capital	-	-	45,680	91,360
7	Nantong Huafu Plastics Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	43,967	43,967	43,967	3.48%~3.48%	2	-	Operating capital	-	-	45,680	91,360
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	109,919	109,919	109,919	3.48%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	1,837,838	1,837,838	1,837,838	3.045%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Other receivables from related parties	Yes	439,674	439,674	439,674	3.045%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Other receivables from related parties	Yes	153,886	153,886	153,886	3.48%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PRG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	4,008,810	3,429,458	3,429,458	1.816%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	3,328,333	3,082,115	3,082,115	3.045%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
8	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	87,935	87,935	87,935	3.48%~3.48%	2	-	Operating capital	-	-	21,302,639	42,605,278
9	Nan Ya Electric (Nantong) Corporation	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	237,424	215,440	215,440	3.48%~3.48%	2	-	Operating capital	-	-	542,448	1,084,896
9	Nan Ya Electric (Nantong) Corporation	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	43,967	39,571	39,571	3.045%~3.045%	2	-	Operating capital	-	-	542,448	1,084,896
10	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation (Note 6)	Other receivables from related parties	Yes	50,000	50,000	-	3.045%~3.045%	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Mai Liao Power Corporation	Other receivables from related parties	Yes	2,000,000	2,000,000	-	-	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Mai Liao Harbor Administration Corp.	Other receivables from related parties	Yes	800,000	420,000	20,000	1.409%~1.409%	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	1,000,000	1,000,000	-	-	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Nanya Technology Corporation	Other receivables from related parties	Yes	1,800,000	1,800,000	1,800,000	1.409%~1.409%	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Hwa Ya Power Corporation	Other receivables from related parties	Yes	2,000,000	1,000,000	1,000,000	1.409%~1.409%	2	-	Operating capital	-	-	7,967,769	15,935,539
10	Nan Ya PCB Corporation	Formosa Technologies Corporation	Other receivables from related parties	Yes	200,000	200,000	-	-	2	-	Operating capital	-	-	7,967,769	15,935,539
11	Nan Ya Plastics corporation, America	Nan Ya Plastics corporation USA (Note 6)	Other receivables from related parties	Yes	910,080	910,080	5,117	1.896%~1.913%	2	-	Operating capital	-	-	16,829,633	33,659,266

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral	Individual Funding Limits (Note 3)	Maximum Limitation on Fund Financing (Note 4)
													Item	Value	
11	Nan Ya Plastics corporation, America	Nan Ya Plastics corporation, Texas (Note 6)	Other receivables from related parties	Yes	3,033,600	3,033,600	26,365	1.896%-1.913%	2	-	Operating capital	-	-	16,829,633	33,659,266
12	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	455,036	-	-	1.85%-1.85%	2	-	Operating capital	-	-	33,768,572	67,537,144
12	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	6,656,061	6,110,017	6,110,017	0.91%-2.53%	2	-	Operating capital	-	-	33,768,572	67,537,144
12	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	5,713,719	5,349,690	5,349,690	0.91%-2.53%	2	-	Operating capital	-	-	33,768,572	67,537,144
13	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation (Note 6)	Other receivables from related parties	Yes	23,000	23,000	-	-	2	-	Operating capital	-	-	24,192	96,770

Note 1 : (a) Those with business contact please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

Note 4 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non interested parties for capital requirements should not exceed 40% of the net worth of borrower.

Note 5 : Nan Ya Plastics Corporation America and Nan Ya Plastics Corporation U.S.A's reporting currency are denominated in USD, and the exchange rate of NTD to USD as of March 31, 2017 (in average) is 30.336(31.063) : 1.

Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd.'s reporting currency are denominated in HKD, and the exchange rate of NTD to HKD as of March 31, 2017 (in average) is 3.8892(3.9824) : 1.

