

Stock Code: 1314

Website:

1. <http://mops.twse.com.tw>
(MOPS)

2. <http://www.cpdcc.com.tw>
(Website of China Petrochemical
Development Corporation)

CHINA PETROCHEMICAL
DEVELOPMENT CORPORATION

Annual Report 2015

Published on May 29, 2016

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I. Company spokesman and deputy spokesman:

Spokesman

Name: Janson Yu

Job Title: Interim President

Tel. No.: (02)8787-8187, Ext. 8370

e-mail:investors@cpdc.com.tw

Deputy spokesman

Huang Tien-Hsun

Assistant Vice President

(02)8787-8187, Ext. 1194

e-mail:investors@cpdc.com.tw

II. Company and Plant address and Tel. Nos:

Name	Location	Tel. No.
Headquarters	11F, No. 12 Tunghsing Road, Songshan District, Taipei City	(02)8787-8187
Tou-Fen Plant	No. 217 Sec.2 Tzyh-Chyang Road, Tou-Fen township, Miaoli County,	(037)623-381
Da-Sheh Plant	No. 1 Chinchian Road, Da-Sheh district, Kaohsiung City	(07)351-3521
Hsiaokang Plant	No. 34 Chunglin Road, Hsiaokang District, Kaohsiung City	(07)871-1161

III. Shares Registrar:

Name: Shareholder Services Office of CPDC

Address: 3F, No. 12, Tunghsing Road, Taipei City

Tel. No.: (02)8978-2589

Website: <http://www.cpdc.com.tw>

IV. External Auditors in the most recent year

CPA Name: Melody Chen & Jeff Chen

Firm Name: KPMG Certified Public Accountants

Address: 68F, No. 7, Sinyi Road, Sec. 5, Taipei City

Tel. No.: (02)8101-6666

Website: <http://www.kpmg.com.tw>

V. Offshore secondary exchange and disclosure information available at:

Singapore Exchange

www.sgx.com

VI. Company Website: <http://www.cpdc.com.tw>

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One. Message to Shareholders

To All Shareholders:

The Company reported 2015 consolidated revenues of NT\$26.156 billion, net operating loss of NT\$1.794 billion and net profit after tax of NT\$83 million. Below is a detailed breakdown of the Company's 2015 performance:

1. Sales of Major Products

A total of 194,000 tons of Acrylonitrile (AN) and related byproducts were produced in 2015, 10,000 tons or 5% less than the 204,000 tons produced in 2014. Sales volume in tons decreased 10,000 tons or 5% from the 208,000 tons sold in 2014 to 198,000 tons in 2015. The production of Caprolactam (CPL) and related byproducts increased by 6,000 tons or 2% from 251,000 tons in 2014 to 257,000 tons in 2015. Sales volume in tons decreased by 11,000 tons or 5% from 246,000 tons in 2014 to 235,000 tons in 2015. The adjustments of production and sales were made primarily in response to the growing production capacities in China, and the changing industry landscape and sales plan.

2. Operating Revenue and Expense:

(1) Operating revenues of NT\$26.156 billion, decreased 21% or NT\$7.093 billion from NT\$33.249 billion in 2014, specifically:

- 1) The revenues from AN and related byproducts were NT\$ 9.3 billion, decreasing 31% or NT\$4.07 billion from NT\$13.073 billion in 2014. The decrease was mainly driven by a 5% decrease of sale volume, and a 32% decrease in unit price from 2014 for AN products.
- 2) The revenues from CPL and byproduct were NT\$12.822 billion, decreasing 26% or NT\$4.56 billion from NT\$17.381 billion in 2014. The decrease was mainly resulted from a 5% decrease in sales volumes, and a 28% drop in unit price from 2014 for CPL.
- 3) The revenues from other departments (including subsidiaries) were NT\$4.331 billion, increasing 55% or NT\$ 1.536 billion from NT\$ 2.795 billion in 2015. It is mainly because of the increase in the storage in subsidiary in China and the

increase in the income of the trading business in 2014.

(2) Net operating loss was NT\$1.794 billion, a decrease of 18% or NT\$0.381 billion from a net operating loss of NT\$2.175 billion in 2014. Since the economy in Asia remained weak and oversupply in China remained, these factors directly affected the purchasing power of our customers, resulting in weak price performance. However, efficiency improvements and cost down efforts contributed to gains of NT\$850 million in profits from CPL products. For AN products, additional capacity in 2015 but limited growth in demand by downstream customers pushed prices down, resulting in declines of profits by NT\$ 570 million. The overall operating costs declined by NT\$ 60 million compared to 2014.

(3) Non-operating profits was NT\$1.936 billion in 2014, a decrease of 23% or NT\$591 million, from NT\$2.527 billion in 2014. The difference is attributed to the reduced gains on revaluation of investment property by NT\$4.299 billion compared to 2014, and the increased gain on valuation of financial asset by NT\$ 1.198 billion compared to 2014. An estimated remediation expense of NT\$1.356 billion for the phase II remediation work at the Anshun Site, and NT\$1.215 billion asset write-off on equipment was also booked in 2014, which no further expenses this year.

Non-operating gain and loss this year includes:

- A. NT\$765 million from proportional interests in subsidiaries and affiliates recognized under the equity method.
- B. NT\$873 million from gain in revaluation investment properties under the fair value method.
- C. NT\$691 million loss from financial liability under the fair value method.
- D. Financing costs and other losses in the amount of NT\$392 million.

(4) 2015 net profit before tax was NT\$142 million, decreasing NT\$212 million or 60% from net profit of NT\$353 million in 2014.

(5) 2015 net income after tax was NT\$83 million or NT\$0.04 earnings per share.

Comparing to net income after tax of NT\$295 million or NT\$0.13 earnings per share in 2014, the net income after tax decreased NT\$212 million or 72%.

3. Financial Performance:

(1) Financial status: At the end of 2015, total consolidated assets amounted to NT\$75.755 billion; total liabilities was NT\$22.497 billion; and shareholder equity was NT\$53.258

billion.

(2) Key financial ratios: Current Ratio stood at 286%, Quick Ratio was 236%, and Debt Ratio (Debt to Total Assets) was 30%.

(3) Cash and cash equivalents status: Cash and cash equivalents inflow from operating, investing and financing activities was NT\$1.525 billion during 2015. The year-end balance was NT\$8.887 billion.

4. Key Management and R&D:

2015 key management initiatives include the following items: For production, the Company plans to build a factory at the Port of Kaohsiung for transportation and storage of NH₃ and Phenols. This can help the Company better control the raw material supply for CPL and AN efficiently. In addition to enhancing self-sufficiency and procurement flexibility for raw materials, the facility can effectively reduce production cost and adjust the production output with optimal manufacturing process for both CPL and AN in response to market demand. We also continued to promote electronic systems and automation to further reduce manufacturing costs and improve our productivity within the production plants. For labor safety and environmental protection, the Company has improved the equipment, emergency practices and check, and enhance the safety control on material lines and transportations under the regulations. The Company also pushes for carbon reduction, and the energy management system of the factories has passed the ISO50001 certification. For management, ERP system optimization, office automation and HR inventory systems were implemented to strengthen management. We also continued construction of an integrated information infrastructure incorporating technology R&D, market intelligence and engineering capability to support management decision-making and to respond to challenges brought by environmental change. As for financial management and capital planning, we intend to raise more capital from the capital markets or borrow loans from banks to support the needs of business expansion.

For the R&D segment, we classify efforts into three main categories: enhancing production processes, researching related products, and developing new products. The main purpose is to reduce manufacturing costs while introducing more energy saving and emission reducing (or “green”) production processes, which continues to be our priority. In addition to technology innovation for our current manufacturing process, CPDC has also set up a New Product Development team responsible for the development of

downstream derivatives products, functional polymer products and specialty chemicals, and investigate business opportunities and launch marketing campaigns for new products. With several new products and pilot plants continuing to come on stream, this new team will utilize these facilities to develop and test our own technology to underscore our leadership in the petrochemical industry. For this fiscal year, CPDC has already received approval for 30 new patents. An additional 7 applications were submitted and are currently in the approval process. In aggregate, CPDC has registered 157 invention patents over the years. Our intellectual property management system was the first system among our peers to be accredited by the Taiwan Intellectual Property Management System (TIPS), a system sponsored by the Industrial Development Bureau, Ministry of Economic Affairs.

5. Future Prospects

In recent years, with emerging Chinese competitors in the petrochemical industry and the price war on international markets, global energy, petrochemical, textile, plastics, and related downstream industries have been affected. Taiwan is not exempted from the changing industry landscape, and have to faces competition from South Korea and Japan. The structural change in the industry and heightened awareness of environmental protection makes expansion of bulk petrochemical products increasingly difficult. Along with severe challenges from volatile prices of raw materials, surging energy prices and tariff barriers, controlling raw materials, staying close to the market and expanding our capacity abroad, particularly in China, is the inevitable choice for CPDC.

