

FORMOSA GROUP (CAYMAN) LIMITED
(A Company In The Development Stage)
FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2014
(With Independent Auditors' Report Thereon)



安侯建業聯合會計師事務所

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Independent Auditors' Report

The Board of Directors
Formosa Group (Cayman) Limited

We have audited the accompanying statements of financial position of Formosa Group (Cayman) Limited (the "Company") as of December 31, 2013 and 2014, and the related statements of comprehensive (loss) income, changes in equity and cash flows for the period from March 28, 2013 (inception date) to December 31, 2013 and for the year ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Formosa Group (Cayman) Limited as of December 31, 2013 and 2014, and the results of its operations and its cash flows for the period from March 28, 2013 (inception date) to December 31, 2013 and for the year ended December 31, 2014, in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the ROC Financial Supervisory Commission.

Taipei, Taiwan (the Republic of China)
March 18, 2015

FORMOSA GROUP (CAYMAN) LIMITED
(A Company In The Development Stage)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2014
(Expressed in U.S. Dollars)

		December 31,	
	<i>Note</i>	2013	2014
Assets			
Current assets:			
Cash		\$ 48,280	969,327
Other receivables — related parties	6(b)	-	1,616,452,379
Total assets		\$ 48,280	1,617,421,706
Liabilities and Equity			
Current liabilities:			
Accrued expenses	6(c)	-	1,654,637
Total current liabilities		-	1,654,637
Non-Current liabilities:			
Long-term debts	5(a)	-	1,613,000,000
Total non-current liabilities		-	1,613,000,000
Total liabilities		-	1,614,654,637
Equity			
Ordinary shares	5(b)	50,000	50,000
(Accumulated deficit) Unappropriated retained earnings		(1,720)	2,717,069
Total equity		48,280	2,767,069
Total liabilities and equity		\$ 48,280	1,617,421,706

See accompanying notes to financial statements.

FORMOSA GROUP (CAYMAN) LIMITED
(A Company In The Development Stage)

STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

**FOR THE PERIOD FROM MARCH 28, 2013 (INCEPTION) TO DECEMBER 31, 2013 AND THE
YEAR ENDED DECEMBER 31, 2014**
(Expressed in U.S. Dollars)

	<i>Note</i>	For the period from March 28, 2013 (inception) to December 31, 2013	For the year ended December 31, 2014
Operating expenses:			
Administrative and general expenses	7	\$ <u>(1,720)</u>	<u>(5,651)</u>
Total operating expenses		<u>(1,720)</u>	<u>(5,651)</u>
Operating loss		<u>(1,720)</u>	<u>(5,651)</u>
Non-operating income and expenses			
Other income	5(c)	-	12,011,395
Finance costs	5(c)	<u>-</u>	<u>(9,286,955)</u>
Total non-operating income and expenses		<u>-</u>	<u>2,724,440</u>
(Loss) Income before income tax		<u>(1,720)</u>	<u>2,718,789</u>
Income tax		<u>-</u>	<u>-</u>
Net (loss) income		<u>(1,720)</u>	<u>2,718,789</u>
Other comprehensive income (net after tax)		<u>-</u>	<u>-</u>
Total comprehensive (loss) income		\$ <u><u>(1,720)</u></u>	<u><u>2,718,789</u></u>

See accompanying notes to financial statements.

FORMOSA GROUP (CAYMAN) LIMITED
(A Company In The Development Stage)

STATEMENTS OF CHANGES IN EQUITY

**FOR THE PERIOD FROM MARCH 28, 2013 (INCEPTION) TO DECEMBER 31, 2013 AND THE
YEAR ENDED DECEMBER 31, 2014**
(Expressed in U.S. Dollars)

	<u>Ordinary shares</u>	<u>Accumulated deficit/Retained earnings</u>	<u>Total equity</u>
Balance as of March 28, 2013	\$ -	-	-
Issuance of common stock for cash	50,000	-	50,000
Net loss / total comprehensive loss for the period from March 28, 2013 to December 31, 2013	<u>-</u>	<u>(1,720)</u>	<u>(1,720)</u>
Balance as of December 31, 2013	<u>50,000</u>	<u>(1,720)</u>	<u>48,280</u>
Net income / total comprehensive income for the year ended December 31, 2014	<u>-</u>	<u>2,718,789</u>	<u>2,718,789</u>
Balance as of December 31, 2014	<u><u>\$ 50,000</u></u>	<u><u>2,717,069</u></u>	<u><u>2,767,069</u></u>

See accompanying notes to financial statements.