Note 6 : This transaction has already been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
GUARANTEES AND ENDORSEMENTS FOR OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 2

No	Endorsement Guarantee Provider	Counterparty of Guarantee and Endorsement		Limitation Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for Guarantee and Endorsements during the Period	Balance of Guarantees and Endorsements as of March 31, 2017	Amount Secured by Guaranteed and Endorsed Property	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Parent Company Endorses/Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorses/Guarantees to Third Parties on Behalf of Parent Company	Endorsements/Guarantees to the Third Parties on Behalf of the Companies in Mainland China
		Name	Relationship with The Company (Note)										
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	2	223,295,363	16,654,646	12,741,302	12,741,302	-	3.71%	446,590,726	Y	N	N
0	The Company	Formosa Industries Corporation	1	9,603,892	4,978,395	4,978,395	4,978,395	-	1.45%	446,590,726	N	N	N
0	The Company	Formosa Group (Cayman) Ltd.	6	223,295,363	31,246,080	30,184,320	30,184,320	-	8.79%	446,590,726	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Ltd.	6	223,295,363	11,721,879	11,721,879	11,721,879	-	3.41%	446,590,726	N	N	N
0	The Company	Formosa Resources Corporation	6	223,295,363	3,261,120	3,261,120	-	-	0.95%	446,590,726	N	N	N
1	Nan Ya Plastics corporation, America	Formosa Utility Venture	1	21,878,522	1,386,789	1,386,789	1,386,789	-	4.21%	43,757,045	N	N	N
1	Nan Ya Plastics corporation, America	Nan Ya Plastics corporation, Texas	2	21,878,522	1,795,765	1,795,765	1,795,765	-	5.46%	43,757,045	Y	N	N

Note: The six conditions in which the Company may have guarantees or endorsements for the receiving parties are as follows:

- (1) The Company has business with the receiving parties.
- (2) The Company holds directly more than 50% of the common stock of the subsidiaries.
- (3) In aggregate, the Company and its subsidiaries hold more than 50% of the investee.
- (4) In aggregate, the Company holds directly or indirectly through its subsidiaries more than 50% of the investee.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
SECURITIES HELD AS OF MARCH 31, 2017
(EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 3

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	March 31, 2017				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Formosa Plastics Corporation	Other related parties	Available for sale financial assets – current	294,793	26,678,776	4.63%	26,678,776	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Available for sale financial assets – current	140,520	13,265,055	2.40%	13,265,055	
The Company	Mega International Private USD Money Market	-	Available for sale financial assets – current	14,979	4,596,252	-	4,596,252	
Nan Ya PCB Corporation	Capital Money Market	-	Available for sale financial assets – current	56,331	900,986	-	900,986	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets carried at cost – non current	3	856,948	19.00%	9,417,325	Note 2
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets carried at cost – non current	2	141,379	0.51%	1,227,445	Note 2
The Company	Ostendo Technologies Inc.	-	Financial assets carried at cost – non current	150	766	0.12%	766	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets carried at cost – non current	352	1,620	18.00%	57,002	Note 2
The Company	Formosa Development Corporation	Other related parties	Financial assets carried at cost – non current	14,673	90,010	18.00%	285,003	Note 2
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets carried at cost – non current	39,562	539,245	17.98%	941,713	Note 2
The Company	Formosa Plastics Marine Corporation Ltd.	Other related parties	Financial assets carried at cost – non current	2,429	15,000	15.00%	144,662	Note 2
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets carried at cost – non current	63,717	727,407	14.99%	3,167,733	Note 2
The Company	Formosa Technologies Corporation	Other related parties	Financial assets carried at cost – non current	2,925	13,331	12.50%	58,518	Note 2
The Company	WK Technology Fund Ltd.	-	Financial assets carried at cost – non current	1,631	34,249	1.63%	16,877	Note 2
The Company	WK Technology Fund IV Ltd.	-	Financial assets carried at cost – non current	1,461	12,874	1.08%	10,100	Note 2
The Company	Central Leasing Corp.	-	Financial assets carried at cost – non current	1,779	-	1.07%	-	
The Company	Chinese Television System Inc.	-	Financial assets carried at cost – non current	1,769	28,609	1.04%	49,830	Note 2
The Company	China Investment & Development Company, Limited	-	Financial assets carried at cost – non current	1,287	8,250	0.80%	13,255	Note 2
The Company	Taiwan Aerospace Corp.	-	Financial assets carried at cost – non current	1,070	10,702	0.79%	13,590	Note 2
The Company	AmTrust Capital I Corp.	-	Financial assets carried at cost – non current	5,000	50,000	3.91%	53,000	Note 2
The Company	Nan Ya Photonics Inc	Other related parties	Financial assets carried at cost – non current	28,841	88,263	14.42%	73,252	Note 2
The Company	Mega Growth Capital Venture	-	Financial assets carried at cost – non current	2,500	25,000	1.97%	24,456	Note 2
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets carried at cost – non current	N/A	39,684	15.00%	97,979	Note 2