To cope with the business opportunities from China and Southeast Asia, the Company has laid out an expansion roadmap in Rudong, China. With our advanced production techniques and talented personnel, an integrated petrochemical base will be built in several phases based on a rolling development strategy. We will establish a sustainable operations model by prioritizing manufactured products relating to our current products. Developing a cyclohexanone production line to enhance product competitiveness and to solve the issue of raw material integration is critical to our operations, and to stay closer to the market and to lower transportation and storage costs. This expansion plan will enable us to grasp market dynamics in production and sales and to establish a solid operation model to strengthen cross-strait competitiveness. Finally, the Company will continue to conduct business in a socially responsible manner, enhancing

our corporate governance practices and achieve triple bottom line sustainability.

Going forward, the management team will proactively seek breakthroughs and elevate competitiveness by endogenous growth and seize opportunities for future development to counteract drastic changes in the business environment. The Company will not only strengthen R&D and enhance product value, but will also advance our competitive edge in higher-value petrochemical products, and also explore new businesses to increase corporate competitiveness. The strategic development plan at home and abroad for the Company is to focus on raw material integration and then extend to downstream products, building a consistent production base overseas and reduce operational risks and develop competitiveness. Meanwhile, the Company is also working on environmental protection to fulfill corporate social responsibility. The Company has an old factory in Qianzhen district and in Kaohsiung. Located in the Kaohsiung Multifunctional Commerce and Trade Park have potential for redevelopment, and are in the final stages of pollution remediation and the environmental impact assessment, which can help re-construct these two areas and improve the Company's asset efficiency and achieve its mission towards sustainable development and to fully exploit its advantages to maximize value for the Company and its shareholders.

With the best wishes for your health and happiness!

By Ko Ming Lin, Chairman of Board



Two. Introduction to Company

I. Date of Incorporation

1. Date of incorporation: April 24, 1969
2. Date of registration of incorporation: July 8, 1969

II. Company Profile

The Company was founded on April 24, 1969 and the incorporation of the Company was approved by the Ministry of Economic Affairs on July 8, 1969. The Company's registered address is 11F, No. 12, Tunghsing Road, Songshan District, Taipei City. The Company and its subsidiaries are principally engaged in the business lines including production of chemical products related to crude oil, sodium chloride and phosphoric acid and their derivatives, and storage, transportation, purchase and marketing of related chemical products and raw materials & supplies. The Company's principal product lines include CPL, AN, CHIP and AS, et al..

Milestones:

1969	April 24	The Company was established as a State-Owned Enterprise, under the supervision of the Ministry of Economic Affairs.
1973	May	The ethane cracker was brought on stream, and shut down in September 1990.
1973	June	DMT Plant was brought on stream, and shut down in July 1982.
1976	June	No.1 Acrylonitrile unit of Da-Sheh on stream.
1979	January	No. 2 Acrylonitrile unit of Da-Sheh brought on stream.

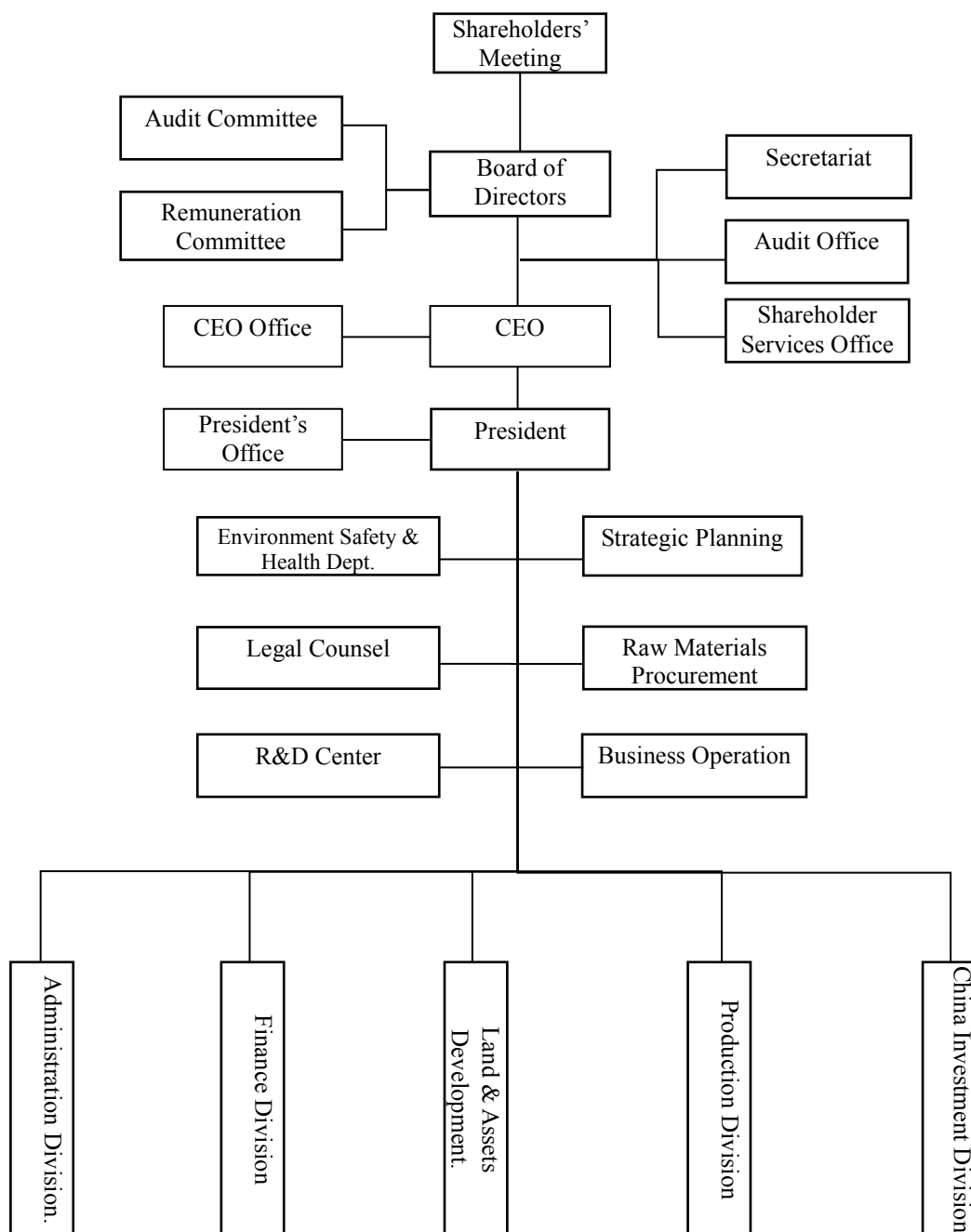
1982	May	Following the mandate from Ministry of Economic Affairs, the Company was merged with another State-Owned Enterprise, Chungtai Chemical Co., LTD.
1982	July	Following a mandate from the Ministry of Economic Affairs, the Company took over the Kaohsiung plant of Taiwan Alkali Co., Ltd. (changing the name to CPDC Chen-Jen Plant), which was shut down in May 1988.
1983	January	Following the mandate from Ministry of Economic Affairs, the Company was merged with another State-Owned Enterprise, China Phosphate Co., Ltd.
1983	April	Following a mandate from Ministry of Economic Affairs, the Company was merged with another State-Owned Enterprise, Taiwan Alkali Co., Ltd.
1985	March	Methanol and GAC units of Da-Sheh Plant were brought on stream.
1991	July 12	The Company's stocks were listed on the Taiwan Stock Exchange Corporation (TWSE), and CPC released 20% of the Company's stocks held by it.
1993	July	The Company's Kaoshiung Anone Plant was shut down.
1993	December	The Budget Economic Joint Committee of the Legislative Yuan passed a proposal for the Company's privatization.

1994	June 20	CPC released the Company's stock held by it once again, and the government-owned shareholding was reduced to 36.63% accordingly. The registration of change in the roster of shareholders was completed on the date, and the Company was privatized from a state-owned enterprise.
1999	September	The nylon chip unit was brought on stream.
2001	January	CPL Plant No. 3 (Hsiaokang Plant) and Co-gen units of Hsiaokang Plant and Tou-Fen Plant were brought on stream.
2002	November	Full implementation of an ERP System (Oracle ERP)
2003	December	Kaohsiung Plant (CPL Plant No. 1) was shut down.
2011	April	Hsiaokang Plant CPL Expansion Project test-run completed
2012	April	Hsiao Plant phenolic ketone unit test-run completed
2012	June	Da-Sheh Plant Acrylonitrile unit expansion project test-run completed
2012	October	Tou-Fen Plant CPL Expansion Project test-run completed
2012	November	The GAC unit was shut down.
2015	August	Tou-Fen Plant Tropolone factory test-run completed

Three. Report on Corporate Governance

I. Organization

(I) Organizational Chart



Data available until April 2016

(II) Operations and functions

1. Chef Executive Officer Office:

Responsible for assisting the CEO in corporate management, collecting operating information, cooperating with other departments, supervising progress on specific projects, ensure project execution and provide progress report of board meetings objectives.