FORMOSA GROUP (CAYMAN) LIMITED
(A Company In The Development Stage)

STATEMENTS OF CASH FLOWS

**FOR THE PERIOD FROM MARCH 28, 2013 (INCEPTION) TO DECEMBER 31, 2013 AND THE
YEAR ENDED DECEMBER 31, 2014**
(Expressed in U.S. Dollars)

	For the period from March 28, 2013 (inception) to December 31, 2013	For the year ended December 31, 2014
Cash flows from operating activities:		
Net (Loss) Income before income tax	\$ (1,720)	2,718,789
Adjustments for:		
Incomes and expenses not affecting cash flows:		
Interest expenses	-	9,286,955
Interest income	-	(12,011,395)
Incomes and expenses not affecting cash flows	-	(2,724,440)
Changes in operating assets and liabilities :		
Changes in operating liabilities :		
Accrued expenses	-	518,583
Total changes in operating liabilities	-	518,583
Total changes in operating assets and liabilities	-	518,583
Total adjustments	-	(2,205,857)
Cash generated from operations:	(1,720)	512,932
Interest received	-	10,559,016
Interest paid	-	(8,150,901)
Net cash provided by operating activities	(1,720)	2,921,047
Cash flows from investing activities:		
Increase in due from related parties (listed under other receivables — related parties)	-	(1,615,000,000)
Net cash used in investing activities	-	(1,615,000,000)
Cash flows from financing activities:		
Proceeds from long-term debts	-	1,613,000,000
Proceeds from capital increase in cash	50,000	-
Net cash provided by financing activities	50,000	1,613,000,000
Increase in cash	48,280	921,047
Cash at beginning of period/year	-	48,280
Cash at end of period/year	\$ 48,280	969,327

See accompanying notes to financial statements.

FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2014

(All amounts are expressed in U.S. Dollars)

(1) Organization and Principal Activities

Formosa Group (Cayman) Limited (the “Company”) was incorporated on March 28, 2013 and registered under the law of Cayman Islands with registered address at the offices of Offshore Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Islands. As of December 31, 2014, the Company was in the development stage. Hence, there were no relevant operating activities in the development stage. The registered business scope of the Company is mainly investment.

(2) Approval date and procedures of the financial statements

The financial statements were approved and authorized for issue by the Board of Directors on March 18, 2015.

(3) New and revised accounting standards and interpretations

- (a) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) issued, revised or amended by International Accounting Standard Board (IASB) which have been endorsed by Financial Supervisory Commission (FSC) effective for annual periods beginning on or after January 1, 2015 but not yet adopted by the Company at the date of issuance of the Company’s financial statements, are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Prescribed by IASB
Amendments to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters”	July 1, 2010
Amendments to IFRS 7 “Disclosures - offsetting Financial Assets and Financial Liabilities”	January 1, 2013
IFRS 10 “Consolidated Financial Statements”	January 1, 2013 (Investment entity took effect on January 1, 2014)
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendments to IAS 19 Employee Benefits	January 1, 2013
Amendments to IAS 32 Offsetting of Financial Assets and Financial Liabilities	January 1, 2014

The Company believes that the adoption of aforementioned 2013 version of IFRS endorsed by the FSC will not have any significant effect on the Company’s financial statements.

FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

- (b) The IFRS issued by IASB but not yet endorsed by FSC

New, revised and amended standards and interpretations for IFRS issued by the IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date Prescribed by 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”	January 1, 2016
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 Account”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “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
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Amendments to IFRIC Interpretation 21 “Levies”	January 1, 2014

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

(4) Summary of Significant Accounting Policies

The following significant accounting policies are adopted in the accompanying financial statements. Except for those additional accounting policy disclosures described herein, the significant accounting policies have been applied consistently to all the reporting periods presented in the financial statements.