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	March 31, 2017				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets carried at cost — non current	N/A	39,684	15.00%	144,188	Note 2
Formosa Plastics Group Investment Corp.	WK Technology Fund Ltd.	-	Financial assets carried at cost — non current	2,419	28,553	2.42%	24,992	Note 2
Formosa Plastics Group Investment Corp.	WK Technology Fund IV Ltd.	-	Financial assets carried at cost — non current	4,870	24,912	3.60%	33,637	Note 2
Nan Ya International (Cayman) Limited	Formosa Ha Tinh (Cayman) Ltd.	Other related parties	Financial assets carried at cost — non current	508,237	14,511,516	11.43%	15,153,831	Note 2

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to NTD 1,152,608.

Note 2 : Stockholders' equity is based on an audited financial report for the year ended, December 31, 2016.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Account (Payable) Receivable		Notes
			Purchases/ (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Formosa Plastics Corporation	Other related parties	(Sales)	(295,722)	(0.71)%	30 days	-	-	110,961	0.68%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(2,078,530)	(4.97)%	30 days	-	-	735,030	4.54%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(186,808)	(0.45)%	30 days	-	-	65,554	0.40%	Note
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(290,851)	(0.70)%	30 days	-	-	117,453	0.72%	
The Company	Formosa Heavy Industries Corporation	Associates	(Sales)	(106,301)	(0.25)%	30 days	-	-	117,351	0.72%	
The Company	Formosa Taifex Co., Ltd.	Other related parties	(Sales)	(202,906)	(0.49)%	30 days	-	-	82,843	0.51%	
The Company	Nan Ya Plastics corporation, America	Subsidiaries	(Sales)	(114,938)	(0.28)%	O/A 105	-	-	69,105	0.43%	Note
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(683,606)	(1.64)%	O/A 150	-	-	790,270	4.88%	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(212,870)	(0.51)%	O/A 150	-	-	150,050	0.93%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(717,174)	(1.72)%	O/A 150	-	-	613,870	3.79%	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(877,865)	(2.10)%	O/A 150	-	-	546,315	3.37%	
The Company	Formosa Ha Tinh Steel Corporation	Other related parties	(Sales)	(115,494)	(0.28)%	O/A 150	-	-	112,040	0.69%	
The Company	Formosa Plastics Corporation	Other related parties	Purchases	2,473,750	8.60%	30 days	-	-	(951,744)	(7.19)%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	7,157,038	24.89%	30 days	-	-	(2,044,723)	(15.44)%	
The Company	Formosa Petrochemical Corporation	Associates	Purchases	10,030,656	34.88%	30 days	-	-	(3,433,066)	(25.92)%	
The Company	PFG Fiber Glass Corporation	Subsidiaries	Purchases	702,267	2.44%	30 days	-	-	(268,772)	(2.03)%	Note
The Company	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	109,063	0.38%	O/A 150	-	-	(70,104)	(0.53)%	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	664,502	2.31%	30 days	-	-	(232,589)	(1.76)%	Note
The Company	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	1,948,800	57.75%	15 days before next month	-	-	(817,223)	(59.82)%	Note
Nan Ya PCB Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Same chairman	Purchases	524,326	27.02%	60 days	-	-	(215,274)	(27.74)%	
Nan Ya PCB (Kunshan) Corporation	China Man made Fiber Corporation	Other related parties	(Sales)	(664,502)	(49.94)%	15 days before next month	-	-	228,277	49.53%	
Nan Chung Petrochemical Corporation	Formosa Petrochemical Corporation	Associates	Purchases	1,063,093	80.16%	15 days before next month	-	-	(332,277)	(97.80)%	
Nan Chung Petrochemical Corporation	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	220,033	34.46%	payment within one month	-	-	(90,071)	(35.65)%	
Nan Ya Plastics corporation USA	Formosa Plastics Corporation	Other related parties	Purchases	128,201	25.31%	O/A 150	-	-	(98,106)	(42.62)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	124,387	24.56%	60 days	-	-	(40,933)	(17.78)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,004,104	50.62%	60 days	-	-	(952,207)	(46.65)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	141,496	11.64%	60 days	-	-	(47,046)	(10.01)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	129,011	6.36%	60 days	-	-	(37,667)	(6.03)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Company	Other related parties	Purchases	1,381,393	68.15%	60 days	-	-	(514,383)	(82.28)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Plastics Corporation	Other related parties	Purchases	100,246	1.24%	O/A 150	-	-	(58,072)	(2.67)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,013,302	12.52%	60 days	-	-	(395,282)	(18.17)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	705,567	8.72%	60 days	-	-	(219,762)	(10.10)%	Note