2. General Manager Office:

Responsible for assisting the General Manager in operational planning and analysis, also in charge of communication between different departments, branches and offices, assist in cooperation between production, supply, and marketing departments to ensure integrated operations, and other appointed operational tasks.

3. Environment Safety & Health Center:

Responsible for planning and improving the Company's strategies about Safety, Health & Environment, public hazard prevention and fire protection, and planning, boosting and managing Safety, Health & Environment ISO system-related matters.

4. Legal Counsel:

Responsible for providing legal advice and opinion to the Company, reviewing the Company's contracts and legal instruments, and prosecuting the Company's litigation.

5. R&D Center:

Responsible for planning and execution of the Company's R&D strategies, develop new product opportunities for products and byproducts, and improve R&D performance of catalytic agents.

6. Strategic Planning:

Responsible for analysis of the Company's operating environment and market trends, researching business developments, developing business strategies, and developing

operational plans. Analyze & study the feasibility of identified investment projects, plan and execute industrial cooperative programs, and managing the Company's intellectual property rights (IPR).

7. Raw Materials Procurement:

Responsible for the procurement, supply, factory construction, expansion of facilities for raw materials used in the Company's production, and procurement and selection of the Company's construction contracts.

8. Business Operations:

Responsible for sale of such products as CPL, nylon chips, AS and AN and byproducts and derivative products thereof, and collection of market intelligence for various products.

9. China Operations:

Responsible for pre-planning for the Company's investments in Mainland China and execution of construction projects for the establishment of a factory in Mainland China.

10. Production Division:

Responsible for production, warehousing and inventory management of such products as CPL, nylon chips, AS and AN and byproducts and derivative products thereof.

11. Finance Division:

Responsible for financial income and expenditures, fund raising and allocation, financial planning and control, cashier/accounting management of cash and securities, preparation of financial statements, internal audit, review, preparation and management of budget, claim for tax credit/exemption and tax return, investor relations, and supervision of company investments and subsidiaries.

12. Administration Division:

Responsible for planning, delivery and maintenance of the

Company's information systems; planning of department organization, planning of human resources, recruitment, planning of compensation & benefits, management of job positions, performance management, talent training and development, employee relations and general affairs.

13. Land & Assets Development:

Responsible for acquisition, planning and development of land for the Company, real estate operations for business and property management, construction and sale of modern residential premises, and management of fixed assets.

II. Information About Director, President, Vice President, Assistant Vice President, and Head of Department and Branch

(I) Information about directors

1. Information about directors

April 26, 2016

Job Title (Note 1)	Nationality or registered country	Name	Election YA appointment Date	Term of Office	Shares at Election	Shares at Election		Current Shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience (Note 3)	Position(s) Held Concurrently in the Company and/or in any Other Company	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship		
						Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Job Title	Name	Relation
Chairman	Not Applicable	The Core Pacific Co., Ltd.	2015/0630	Three years until June 29, 2018	1994/726	39,285,806	1.693%	39,285,806	1.693%	0	0.000%	0	0.000%	N/A	N/A		N/A	
Institutional Representative of Chairman	Republic of China	Ke-Ming Lin	2015/0630	Three years until June 29, 2018	2012/0105	0	0.000%	0	0.000%	0	0.000%	0	0.000%	NCCU Department of International business Director and General Manager of Core Pacific - Yamachi	Chairman of Rich Equities Ltd. Chairman of Unichem Development Limited	None		
															Chairman and President of WEIDA (ZHANGZHOU) CONSULTANT SERVICE CO., LTD.			
															Director of Kaohsiung Monomer Co., Ltd.			
															Director of Taiwan Chlorine Industries Ltd.			
															Director of Tsou Seen Chemical Industries Corporation			
Vice Chairman	Not Applicable	BES Machinery Co., Ltd.	2015/0630	Three years until June 29, 2018	2010/0524	16,566,043	0.714%	16,566,043	0.714%	0	0.000%	0	0.000%	N/A	N/A		N/A	
															Director of Chemix International Corporation Director of Weihua (Rudong) Trade Co., Ltd.			
															Director of Weiqiang International Trade (Shanghai) Co., Ltd. Director of WEIDA PETROCHEMICAL CO., LTD.			

Job Title (Note 1)	Nationality or registered country	Name	Election /A Appointment Date	Term of Office	Shares at Election	Shares at Election		Current Shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience (Note 3)	Position(s) Held Concurrently in the Company and/or in any Other Company	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship		
						Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Job Title	Name	Relation
Institutional Representative of Chairman	Republic of China	Bai Jian-Nan	2015/6/30	Three years until June 29, 2018	2010/5/24	0	0.000%	0	0.000%	0	0.000%	0	0.000%	Master Degree Department of Economics of NTU Vice Chairman of BES ENGINEERING CORPORATION Ph.D. in Law, Institute of Economics, Chinese Culture University	Director of Living Mall Director of BES ENGINEERING CORPORATION Independent Director of Concord Securities Co., Ltd. Independent Director of MEGAFORCE COMPANY LIMITED Representative of juridical person director of Tai-wei Thauvex Therapeutics Co., Ltd.	None	None	None
Independent Director	Republic of China	Steve Chen Rex3-L.org	2015/6/30	Three years until June 29, 2018	2012/6/30	0	0.000%	0	0.000%	0	0.000%	0	0.000%	Department of Applied Economics in NCHU Minister, Ministry of Economic Affairs Chairman, Institute for Information Industry Chairman, Sinocon Industrial Standards Foundation Secretary-General, Cross-Strait Entrepreneur Summit	Independent Director of Formosa Chemicals & Fibre Corporation Independent Director of Invenice Corporation. Director of Sinocon Industrial Standards Foundation Director of HANNSTAR BOARD CORPORATION Director of Bank of Panshin Institutional Representative of ASIA CEMENT CORPORATION Institutional Representative of TEKKNOWLEDGE DEVELOPMENT CORP. Institutional Representative of POWERCHIP TECHNOLOGY CORPORATION Institutional Representative of POWERGATE OPTICAL, INC. Independent Director of NATURAL BEAUTY BIO-TECHNOLOGY LTD.	None	None	None
Independent Director	Republic of China	Chu Yun-Peng	2015/6/30	Three years until June 29, 2018	2012/6/30	0	0.000%	0	0.000%	0	0.000%	0	0.000%	Senior Research Engineer, Motorola Company, a US-based company Department of Economics in NTU Chairman, Kao Kuang Power Co. Ltd. Professor of Department of Economics in NCU	Independent Director of Nan Ya Plastics Corporation Independent Director of Adimare Chairman of CTCI Foundation Director of LUMING MARINE TRANSPORT CORP. Institutional Representative of GINTECH ENERGY CORPORATION	None	None	None

Job Title (Note 1)	Nationality or registered country	Name	Election /A Appointment Date	Term of Office	Shares at Election	Shares at Election		Current Shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degrees) Experience (Note 3)	Position(s) Held Concurrently in the Company and/or in any Other Company	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship		
						Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Job Title	Name	Relation
Independent Director	Republic of China	Pan Wen-Yan	2015/06/30	Three years until June 29, 2018	2013/06/28	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Master degree and Ph.D in Department of Chemical Engineering in University of Wyoming. Senior Research Engineer, Monsanto Company, a US-based company Chairman, Kuo Kuang Power Co. Ltd. President/ Chairman, CPC CTCI Foundation Chairman	Chairman of CTCI Foundation Independent Director of UPC TECHNOLOGY CORPORATION Director of U-JANG MARINE TRANSPORT CORP Institutional Representative of GINTECH ENERGY CORPORATION Institutional Representative of TTSHRC Director on CTCI	None	None	None
Director	Not Applicable	Care Pacific Group	2015/06/30	Three years until June 29, 2018	1994/07/26	39,285,806	1.693%	39,285,806	1.693%	0	0.0000%	0	0.0000%	N/A	N/A	N/A		
Representative of the Core Pacific Co., Ltd.	Republic of China	Kuan Ren Soong	2016/04/21	Three years until June 29, 2018	20/09/06/30	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Department of Law, National Chang Hsing University	Legal Director Representative, Jingguo housing agency Co. Ltd. Legal Director Representative, zhaoping technology Co. Ltd. Legal Director Representative, Spring Internet Development Co. Ltd. Legal Director Representative, BHS Engineering Corporation	None	None	None
Director	N/A	Jen Huei Enterprise Co., Ltd.	2015/06/30	Three years until June 29, 2018	20/06/06/30	16,123,959	0.695%	16,123,959	0.695%	0	0.0000%	0	0.0000%	N/A	N/A	N/A		
Institutional Representative of Director Jen Juei Enterprise Co., Ltd.	Republic of China	Guo Jian-Huei	2015/06/30	Three years until June 29, 2018	20/04/06/11	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Department of Accounting Soochow University General Manager of TPC	Director of CMC Magnetic Co. Ltd Director of SUNAGHI Co., Ltd Supervisor of ARIMA Co., Ltd	None	None	None
Director	N/A	Jen Huei Enterprise Co., Ltd.	2015/06/30	Three years until June 29, 2018	20/06/06/30	16,123,959	0.695%	16,123,959	0.695%	0	0.0000%	0	0.0000%	N/A	N/A	N/A		