- (a) Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the ROC Financial Supervisory Commission (FSC) (hereinafter referred to IFRS as endorsed by the FSC).

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FORMOSA GROUP (CAYMAN) LIMITED**NOTES TO FINANCIAL STATEMENTS****(b) Basis of preparation**Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in U.S. Dollars, which is the Company's functional currency.

(c) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

1. The asset is expected to be realized, or sold or consumed, during the Company's normal operating cycle;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within twelve months after the balance sheet date; or
4. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

1. The liability is expected to be settled during the Company's normal operating cycle;
2. The liability is held primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the balance sheet date; or

The Company does not have any unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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FORMOSA GROUP (CAYMAN) LIMITED**NOTES TO FINANCIAL STATEMENTS****(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank and call deposits with maturities of three months or less from the acquisition date, and with insignificant risk of changes in their fair value and high liquidity.

(e) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

(i) Financial assets

Financial assets are categorized into loans and receivables.

I. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, which comprise other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses, except for short-term receivables in which the effect of discounting is immaterial. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income from receivables is recognized in other income.

II. Impairment of financial asset

A financial asset is assessed for impairment at reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') that occurred subsequent to the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes delinquency or default (such as unpaid or delayed payment of interest or principal) by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an available-for-sale investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

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FORMOSA GROUP (CAYMAN) LIMITED**NOTES TO FINANCIAL STATEMENTS**

An impairment loss in respect of a financial asset measured at amortized cost is determined based on the excess of its carrying amount over the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses and recoveries on receivables are recognized in profit or loss.

III. Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income are recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(ii) Financial liabilities**I. Other financial liabilities**

Financial liabilities which comprise of long-term loans, and accounts and other payables, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in finance costs.

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FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

II. Derecognition of financial liabilities

A financial liability is derecognized when the contractual obligation thereon has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

III. Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Company has legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(5) Significant Accounts

(a) Long-term debts

	December 31, 2014			
	Currency	Interest rate	Expiration	Amount
Unsecured long-term debts	USD	1.3046%~1.5546%	2016~2017	\$ <u>1,613,000,000</u>

Unsecured long-term debts were obtained from HSBC and 8 other banks in 2014, which are payable in 2 to 3 years. Also, Formosa Plastics Corporation, Nan Ya Plastics Corporation, Formosa Chemicals & Fibre Corporation and Formosa Petrochemical Corporation have guaranteed these Company's unsecured long-term debts. Please refer to note 6 (c) for related information.

(b) Equity

On March 28, 2013, the Company was established with authorized share capital of \$50,000, divided into 50,000 ordinary shares with par value of \$1 per share. The shareholders of the Company were Formosa Plastics Corporation, Nan Ya Plastics Corporation, Formosa Chemicals & Fibre Corporation and Formosa Petrochemical Corporation. Each of these shareholders invested \$12,500, divided into 12,500 ordinary shares of the Company with par value of \$1. Also, the process for the registration thereof was completed.

As of December 31, 2013, and 2014, the Company's total authorized and issued capital stock both amounted to \$50,000, with \$1 par value per share.

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FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

(c) Non-operating income and expenses

(i) Other income

For the years ended December 31, 2013 and 2014, the components of other income were as follows:

	<u>2013.3.28~ 2013.12.31</u>	<u>2014</u>
Interest income	\$ <u>-</u>	<u>12,011,395</u>

(ii) Finance costs

For the years ended December 31, 2013 and 2014, the components of finance costs were as follows:

	<u>2013.3.28~ 2013.12.31</u>	<u>2014</u>
Interest expense	\$ -	9,286,955
Less: capitalized interest	<u>-</u>	<u>-</u>
	\$ <u>-</u>	<u>9,286,955</u>

(d) Financial Instruments

(i) Categories of financial instruments

I. Financial assets

	<u>For the years ended December 31</u>	
	<u>2013</u>	<u>2014</u>
Cash	\$ -	969,327
Other receivables — related parties	<u>-</u>	<u>1,616,452,379</u>
	\$ <u>-</u>	<u>1,617,421,706</u>

(Continued)

FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

II. Financial liabilities

	For the years ended December 31	
	2013	2014
Long-term debts	\$ -	1,613,000,000
Accrued expense and other current liabilities	-	1,654,637
	\$ -	<u>1,614,654,637</u>

(ii) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2014							
Non-derivative financial liabilities							
Unsecured long-term debts	\$,1,613,000,000	1,652,832,658	-	-	1,444,602,556	208,230,102	-
Accrued expenses	<u>1,654,637</u>	<u>1,654,637</u>	<u>1,654,637</u>	-	-	-	-
	\$ <u>1,614,654,637</u>	<u>1,654,487,294</u>	<u>1,654,637</u>	-	<u>1,444,602,556</u>	<u>208,230,102</u>	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities is described in Note 6(d)(ii).

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonably possible change in interest rate.

An increase of 1% in interest rates mainly from loans with floating interest rates at the reporting date would have decreased net income after tax by \$16,130,000 for the year ended December 31, 2014.

(Continued)

FORMOSA GROUP (CAYMAN) LIMITED**NOTES TO FINANCIAL STATEMENTS****(e) Fair value****(i) Fair value and carrying amount**

The Company considers the carrying amounts of other receivables (including related parties) and long-term loans and borrowings as a reasonable approximation of fair value.

(ii) Valuation techniques and assumptions used in fair value determination

The fair value of financial assets and liabilities reported at fair value through profit or loss. When quoted prices are unavailable, the fair value is determined by certain valuation techniques, using estimation and assumptions under existing market conditions which are obtainable by the Company.

(f) Financial Risk Management**(i) Framework of risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, and is responsible for developing and monitoring the Company's risk management policies.

The risk management policies are established to identify and analyze the Company's exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by the Internal Audit Department. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(ii) Market risk

Market risk is the risk of changes in market prices including those of financial instruments. As the Company does not have such financial instruments, management believes that the Company is not exposed to significant market risk.

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FORMOSA GROUP (CAYMAN) LIMITED

NOTES TO FINANCIAL STATEMENTS

(iii) Liquidity risk

Management believes that liquidity risk is not significant as the Company's operating funds are deemed sufficient to fulfill future financial obligation.

(6) Related-party Transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate Controlling Party of the Company.

(b) Significant related-party transactions

(i) Financing transactions

Financing transactions with related parties were as follows:

	Due from related parties (recognized as other receivables-related parties)	
	December 31, 2013	December 31, 2014
Other related parties	\$ <u>-</u>	<u>1,615,000,000</u>

As of December 31, 2014, the interest revenue from the above-mentioned transactions amounted to \$1,452,379, which was recognized as other receivables-related parties.

(c) Endorsements and guarantees

The Company's related parties, including Formosa Plastics Corporation, Nan Ya Plastics Corporation, Formosa Chemicals & Fibre Corporation and Formosa Petrochemical Corporation, provided a guarantee worth \$1,665,000,000 for the Company's long-term loan. As of December 31, 2014, the guarantee fee payable to the guarantors amounted to \$518,583, which was recognized under accrued expenses.

(7) Others

The nature of the Company's expenses were as follows:

	2013.3.28~ 2013.12.31	2014
Professional fees	\$ -	3,311
Others	<u>1,720</u>	<u>2,340</u>
Total	\$ <u>1,720</u>	<u>5,651</u>

(Continued)

FORMOSA GROUP (CAYMAN) LIMITED**NOTES TO FINANCIAL STATEMENTS****(8) Commitments and Contingencies**

On December 16, 2013, the Company signed a loan agreement with Formosa Ha Tinh Steel Corporation. Under this loan agreement, the Company granted a loan facility to Formosa Ha Tinh Steel Corporation with an aggregate principal amount not to exceed \$2,300,000,000 with expected drawdown schedule in the second quarter of 2014. As of December 31, 2014, Formosa Ha Tinh Steel Corporation's borrowing from the Company amounted to \$1,615,000,000.

(9) Subsequent Event

On February 11, 2015, the Company signed a syndicated loan agreement with the Bank of Taiwan, the lead bank of the syndicated loan, and 12 other banks for a loan of \$1,500,000,000. Such loan is intended to finance the construction of plant and accessory equipment of Formosa Ha Tinh Steel Corporation.