Note : The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Formosa Plastics Corporation	Other related parties	Receivables from related parties : 110,961	12.23	-	-	105,967	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties : 735,030	11.79	-	-	729,740	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties : 117,453	12.53	-	-	117,453	-
The Company	Formosa Heavy Industries Corporation	Associates	Receivables from related parties : 117,351	3.04	-	-	35,875	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 790,270	3.82	-	-	116,595	-
The Company	Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 150,050	4.44	-	-	74,654	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 613,870	3.83	-	-	242,391	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties : 546,315	8.54	-	-	400,321	-
The Company	Formosa Ha Tinh Steel Corporation	Other related parties	Receivables from related parties : 112,040	3.46	-	-	74,421	-
The Company	Nan Ya Plastics corporation USA	Subsidiaries	Receivables from related parties : 111,638	1.72	-	-	19,932	-
The Company	The Company (Note 1)	Parent	Receivables from related parties : 268,772	12.99	-	-	224,814	-
PFG Fiber Glass Corporation	Nan Ya PCB (Kunshan) Corporation (Note 1)	Same chairman	Receivables from related parties : 215,274	9.65	-	-	215,274	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB Corporation (Note 1)	Parent	Receivables from related parties : 817,223	9.15	-	-	657,547	-
Nan Ya PCB (Kunshan) Corporation	China Man made Fiber Corporation	Other related parties	Receivables from related parties : 228,277	9.33	-	-	228,277	-
Nan Chung Petrochemical Corporation	The Company (Note 1)	Parent	Receivables from related parties : 232,589	9.16	-	-	232,589	-
Nan Chung Petrochemical Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 219,762	10.66	-	-	219,762	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 952,207	2.95	-	-	366,289	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 395,282	9.56	-	-	138,903	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nunya Technology Corporation	Associates	Other receivables from related parties : 8,000,000	Note	-	-	-	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties : 3,255,193	Note	-	-	-	-
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	Other receivables from related parties : 178,068	Note	-	-	-	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 527,609	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 233,027	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 445,829	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 424,285	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 158,283	Note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 219,837	Note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Joint ventures	Other receivables from related parties : 182,465	Note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 230,614	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 180,266	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 1,974,576	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 109,919	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 1,837,838	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Associates	Other receivables from related parties : 439,674	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 1)	Subsidiaries	Other receivables from related parties : 153,886	Note	-	-	-	-

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
					Amount	Action Taken		
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 3,429,458	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 3,082,115	Note	-	-	-	-
Nan Ya Electric (Nantong) Corporation	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 215,440	Note	-	-	-	-
Nan Ya PCB Corporation	Nanya Technology Corporation	Associates	Other receivables from related parties : 1,800,000	Note	-	-	-	-
Nan Ya PCB Corporation	Hwa Ya Power Corporation	Other related parties	Other receivables from related parties : 1,000,000	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 6,110,017	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 5,349,690	Note	-	-	-	-

Note: The turnover rate of other receivables from related parties can not be calculated.