Job Title (Note 1)	Nationality or registered country	Name	Election /A Appointment Date	Term of Office	Shares at Election	Shares at Election		Current Shareholding		Current Shares Held by Spouse and Children of Minor Age			Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience (Note 3)	Position(s) Held Concurrently in the Company and/or in any Other Company	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship		
						Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Shareholding	Ratio of	Quantity	Shareholding			Job Title	Name	Relation
Institutional Representative of Director Jen Hui Enterprise Co., Ltd	Republic of China	Wu Ting	2015/07/7	Three years until June 29, 2018	19940726	0	0.000%	800,000	0.034%	0	0.000%		0	0.000%	Department of Accounting Soochow University	Chairman of Core Pacific Yamachi Financial Consulting Corporation Chairman of Tsou Seen Chemical Industries Corporation Chairman of Agora Garden Taipei Legal director representative of C/PDC Engineering Co., Ltd Director of Taxes Therapeutics Corporation Director of Weihua (Guangdong) Trading Co., Ltd Director of Weiqiang International Trading(Shanghai) Co., Ltd Institutional Representative of Director Hongyi Construction Engineering Co., Ltd Institutional Representative of Director Kaohsiung Monomer Company	None	None	None
Director	Not Applicable	Shen Chuen-Chi Cultural and Educational Foundation	2015/06/30	Three years until June 29, 2018	20000524	1,781,269	0.077%	1,781,269	0.077%	0	0.000%		0	0.000%	N/A	N/A	N/A		
Representative of Shen Chuen-Chi Cultural and Educational Foundation	Republic of China	Lian-Sheng Tsa	2015/06/30	Three years until June 29, 2018	2012/06/30	0	0.000%	0	0.000%	0	0.000%		0	0.000%	Master Degree of Graduate Institute of China Studies TKU Department of International Trade TKU Director General, Intellectual Property Office, Ministry of Economic Affairs, R.O.C. Executive Secretary, MOEA Investment Commission, MOEA Secretary General, Bureau of Foreign Trade, MOEA Deputy Secretary General, Cross-Strait CEO Summit	Secretary-General of The Chinese National Federation of Industries Director of The Research and Development Institute of Vocational Training Republic of China Director of Asia Pacific Intellectual Property Association	None	None	None
Director	Not Applicable	Shen Chuen-Chi Cultural and Educational Foundation	2015/06/30	Three years until June 29, 2018	20000524	1,781,269	0.077%	1,781,269	0.077%	0	0.000%		0	0.000%	N/A	N/A	N/A		
Representative of Shen Chuen-Chi Cultural and Educational Foundation	Republic of China	Liu Kuen-Ming	2015/06/30	Three years until June 29, 2018	2012/06/30	0	0.000%	0	0.000%	0	0.000%		0	0.000%	Department of Electrical Engineering NTU Chairman, Premier Capital Management Corp. Chairman, Taiwan Venture Capital Association Director, Straits Economics & Cultural Interchange Association Vice Secretary of CSCS	Chairman and President of Premier Venture Capital Corp. President of Kun Chi Venture Capital Corp. Chairman of Ruby Tech Corp. Director of Dexin Corp. Director of AMIT , Inc. Director of Zipcom Corporation Director of Taiyi Precision Tech Corp. Director of Lung Hwa Electronics Co., Ltd Director of CORETEND Technology, Inc. Supervisor of United Integrated Services Co., Ltd.	None	None	None

Note 1: The institutional shareholder shall be identified by name and representative (in the case of institutional representative, please specify the institutional shareholder's name) and also complete the following Table 1.

Note 2: Please also specify if the initial term of office for the Company's director or supervisor is interrupted.

1. Mr. Wu Ting as Representative of The Core Pacific Co., Ltd. from June 30, 2006 until June 29, 2009, Representative of Sheen Chuen-Chi Cultural and Educational Foundation from June 30, 2009 until June 29, 2012. Reason of change: election

2. Mr. Kuan Ren Soong as Representative of Tianjing Investment Co. Ltd from June 30, 2009 until June 30, 2012. Reason of change: election

Note 3: Refers to experiences related to the current post. If the officer once assumed a post in a CPA Office or an affiliate of the Company, please specify the job title and responsibilities.

2. Major shareholders of corporate shareholders

April 26, 2016

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
Jen Huei Enterprise Co., Ltd	Ruan Sheng-Yuan (9.38%), Chen Shu-Chen (0.62%), Hsu Rue-Ping (9.38%), Hsu Ai-Chu (8.75%), Wu Ting (10.00%), Tsou Jing Technology Co., Ltd. (9.38%), Tien Jing Investment Co., Ltd. (8.75%)
The Core Pacific Co., Ltd.	Jinghua Investment Co., Ltd. (9.11%), Chen Chi Enterprise Co., Ltd. (9.29%), Jinghua Supermarket Co., Ltd. (8.49%), Hung Yi Construction Co., Ltd. (6.67%), Tang Lin-Mei (9.11%), Wu Ting (6.67%), Wu Chun-Feng (6.67%), Ching Ding Technology Co., Ltd. (7.74%), Hsu Rue-Ping (13.30%), Chang Tung-An (5.56%)
Sheen Chuen-Chi Cultural and Educational Foundation	(A foundation)
BES Machinery Co., Ltd.	BES Engineering Corporation (96.58%), Gu Chi-Kang (0.12%), Chen Wu-Hsiung (0.06%), Lin Sheng-Yi (0.05%), Lin Long-Chuan (0.05%), Liu Li-Chao (0.04%), Chi Hsin-Chun (0.03%), Lin Peng-Wan (0.03%), Wu Sheng-Yuan (0.03%), Chu Kuo-Ching (0.03%)

Note 1: For director or supervisor who acts as a corporate shareholder's representative, please specify the corporate shareholder's name.

Note 2: Please specify names of the major shareholders of the given corporate shareholder (top ten shareholders) and the ratio of shareholding. Where the major shareholder is a corporation, please complete the following Table 2.

3. Major Shareholders of Major Corporate Shareholder

April 26, 2016

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
BES ENGINEERING CORPORATION	China Petrochemical Development Corporation (CPDC) (7.37%), The Core Pacific Co., Ltd. (2.24%), Ding Yuan Investment Co., Ltd. (1.79%), Kuo Ching Investment Co., Ltd. (1.47%), Tong Development Industrial Co., Ltd. (1.39%), Dimensional Emerging Markets Value fund held at Citibank(1.38%), Central Bank of Norway Investment Account held at Chase Bank(0.93%), Huang Lang-Chu(0.88%), HSBC (Taiwan) Bank held in custody on behalf of UBS bank - lending transaction platform account(0.86%), Vanguard Total International Stock Index Fund held at Chase Bank (0.86%)
Jinghua Investment Co., Ltd.	Jinghua Investment Co., Ltd. Tien Jing Investment Co., Ltd. (6.75%), Jingdu Construction Development Co., Ltd. (9.94%), Kuo Ching Investment Co., Ltd. (9.00%), Chi Yong Development Industrial Co., Ltd. (9.00%), Wu Ting(30.00%), Ching Ding Technology Co., Ltd.(24.00%), Chen Chi Enterprise Co., Ltd. (11.25%)
Jinghua Supermarket Co., Ltd.	Fu Hsing Management Consultation Co., Ltd. (0.87%), Yuan Wei Enterprise Co., Ltd. (0.70%), Hsu Rue-Ping (0.85%), Cheng Li-Feng (1.93%), Cheng Chao-Wen (0.33%), Chang An-Tung (0.70%), Yu Fan-Lang (1.54%), Asia Pacific Industrial & Commercial Joint Admission Co., Ltd. (64.81%)
Hung Yi Construction Co., Ltd.	Tien Jing Investment Co., Ltd. (21.72%), Jingdu Construction Development Co., Ltd. (24.17%), Ching Ding Technology Co., Ltd. (2.53%), Living Mall (5.05%), Chang Tung-An (2.53%), Hsu Rue-Ping (2.53%), Yao Che-Sheng (6.06%), Wu Ting (12.63%), Chen Chi Enterprise Co., Ltd. (15.15%)
Ching Ding Technology Co., Ltd.	Hung Yi Construction Co., Ltd. (9.07%), Chen Chi Enterprise Co., Ltd. (29.07%), Fu Hsing Management Consultation Co., Ltd. (8.13%), Tsou Jing Technology Co., Ltd. (8.14%), Ching Chen Industrial Co., Ltd. (9.76%), Tang Lin-Mei (0.52%), Chang Tung-An (0.96%), Hsu Rue-Ping (1.57%), Fan Chen-Chun (3.21%), Chang Po Enterprise Co., Ltd. (8.95%)
Chen Chi Enterprise Co., Ltd.	Ching Ding Technology Co., Ltd. (15.00%), Jing Kuo Real Estate Agency Co., Ltd. (33.60%), Fang Yang Industrial Co., Ltd. (15.00%), Wu Chun-Feng (36.40%)
Tsou Jing Technology Co., Ltd.	Kuo Ching Investment Co., Ltd. (27.50%), Wu Ting (2.50%), Hsu Rue-Ping (33.75%), Wu Hseuh-Ming (1.25%), Tang Lin-Mei (2.50%), Yu Fan-Lang (5.00%), Chen Chi Enterprise Co., Ltd. (27.50%)
Tien Jing Investment Co., Ltd.	Wu Ting (17%), Yao Che-Sheng (5.56%), Hsu Rue-Ping (5.96%), Kuo Ching Investment Co., Ltd. (20.74%), Chen Chi Enterprise Co., Ltd. (2.91%), Ching Ding Technology Co., Ltd. (10.53%), Hung Yi Construction Co., Ltd. (21.42%)

Note 1: The names of the major corporate shareholders referred to in Table 1, if any, shall be specified.

Note 2: Please specify names of the major shareholders of the given shareholder (top ten shareholders) and the ratio of shareholding.

4. Information on Directors and Supervisors in professionalism and impartiality

April 26, 2016

Qualifications Name (Note 1)	More than 5 years of experience and the following professional qualifications			Status of independence (Note 2)										Number of public companies where the person holds the title as independent director
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities	Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required Work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8	9	10	
Ko-Ming Lin			✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Jiun-Nan Bai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Steve Ruey-Long Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yun-Peng Chu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Pan Wen-Yen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Jiun-Huei Guo			✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Lian-Sheng Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuen-Ming Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wu Ting			✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Soong Kun-Jen			✓			✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The number of spaces shall be adjusted subject to the actual circumstances.

Note 2: Respective directors and supervisors who meet the following qualifications 2 years before assumption of office and at the time of assumption office shall put a “✓” in the appropriate space.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (excluding the capacity of the independent director of the Company or its parents, or a subsidiary directly or indirectly held by the Company with more than a 50% stake).
- (3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
- (4) Not a spouse, kin at the second tier under the Civil Code, or a lineal blood relative within the third tier under the Civil Code as specified in (1) through (3).
- (5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
- (6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the Company.
- (7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provides business, legal, financial and accounting services to the

Company or its affiliates or a spouse to the aforementioned persons. However, this shall not apply to the remuneration committee members who exercise their powers in accordance with Article 7 of the Regulations on the Establishment of Remuneration Committees by TWSE/GTSM Listed Companies and their Exercise of Powers.

- (8) Not a spouse to or kin at the second tier under the Civil Code to any other director.
- (9) Not under any of the categories stated in Article 30 of the Company Act.
- (10) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.

(II) Information about President, Vice President, Assistant Vice President, and Head of Department and Branch

April 27, 2015

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Acting President	Republic of China	George Yeh	20121024	244,886	0.0111%	0	0.000%	0	0.000%	Section Manager, Manager, Factory Manager, Vice General Manager of CPDC Master Degree in NCKU Department of Chemical Engineerin	a.General Manager and director of Jiangsu Weiming Petrochemical Corporation b.Chairman of Weida (Zhangzhou) Consulting Corporation c.General Manager of Weida (Zhongzhou) Petrochemical Corporation d.Chairman of CPDC Engineering Co. Ltd	None	None	None

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Vice President	Republic of China	Janson Yu	20120427	0	0.0000%	917	0.0000%	0	0.0000%	Director and Chief Financial Officer of Living Mall Chief Financial Officer of Living Mall Co., Ltd. Department of Accounting in Fu-jen Catholic University	a.Chairman of BES ENGINEERING CORPORATION b.Supervisor of Praxair Chemax Semiconductor Materials Co., Ltd. c.Supervisor of Kaohsiung Monomer Co., Ltd. d.Supervisor of Chemax International Corporation e.Supervisor of Tsou Seen Chemical Industries Corporation f.Chairman of CPDC (BVI) g.Chairman of SHIFU Company h.Chairman of Weida (Zhangzhou) Consulting Corporation i.Chairman of Taivex Therapeutics Corporation j.Director of Tao Zhu Building Corporation k.Chairman of CPDC Engineering Co. Ltd l. Director of Weida(Zhangzhou) Petrochemical Corporation m. Director of China gemmini Corporation Ltd.	None	None	None

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Vice President	Republic of ChinaSusan Chu	Susan Chu	20120820	46,516	0.002%	0	0.000%	0	0.000%	Mao-Kuei Department of Information System Management Manager of Department of Information management in Microelectronics Technology Inc. (MIT) Manager of Department of information management in SAMPOTECH Department of Electronic Calculating in Ming Chuan University (MCU)	a.Supervisor of Weihua (Rudong) Trading (Shanghai) CO., LTD. b.Supervisor of Weiqiang International Trading (Shanghai) Co., LTD. c.Supervisor of Weinming (Jiangsu) Petrochemical Company d.Supervisor of Weida (Zhangzhou) Consulting Corporation e. Supervisor of Weida (Zhangzhou) Consulting Corporatona	None	None	None
Vice President	Republic of China	Lin Ching	20140213	0	0.000%	0	0.000%	0	0.000%	Team leader of Construction and Planning Agency Director of Administration of Yushan National Park Director of Administration of Shueipa National Park Director of Administration of Kenting National Park Master degree in Urban Planning in NCHU	a.General Manager of Tao Zhu Building Corporation	None	None	None
Lead Auditor	Republic of China	Yang Huei-Fan	20140108	0	0.000%	0	0.000%	0	0.000%	Administrator and Manager of CPDC Fu-Jen Catholic University Department of Business Administration	None	None	None	None

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Assistant Vice President	Republic of China	StevenChen	20060816	104,536	0.005%	0	0.000%	0	0.000%	Engineer of Chung Tai Resource Technology Corp. Chemical Engineer, Supervisor, Section, Vice Factory Chief, Factory Chief and Special Assistant of CPDC Vice General Manager of Kaohsiung Monomer Company General Manager of CPDC Chemical Engineering of Chung Yuan University	a. General Manager in Weihua (Rudong) Trade Company b. Weiqiang International Trading(Shanghai) Co., Ltd.	None	None	None
Assistant Vice President & Special Assistant of Chairman	Republic of China	Huang Tien-Shin	20131226	0	0.000%	0	0.000%	0	0.000%	Manager of CTBC Bank Assistant of SinoPac Securities Guest Lecture of Taiwan Corporate Governance Association (TCGA) Assistant of CPDC Department of Management in National Chiayi University Independent Director on Board of ACARD Technology Corp.	Director of CK guard Corporation	None	None	None
Project Assistant	Republic of China	Chi-Chun Chia	20130501	164	0.000%	0	0.000%	0	0.000%	Engineer of Chunglin Corporation Engineer, Supervisor, Manager of CPDC Chemical Fiber in National Taipei University of Technology	Vice general Manager and director of Jiangsu Weiming Petrochemical Corporation	None	None	None

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Assistant	Republic of China	Yong-Fu Liu	20140901	0	0.000%	0	0.000%	0	0.000%	Junior Manager of Sampo Securities Co., Ltd Junior Manager of Jinghua Core Pacific Securities Auditor Manager of Technology Engineering in Cotech Group Manager of Waterland Securities Assistant of Yuanfu Core Pacific Securities Master Degree of MBA in Indiana University U.S.	a.Supervisor of Chemax International Corporation b.Supervisor of Taivex Therapeutics Corporation c.Director of BVI d.Director of Shiftu Corporation e.Supervisor of CPDC	None	None	None
Assistant	Republic of China	Tsai Chia-Wei	20150501	16,585	0.001%	18,344	0.001%	0	0.000%	Ph.D. in MOES of National Sun Yat-sen University Engineer, Specialist, Manager, Assistant in CPDC	None	None	None	None
Factory Chief	Republic of China	Chien hsien Li	20130501	62,027	0.003%	52,000	0.002%	0	0	Supervisor, Specialist, Manager and Factory Chief of CPDC	None	None	None	None
Factory Chief	Republic of China	Yuan-Long Chen	20140519	42,496	0.002%	0	0.000%	0	0.000%	Master Degree Department of Chemical and Materials Engineering National Central University in National Central University Factory Chief of CCP Manager of CTTIC Group Corporation Chief Engineer of Taiwan Industrial and Mine Corporation Assistant of ARCHWELL Corporation Manager, Factory Chief of CPDC Master Degree in Chemical Engineering of NTU	None	None	None	None

Job Title	Nationality or Registry	Name	Election Date	Status of Shareholding		Current Shares Held by Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Positions Held Concurrently in any Other Companies	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship		
				Quantity	Ratio %	Quantity	Ratio %	Quantity	Ratio %			Job Title	Name	Relation
Factory Chief	Republic of China	Jen Wei	20130501	1,281	0.0000%	0	0.0000%	0	0.0000%	Supervisor, Specialist, Manager, Factory Chief of CPPC Master Degree in Department of Chemical Engineering of Chinese Culture University	None	None	None	None

Data about shareholding available until the date when the registration of stock transfer was suspended at the general shareholders' meeting 2016.