Note 1 : The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 6

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transactions		
				Financial Statement Item	Amount	Percentage of Consolidated Total Gross Sales or Total Assets
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Sales	198,316	0.27%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Sales	1,805,230	2.48%
0	The Company	Nan Ya Plastics corporation USA	1	Sales	53,357	0.07%
0	The Company	Nan Ya Plastics corporation, America	1	Sales	114,938	0.16%
0	The Company	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	1	Sales	10,154	0.01%
0	The Company	PFG Fiber Glass Corporation	1	Sales	26,210	0.04%
1	Nan Chung Petrochemical Corporation	The Company	2	Sales	664,502	0.91%
2	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Sales	109,063	0.15%
3	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	2	Sales	18,046	0.02%
3	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	665,379	0.92%
4	Wen Fung Industrials Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	35,264	0.05%
5	Nan Ya Plastics corporation, America	Nan Ya Plastics corporation USA	3	Sales	36,734	0.05%
6	PFG Fiber Glass Corporation	The Company	2	Sales	702,267	0.97%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Accounts receivable	74,308	0.01%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Accounts receivable	1,717,454	0.32%
0	The Company	Nan Ya Plastics corporation USA	1	Accounts receivable	111,638	0.02%
0	The Company	Nan Ya Plastics corporation, America	1	Accounts receivable	69,105	0.01%
1	Nan Chung Petrochemical Corporation	The Company	2	Accounts receivable	232,589	0.04%
2	PFG Fiber Glass Corporation	The Company	2	Accounts receivable	268,772	0.05%
3	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Accounts receivable	70,104	0.01%
4	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Accounts receivable	274,481	0.05%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Rent revenue	48,551	0.07%

Note 1: The appointed numbers represent:

1. 0 refers to the Parent Company.
2. Subsidiaries are numbered and organized in an ascending chronological order.

Note 2: Transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES (EXCLUDING THOSE IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 7

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of March 31, 2017		Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				March 31, 2017	December 31, 2016	Shares (in thousands)	%			
The Company	Nan Ya Plastics corporation USA (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	1,828,524	45,705	Note 7, 8
The Company	Nan Ya Plastics corporation, America (Note)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00%	33,659,266	773,174	Note 7, 8
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics and electronic products trading	34,858,082	34,858,082	844,053	100.00%	67,509,518	2,154,915	Note 7, 8
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading	33,677	33,677	14	100.00%	628,868	16,620	Note 7, 8
The Company	Formosa Synthetic Rubber (HongKong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	2,151,560	2,151,560	70,000	31.82%	1,058,230	(319,140)	Note 7
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	glass fiber trading	4,495,987	4,495,987	76	100.00%	6,215,959	199,165	Note 7, 8
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dying and finishing and electric power	8,435,875	8,435,875	-	42.50%	8,582,918	465,599	Note 7
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	21,158,429	(888,975)	Note 7, 8
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	76,859	76,859	5,000	100.00%	103,934	49	Note 7, 8
The Company	Nanya Technology Corporation (Notes)	Taiwan	semiconductor production and marketing	52,438,471	52,438,471	907,304	33.01%	32,028,958	1,081,178	Note 7
The Company	Formosa Environmental Technology Corporation (Note 6)	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	282,694	(837)	Note 7
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	76,315,565	5,226,442	Note 7
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	4,280,138	77,035	Note 7, 8
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	1,189,851	(15,341)	Note 7, 8
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	18,738	100.00%	246,040	(1,278)	Note 7, 8
The Company	Formosa Automobile Corporation (Note 3 ~ 4)	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	-	11,673	Note 7