(III) Remuneration to Directors (including Independent Directors), Supervisors, President and Vice Presidents

1. Remuneration to Directors (including independent directors) (names and remuneration thereof to be disclosed individually)

December 31, 2015 Currency Unit: NTD Thousand

Job Title	Name	Remuneration to Directors						The sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 11)		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G to Earnings after Tax (%) (Note 11)		Remuneration from investees other than subsidiaries (Note 12)				
		Remuneration (A) (Note 2)	Pension (B)		Remuneration of Directors (C) (Note 3)		For Services (D) (Note 4)		Salaries, bonus and special subsidies (E) (Note 5)	Pension (F)		Remuneration of Employee (G) (Note 6)				Quantity of shares entitled under employee stock option (H) (Note 7)	Quantity of limited employee new shares obtained (I) (Note 13)							
		The Company	The Company		The Company		The Company		The Company	The Company		The Company		The Company		The Company		The Company		The Company				
		All companies included into the financial statement (Note 8)	All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)	All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)		All companies included into the financial statement (Note 8)				
Chairman & CEO	Representative of the Core Pacific Co., Ltd.: Ching-Jing Sheen	0	0	0	287	287	0	56	0.300%	0.359%	12,464	12,464	0	0	33	0	33	0	0	0	0	13.382%	13.441%	0
Director	Representative of the Core Pacific Co., Ltd.: Ko-Ming Lin	0	0	0	145	145	0	66	0.152%	0.221%	4,860	4,860	0	0	22	0	22	0	0	0	0	5.262%	5.331%	118
Director & Vice Chairman	Representative of BES Machinery Co., Ltd.: Jun-Nan Bai	0	0	0	287	287	0	20	0.300%	0.321%	5,214	5,214	0	0	0	0	0	0	0	0	0	5.758%	5.779%	0

Job Title	Name	Remuneration to Directors						The sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 11)	Remuneration in the capacity as employees										The sum of A, B, C, D, E, F and G to Earnings after Tax (%) (Note 11)		Remuneration from investees other than subsidiaries (Note 12)										
		Remuneration (A) (Note 2)	Pension (B)		Remuneration of Directors (C) (Note 3)		For Services (D) (Note 4)		Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Remuneration of Employee (G) (Note 6)				Quantity of shares entitled under employee stock option (H) (Note 7)	Quantity of limited employee new shares obtained (I) (Note 13)													
		The Company	All companies included into the financial statement (Note 8)		The Company	All companies included into the financial statement (Note 8)		The Company	All companies included into the financial statement (Note 8)		The Company	All companies included into the financial statement (Note 8)		The Company	The Company		Cash dividend	Stock dividend	All companies included into the financial statement (Note 8)		Cash dividend	Stock dividend	The Company	All companies included into the financial statement (Note 8)		The Company	All companies included into the financial statement (Note 8)		The Company	All companies included into the financial statement (Note 8)	
Director	Representative of Jen Hwei Enterprise Co., Ltd.: Jiun-Huei Guo	0	0	0	287	287	284	284	0.598%	0.598%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.598%	0.598%	0	
Director	Representative of Jen Hwei Enterprise Co., Ltd.: Wu Ting	0	0	0	287	287	24	110	0.326%	0.4156%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.326%	0.4156%	88		
Director	Jen Hwei Enterprise Co., Ltd.	0	0	0	0	0	115	115	0.120%	0.120%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.120%	0.120%	0			
Director	Representative of Jen Hwei Enterprise Co., Ltd.: Yang Shao-Hsing	0	0	0	0	0	5	5	0.005%	0.005%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.005%	0.005%	0			
Director	Representative of Sheen Chueh-Chi Cultural and Educational Foundation: Lian-Sheng Tsai	0	0	0	287	287	264	264	0.577%	0.577%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.577%	0.577%	0			

Job Title	Name	Remuneration to Directors						Remuneration in the capacity as employees										The sum of A, B, C, D, E, F and G to Earnings after Tax (%) (Note 11)		Remuneration from investees other than subsidiaries (Note 12)		
		Remuneration (A) (Note 2)	Pension (B)	Remuneration of Directors (C) (Note 3)	For Services (D) (Note 4)	The sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 11)	Salaries, bonus and special subsidies (E) (Note 5)	Pension (F)	Remuneration of Employee (G) (Note 6)				Quantity of shares entitled under employee stock option (H) (Note 7)	Quantity of limited employee new shares obtained (I) (Note 13)								
		The Company	All companies included into the Financial statement (Note 8)	The Company	All companies included into the Financial statement (Note 8)	The Company	All companies included into the Financial statement (Note 8)	The Company	All companies included into the Financial statement (Note 8)	The Company	The Company				All companies included into the Financial statement (Note 8)	The Company	All companies included into the Financial statement (Note 8)	The Company	All companies included into the Financial statement (Note 8)			
	Representative of Sheen Chuoh-Chi Cultural and Educational Foundation: Kuen-Ming Lin	0	0	287	287	268	268	0.581%	0.581%	0	0	0	0	0	0	0	0	0	0	0.581%	0.581%	0
Director	Yu-Lun Ou	0	0	0	141	141	128	128	0.282%	0.282%	0	0	0	0	0	0	0	0	0	0.282%	0.282%	0
Independent Director	Steve Ruey-long Chen	2,400	2,400	0	0	0	0	0	2.512%	2.512%	0	0	0	0	0	0	0	0	0	2.512%	2.512%	0
Independent Director	Yun-Peng Chu	2,400	2,400	0	0	0	0	0	2.512%	2.512%	0	0	0	0	0	0	0	0	0	2.512%	2.512%	0
Independent Director	Pag Wen-Yen	2,400	2,400	0	0	0	0	0	2.512%	2.512%	0	0	0	0	0	0	0	0	0	2.512%	2.512%	0

Note 1: Directors' names shall be identified one by one (corporate shareholders shall be identified by the corporate shareholder's name and representative individually, and the various payments shall be summarized and then disclosed. If a director also acts as a president or vice president concurrently, please specify this table and the following table (3-1) or (3-2).

Note 2: The remuneration to directors in the most recent year (including director's salary, duty allowance, severance pay, bonus and reward, et al.).

Note 3: The remuneration to directors approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year.

Note 4: The directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, et al.). If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by the Company to the driver, but exclude the same from the remuneration.

Note 5: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) in the most recent year. If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by the Company to the driver, but exclude the same from the remuneration.

Note 6: If the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) received employee bonus (including stock dividend and cash dividend) in the most recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also specify the table 1-3.

Note 7: It means the quantity of shares which may be subscribed for by the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) under the employee stock option (excluding those already executed) until the date of publication of the annual report. Please complete this table and also table 15.

Note 8: Please disclose the aggregate of the remuneration paid to the Company's directors by all companies included into the consolidated financial reports (including the Company).

Note 9: The aggregate of the remuneration to each director by the Company shall include the director's name disclosed in the relevant space of the following table.

Note 10: The aggregate of the remuneration paid to each of the Company's directors by the companies included into the consolidated financial reports (including the Company) shall include the director's name disclosed in the relevant space of the following table.

Note 11: The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 12: a. To specify whether the Company's directors have received remuneration from investees beyond subsidiaries.

b. If the Company's directors have received remuneration from investees beyond subsidiaries, please include the same into Section J in the following table and changed the name of the section into "all investees".

c. The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's directors who acted as the directors, supervisors or managerial officers of investees other than subsidiaries.

Note 13: It means the quantity of limited employee new shares obtained by the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) until the date of publication of the annual report. Please complete this table and also table 15-1 (N/A to the Company).

* The remuneration disclosed herein is different from the income referred to in the Income Tax Law conceptually. Therefore, the breakdown is only intended for disclosure of information, instead of taxation.

* The remuneration disclosed herein is disclosed based on estimations and on an accrual basis.

Note 14: a. Election on 2015 make Ko-Ming Lin as Representative of the Core Pacific Co., Ltd.:

b. Representative of Jen Hwei Enterprise Co., Ltd collects transportation cost/ since representative change from Yang Shao-Hsing to Wu Ting) Representative of Jen Hwei Enterprise Co., Ltd. Yang Shao-Hsing resigned on 2015/07/07, replace with new representative Wu Ting.

2. Remuneration to President and Vice President (Summarized in accordance with the Range of Remuneration disclosed)

December 31, 2015 Currency Unit: NTD Thousand

Job Title	Name	Salary (A) (Note 2)		Pension (B)		Cash incentives and special discretionary allowance etc. (C) (Note 3)		Amount for employee remuneration (D) (Note 4)				The sum of A, B, C and D in proportion to Earnings After Tax (%) (Note 9)		Employee stock options granted (Note 5)		Quantity of limited employee new shares obtained (Note 11)	Remuneration from investors other than subsidiaries (Note 10)
		All companies included into the financial statement (Note 6)	The Company	All companies included into the financial statement (Note 6)	The Company	All companies included into the financial statement (Note 6)	The Company	The Company		All companies included into the financial statement (Note 6)		All companies included into the financial statement (Note 6)	The Company	All companies included into the financial statement (Note 6)	The Company		
Chairman & CEO	Ching-Jing Sheen							Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend						
Director & Vice Chairman	Jiun-Nan Bai																
Special Assistant of CEO	Ko-Ming Lin																
Acting President	George Yeh																
Vice President, Finance Dept.	Janson Yu	26,212	26,212	0	0	12,664	12,851	131	0	131	0	40.83%	41.03%	0	0	0	265
Vice President Administration Dept.	Susan Chu																
Vice President of Department of Land Development	Lin Ching																

* Any positions correspondent to president or vice president (e.g. President, CEO or Director, et al.) shall be disclosed, irrelevant with job titles.