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of March 31, 2017			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				March 31, 2017	December 31, 2016	Shares (in thousands)	%	Carrying Value			
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.98%	25,222	(2,873)	(1,291)	Note 7
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	651,706	32.91%	7,533,583	(366,970)	(120,773)	Note 7
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	99,592	(6,469)	(2,157)	Note 7
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	17,254	17,254	4,547	33.33%	751,434	10,675	3,558	Note 7
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	service business	359	359	34	34.00%	1,874	128	44	Note 7
The Company	Yi Jih Development Corporation	Taiwan	construction business	58,000	58,000	5,800	29.22%	63,917	222	65	Note 7
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	498,837	24.94%	10,998,753	246,406	61,458	Note 7
The Company	Su Hua Transport Corporation	Taiwan	transportation business	50,000	50,000	7,659	25.00%	257,457	30,884	7,721	Note 7
The Company	Formosa Synthetic Rubber Corporation	Taiwan	production of synthetic rubber products	400,000	400,000	40,000	33.33%	303,847	(35,845)	(11,948)	Note 7
The Company	Formosa Resources Corporation	Taiwan	mining industry	4,162,500	4,162,500	416,250	25.00%	4,121,595	(152,118)	(38,029)	Note 7
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	184,735	(1,358,929)	(339,732)	Note 7
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	100,000	100,000	10,000	33.33%	90,831	(3,191)	(1,064)	Note 7
The Company	Nan Ya International (Cayman) Limited (Note)	Cayman Islands	investment	15,370,112	15,370,112	50	100.00%	14,511,618	-	-	Note 7, 8
Nan Ya Plastics corporation, America (Note)	Formosa Utility Venture, Ltd. (Note)	U.S.A.	electricity generation and trading	242,688	242,688	-	12.10%	2,139,497	188,804	22,845	Note 7
Nan Ya Plastics corporation, America (Note)	Nan Ya Plastics corporation, Texas (Note)	U.S.A.	production of plastic, polyester and chemical products	10,010,880	10,010,880	3	100.00%	9,959,769	(22,602)	(22,602)	Note 7, 8
Nan Ya Plastics corporation, Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	production of plastic, polyester and chemical products	1,847,462	1,847,462	-	21.00%	1,758,319	(90,098)	(18,921)	Note 7
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	Hong Kong	electricity generation and trading	5,020,900	5,020,900	1,223,820	100.00%	10,153,382	(84,313)	(84,313)	Note 7, 8
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	9,038	(2,179)	(2,179)	Note 7, 8

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of March 31, 2017			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				March 31, 2017	December 31, 2016	Shares (in thousands)	%	Carrying Value			
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	5,017,721	5,017,721	-	100.00%	10,140,228	(84,331)	(84,331)	Note 7, 8
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	141,246	(1,332)	(1,332)	Note 7, 8
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	122,766	122,766	5	50.00%	244,415	31,840	15,920	Note 7

Note: The reporting currency of Nan Ya Plastics Corporation America, Nan Ya Plastics Corporation U.S.A., Formosa Utility Venture, Ltd, Nan Ya Plastics Corporation Texas, Formosa Olefins, L.L.C, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited and Nan Ya International (Cayman) Limited is denominated in USD, and the exchange rate of TWD to USD as of March 31, 2017 (in average) is 30.336(31.063) : 1.

Note 1: The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of NTD to HKD as of March 31, 2017 (in average) is 3.8892(3.9824) : 1.

Note 2: The reporting currency of Formosa Industries Corporation is denominated in VND, and the exchange rate of NTD to VND as of March 31, 2017 (in average) is 1 : 0.001333(0.001368).

Note 3: Due to the fact that cumulative losses from investments under equity method have already exceeded the long term investment book value of NTD 61,397, and the excess is reclassified to other non current liabilities.

Note 4: Formosa Automobile Corporation initiated a capital reduction on August 15, 2006 for NTD 674,570.

Note 5: Nanya Technology Corporation initiated capital reductions on June 23, 2009 and June 27, 2014 for NTD 17,361,352 and NTD 32,762,452, respectively.

Note 6: Formosa Environmental Technology Corporation initiated a capital reduction on April 30, 2010 for NTD 209,084.