Breakdown of Remuneration

Breakdown of remuneration paid to president and vice president	Name of President or Vice President	
	The Company (Note 7)	All companies included into the financial statement (Note 8) E
Less than NT\$2,000,000		
NT\$2,000,000 thousand (inclusive) ~ NT\$5,000,000 (exclusive)	Ko-Ming Lin, Janson Yu, Susan Chu, Lin Ching,	Ko-Ming Lin, Janson Yu, Susan Chu, Lin Ching,
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Jiun-Nan Bai, George Yeh	Jiun-Nan Bai, George Yeh
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Ching-Jing Sheen	Ching-Jing Sheen
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
NT\$100,000,000 or more		
Total	7 people	7 people

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Note 1: The name of president or vice president shall be identified one by one, and the various payments shall be summarized and then disclosed.

Note 2: Please specify the salary, duty allowance and severance paid to the presidents and vice presidents in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the presidents and vice presidents in the most recent year. If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by the Company to the driver, but exclude the same from the remuneration.

Note 4: Please specify the employee bonus (including stock dividend and cash dividend) to be allocated to the presidents and vice presidents as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also specify the table 1-3. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 5: It means the quantity of shares which may be subscribed for by the presidents and vice presidents under the employee stock option (excluding those already executed) until the date of publication of the annual report. Please complete this table and also table 15. (N/A to the Company).

Note 6: Please disclose the aggregate of the remuneration paid to the Company's presidents and vice presidents by all companies included into the consolidated financial reports (including the Company).

Note 7: The aggregate of the remuneration to each president or vice president by the Company shall include the president's or vice president's name disclosed in the relevant space of the following table.

Note 8: The aggregate of the remuneration paid to each of the Company's presidents and vice presidents by the companies included into the consolidated financial reports (including the Company) shall include the president's and vice president's names disclosed in the relevant space of the following table.

Note 9: The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 10: a. To specify whether the Company's presidents and vice presidents have received remuneration from investees beyond subsidiaries.

b. If the Company's presidents and vice presidents have received remuneration form investees beyond subsidiaries, please include the same into Section E in the following table and changed the name of the section into "all investees".

c. The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's presidents and vice presidents who acted as the directors, supervisors or managerial officers of investees other than subsidiaries.

Note 11: It means the quantity of limited employee new shares obtained by the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) until the date of publication of the annual report. Please complete this table and also table 15-1.

Note 12: Mr. Lui jun ended his service as a Key Manager on September 24, 2015.

* The remuneration disclosed herein is different from the income referred to in the Income Tax Law conceptually. Therefore, the breakdown is only intended for disclosure of information, instead of taxation.

* The remuneration disclosed herein is disclosed based on estimations and on an accrual basis.

3. Employee bonus amount paid to managerial officers:

Employee bonus amount paid to managerial officers:

December 31, 2015

Currency Unit: NTD Thousand

	Job Title (Note 1)	Name (Note 1)	Stock Dividend	Cash Dividend	Total	Proportion to Earnings After Tax (%)
Managerial Officer	CEO	Ching-Jing Sheen	0	301	0	0
	Special Assistant	Ko-Ming Lin				
	Acting President	George Yeh				
	Vice President	Janson Yu				
	Vice President	Susan Chu				
	Vice President	Lin Ching				
	Assistant	Huang Tien Shin				
	Assistant	Jia Chi Chung				
	Assistant	Steven Chen				
	Assistant	Yong-Fu Liu				
	Assistant	Tsai Jia Wei				
	Lead Auditor	Yang Huei fan				
	High Commissioner	Su shi sen				
	High Commissioner	Chen Yi Yan				
	High Commissioner	Zhang Sen mu				
	Accounting Manager	Chen Ying Chun				
	Factory Manager	Chien hsien Li				
	Factory Manager	Yuan Long Chen				
	Factory Manager	Jen Wei				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: Please specify the employee bonus (including stock dividend and cash dividend) to be allocated to the managerial officers as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of managerial officers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

- (1) President and equivalents;
- (2) Vice president and equivalents;
- (3) Assistant vice president and equivalents;
- (4) Chief of Financial Dept.;

- (5) Chief of Accounting Dept.;
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any director, president or vice president has received employee bonus (including stock dividend and cash dividend), please complete table 1-2 and also this table.

(IV) Specify and compare the remuneration to directors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent 2 years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk:

Total remuneration paid to directors, presidents, and vice presidents (calculated based on estimations and on an accrual basis) in proportion to the earnings after tax:

2015		2014	
The Company	All companies included into the consolidated financial statements	The Company	All companies included into the consolidated financial statements
51.61%	52.05%	14.863%	14.935%

Total remuneration paid to directors, presidents, and vice presidents of the Company in proportion to the earnings after tax is analyzed as following:

Reason for percentage difference of the remuneration amount of after-tax income increased in 2015 versus 2014, is due to the 2015 after-tax income of NT\$95.531 million being less than the 2014 after-tax income of NT\$304.449 million, which declined substantially by 68.62%. Results of the percentage of remuneration amount for director, president, and vice president of after-tax income increased in 2015 versus 2014.

The remuneration to the Chairman (full-time) and directors of the Company was based on the remuneration, transportation allowance and attendance allowance applicable in the same industry domestically and overseas, taking the performance and risk into consideration, and paid in accordance with Article 28 of the Company's Articles of

Incorporation. Meanwhile, according to Article 32 of the Articles of Incorporation, 2% of the earnings shall be allocated as remuneration to directors according to the motion for allocation of shareholders' dividend. Balance of the company's net income in 2014 is zero after distribution of taxes, legal reserves and earned surplus in accordance with the law or relevant authorities. No remuneration to directors was allocated. The remuneration to the Company's presidents and vice presidents (including salary, allowance and bonus, et al.) will be evaluated based on market intelligence, seniority, responsibilities, experience, performance and risk, and paid in accordance with Article 29 of the Company Act. The Company established the Remuneration Committee in September 2011. As the companies included into the consolidated financial statements are invested and wholly owned by the Company, the Company's remuneration policy shall apply to them.

III. Status of Corporate Governance

(I) Operations of the Board

1. The Board held 12 meetings (A) in 2015. The attendance record of directors & supervisors is listed below:

1. The 19th Board held Five meetings in 2015

Job Title	Name (Note 1)	Representative	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 2)	Remark
Chairman	The Core Pacific Co., Ltd	Ching-Jing Sheen	5	0	100%	
Vice Chairman	BES Machinery Co., Ltd	Jiun-Nan Bai	5	0	100%	
Independent Director	Steve Ruey-Long Chen		3	2	60%	
Independent Director	Yun-Peng Chu		5	0	100%	
Independent Director	Pan Wen-Yen		5	0	100%	
Director	Sheen Chuen-Chi Cultural and Educational Foundation 1	Lian-Sheng Tsai	3	2	60%	
Director	Sheen Chuen-Chi Cultural and Educational Foundation 2	Kuen-Ming Lin	2	0	40%	
Director	Jen Huei Enterprise Co., Ltd 1	Jiun-Huei Guo	5	0	100%	
Director	Jen Huei Enterprise Co., Ltd 2	Ko-Ming Lin	5	0	100%	
Director	Yu-Lun Ou		1	0	20%	No attendance by proxy. Leave requested.

Other notes:

- I. Concerning items listed in Article 14-3 of the Securities and Exchange Act as well as items in board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing, the minutes shall clearly state the meeting date, period, content of the resolution, opinions of all independent directors, and the Company's handling of the opinions of the independent directors: None for this year.
- II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: 2015/02/25 Board discussion of nominate independent director and director.
- III. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation: One additional independent director was elected at the shareholders' meeting 2013, and then the Audit Committee was established. Nine meetings were called in 2015.