Note 7: Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

Note 8: The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in thousands of New Taiwan Dollars)

TABLE 8

(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2017	For The Three Months Ended March 31, 2017		Investment Transferred from Taiwan as of March 31, 2017	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gains (Loss)	Carrying Value of Investment as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Nan Ya Plastics (Guangzhou) Co., Ltd. (Note 1)	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(27,337)	100.00%	(27,337)	2,269,332	611,825
Nan Ya Plastics (Xiamen) Co., Ltd. (Note 1)	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	25,627	85.00%	21,783	1,085,480	72,820
Nan Ya Plastics (Huizhou) Co., Ltd. (Note 1)	production of polyester products	1,679,527	Indirect investment	1,679,527	-	-	1,679,527	52,995	100.00%	52,995	3,102,425	-
Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	production of polyester products	847,935	Indirect investment	738,870	-	-	738,870	(11,345)	100.00%	(11,345)	51,462	-
Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	production of electronic materials	1,180,918	Indirect investment	1,180,918	-	-	1,180,918	213,991	100.00%	213,991	1,540,743	-
Nan Ya Trading (Huizhou) Co., Ltd. (Note 1)	trading	32,267	Indirect investment	32,267	-	-	32,267	955	100.00%	955	51,581	-
Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	production of plastic products, production of steam and electricity	2,917,334	Indirect investment	1,973,292	-	-	1,973,292	151,125	100.00%	151,125	6,826,678	103,612
China Nantong Huafeng Co., Ltd. (Note 1)	production of plastic products	93,004	Indirect investment	99,636	-	-	99,636	1,137	100.00%	1,137	318,823	-
Nantong Huafu Plastics Co., Ltd. (Note 1)	production of plastic products	79,111	Indirect investment	71,503	-	-	71,503	588	100.00%	588	88,700	-
Nan Ya Electric (Nantong) Corporation (Note 1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	2,590	100.00%	2,590	1,024,340	-
Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	production of plastic products	1,321,132	Indirect investment	1,035,626	-	-	1,035,626	(30,153)	100.00%	(30,153)	1,828,248	-
Nanyu Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	8,080	50.00%	4,040	156,098	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	production of electronic materials	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	1,809,641	100.00%	1,809,641	45,811,500	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(355,657)	100.00%	(355,657)	1,468,696	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	(656)	50.00%	(328)	60,211	-
Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	production of plastic products and plasticizer	2,188,834	Indirect investment	1,989,308	-	-	1,989,308	76,218	100.00%	76,218	356,540	-
PFG Fiber Glass (Kunshan) Co., Ltd. (Note 1)	glass fiber trading	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	199,160	100.00%	199,160	5,931,020	149,416

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2017	For The Three Months Ended March 31, 2017		Investment Transferred from Taiwan as of March 31, 2017	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	-	39,684	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	-	39,684	12,687
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	synthetic rubber	6,746,240	Indirect investment	2,151,560	-	-	2,151,560	(319,140)	31.82%	(101,545)	1,122,960	-

Note: All equity in the earnings (losses) are recognized according to the reviewed financial statements except for Hua Ya (Dong Ying) Plastics Corp., Hua Ya (Wu Hu) Plastics Corp. and Formosa Synthetic Rubber (Ningbo) Co., Ltd., Whose earnings (losses) for the period were based on the unreviewed interim financial statements.

Note 1: The transaction has been written-off during the consolidation process.

(b) Quota for investments in Mainland China :

Accumulative Remittance from Taiwan to Mainland China as of March 31, 2017 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
41,271,928	44,460,136	-

Note 1 : Reporting currency of Chinese subsidiaries is RMB, and the monetary amount is first translated to HKD using the exchange rate as of March 31, 2017 (in average) of 1 : 1.1305(1.1327), and translated to NTD using the exchange rate as of March 31, 2017 (in average) of 1 : 3.8892(3.9824).

Note 2 : It includes the amount of NTD 2,708,045 from approved capital increase, capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions, which has already been written off during the consolidation process, between the Company and its Chinese investees for the three months ended March 31, 2017, please refer to the attachment of note 13 for "Information on material transaction items".