Note 1: For director or supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

- Note 2: (1) Where a specific director or supervisor may be relieved from duties before the end of the fiscal year, please specify their date of discharge in the ‘Remarks’ Section. Their actual attendance rate (%) to the Board session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.
- (2) Where an election may be held for filling the vacancies of director or supervisor before the end of the fiscal year, please list out both the new and the discharged directors or supervisors, and specify if they are the former directors or supervisor, or newly elected, re-elected, and also the date of the reelection. Their attendance rate (%) to Board session shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

2. The 20th Board held Seven meetings in 2015

Job Title	Name (Note 1)	Representative	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 2)	Remark
Chairman	The Core Pacific Co., Ltd. 1	Ching-Jing Sheen	5	2	71%	
Vice Chairman	BES Machinery Co., Ltd	Jiun-Nan Bai	6	0	86%	
Independent Director	Steve Chen Ruey-Long		7	0	100%	
Independent Director	Yun-Peng Chu		6	0	86%	
Independent Director	Pan Wen-Yen		6	1	86%	
Director	The Core Pacific Co., Ltd. 2	Ko-Ming Lin	6	1	86%	
Director	Sheen Chuen-Chi Cultural and Educational Foundation 1	Lian-Sheng Tsai	4	1	57%	
Director	Sheen Chuen-Chi Cultural and Educational Foundation 2	Kuen-Min Lin	4	2	57%	
Director	Jen Huei Enterprise Co., Ltd 1	Jiun-Huei Guo	7	0	100%	
Director	Jen Huei Enterprise Co., Ltd 2	Wu Ting	6	0	86%	

Other notes:

- I. Concerning items listed in Article 14-3 of the Securities and Exchange Act as well as items in board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing, the minutes shall clearly state the meeting date, period, content of the resolution, opinions of all independent directors, and the Company’s handling of the opinions of the independent directors: None for this year.
- II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: 2015/08/13 Board meeting of salary motion.
- III. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation: One additional independent director was elected at the shareholders’ meeting 2013, and then the Audit Committee was established. Nine meetings were called in 2015.

Note 1: For director or supervisor who is a corporation, please specify the corporate shareholder’s name and its representative’s name.

- Note 2:
- (1) Where a specific director or supervisor may be relieved from duties before the end of the fiscal year, please specify their date of discharge in the ‘Remarks’ Section. Their actual attendance rate (%) to the Board session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.
 - (2) Where an election may be held for filling the vacancies of director or supervisor before the end of the fiscal year, please list out both the new and the discharged directors or supervisors, and specify if they are the former directors or supervisor, or newly elected, re-elected, and also the date of the reelection. Their attendance rate (%) to Board session shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

(II) The function of Audit Committee or supervisors' participation in the function of Board of Directors

The Audit Committee held 9 meetings (A) during 2015; the attendance of independent directors is summarized as follows:

Job Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Independent Director	Steve Chen Ruey-Long	9	0	100	
Independent Director	Yun-Peng Chu	9	0	100	
Independent Director	Pan Wen-Yen	5	4	56	
Other notes: I. Resolution(s) passed pursuant to Article 14-5 of the Securities and Exchange Act and resolution(s) not passed by the Audit Committee but receiving the consent of two thirds of the board of directors members shall clearly state the meeting date, term, contents of proposal and resolution thereof, opinions of all audit committee members and the Company's handling of said opinions: None II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None III. Communication between independent director and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.) None					

Note:

- * Where an independent may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks' Section. His/her actual attendance rate (%) to the Board session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office .
- * Where an election may be held for filling the vacancies of independent director before the end of the fiscal year, please list out both the new and the discharged independent directors and specify if they are the former independent directors, or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to Board session shall be calculated on the basis of the number of meetings called and the actual number of sessions they attended, during the term of office.

(III) Status of Corporate Governance, and any nonconformity to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:

Assessment Item	Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
I. Conformity to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and disclosure of Corporate Governance Best-Practice Principles	✓		The Company has proposed to the twentieth board, on the 7th meeting of the board of directors on December 24, 2016 concerning the principles of internal control for the Company and other principles of management is in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	No deviation
II. Equity structure and shareholders' equity				
(I) Internal procedures for suggestions, questions, disputes and litigation from shareholders.	✓		The Company has established its own corporate governance principles in accordance with the Company Act to respect and estimate the suggestions from shareholders. In order to protect shareholders' rights. The Company's website also provide a platform of contacting with investors to deal with suggestions, entanglement or other requesting items. None of above has occurred in this annual year. All above are in accordance with Article 13. in Corporate Governance Best Principles for TWSE/GTSM Listed Company.	No deviation
(II) Control over the list of major shareholders and the controlling parties of such shareholders	✓		The Company submits the report as required based on the information updated and made available by directors, managerial officers and major shareholders from time to time. The Company established the Shareholder Services Office in 2012 to deal with the shareholders' affairs, and controlled the distribution of major shareholders' equity and changes in equity of the controlling party of the major shareholders. Conformity to the Article 13 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	No deviation
(III) Establishment and implement of risk control mechanism and firewall between the Company and its affiliates	✓		The assets, liabilities, financial management responsibilities between the Company and its affiliates were all handled in accordance with the relevant laws and the Company's internal control system. Conformity to the Article 14 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	No deviation
(IV) Internal regulations prohibiting insider trading	✓		Article 10 of the company's Guiding Rules of Moral Behaviors prohibits insider trading.	No deviation

Assessment Item	Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
III. Organization of the Board and its duties				
(I) Establishment and implement of guidelines for diversity of the composition of the board of directors	✓		All members of the board have the knowledge, skills, and experiences necessary to perform their duties for the achievement of corporate governance. Conformity to the Article 20 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies	No deviation
(II) Other functional committees other than a remuneration committee or audit committee required by laws		✓	The company is planning to establish a nomination committee and risk management committee.	The company is also planning to establish functional committees in conformity to Article 27 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
(III) Rule establishment and annual assessment of performance of the Board of Directors	✓		The Company has established the performance evaluation and the methods, and being approved by the board in accordance with Article 37 Corporate Governance Best-Practice Principles for the TWSE/GTSM Listed Companies.	No deviation
(IV) Regular review and assessment of the impartiality and independence of the external auditor	✓		The Company's external auditor is an internationally reputable accounting firm. The Board of Directors assess and retain the external auditor periodically per year. Meanwhile, the Company shall rotate CPAs as needed. Conformity to the Article 29 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies	No deviation
IV. Communication channels with stakeholders, establishment of investors' relations office on websites and proper response to stakeholders' concerns of corporate social responsibility	✓		The Company established the spokesman and deputy spokesman system, and also installed the investors' relations office to communicate and negotiate with stakeholders and shareholders. Meanwhile, the Company also established the shareholder services office dedicated to dealing with shareholders' affairs.	No deviation

Assessment Item	Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
V. Commission of professional organizations for general meetings		✓	In 2012, the Company established the Shareholders' Service Committee in charge of shareholders' services.	In 2012, the Company established Shareholders' Service Committee in charge of shareholders' services.
VI. Disclosure				
(I) Establishment of a website for the disclosure of its financial Status and status of corporate governance.	✓		The Company's website fully disclosed the Company's management philosophy, corporate governance, product & business lines and financial information. Conformity to the Article 10 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies	No deviation
(II) Adoption of other means for disclosure such as setting up an English website, appointing personnel to gather and disclose relevant information, properly implementing the spokesman system, and posting the meetings minutes with institutional investors on websites	✓		The Company has established the spokesman system and also installed the investors' relations office dedicated to gathering and releasing the Company's messages, and updated the information posted on the website pursuant to the relevant laws periodically, and disclosed important messages from time to time, and linked with TWSE "MOPS" to fulfill the disclosure. Conformity to the Article 10 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies	No deviation
VII. Other important information facilitating understanding of the functioning of corporate governance (such as the state of employees' rights and interests, concerning employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and	✓		The company has installed the investors' relations office dedicated to gathering and releasing the Company's messages, and updated the information posted on the website pursuant to the relevant laws periodically, and disclosed important messages from time to time, and linked with TWSE "MOPS" to fulfill the disclosure. Directors' annual trainings are disclosed on TWSE "MOPS" to fulfill disclosure requirements. Liability insurance for directors is in accordance with the Article 19 of the Company's Article of Incorporation and the Article 39 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	No material deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Assessment Item	Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
liability insurance purchased by the Company for directors and supervisors)				
VIII. Corporate governance self-assessment reports or corporate governance assessment reports from professional organizations on commission (If yes, please specify Board of Director's comments (or commissioned assessment), major deficiencies (or suggestions) and improvements.) (Note 2)		✓	The Company did not commission professional organizations for corporate governance assessment reports, but self-assesses its systems and improves the status of corporate governance.	The company has not conducted or commissioned professional organizations for corporate governance reports

Note 1: Reasons for checks of “Yes” or “No” of status should be specified in “Summary Description” column.

Note 2: The “Corporate Governance Self-assessment Report” is for the Company to assess and explain the operation and enforcement in accordance with corporate governance self-assessment categories.

(IV) Establishment, functions, and operations of Remuneration Committee, if any:

According to the Company's Articles of Association for Remuneration Committee, the Committee consists of three members, including one convenor acting as the chairperson and on behalf of the Committee externally. The Company re-elected directors and supervisors and also elected independent directors in June 2012. For the time being, the Remuneration Committee members include one independent director. Independent Director Steve Ruey-Long Chen was elected as the convenor by all of the members.

Functions of the Remuneration Committee:

1. Define and periodically review the performance appraisal on directors and managerial officers and the policy, system, standard and structure of the remuneration.
2. Periodically evaluate and define the remuneration to directors and managerial officers.

The Remuneration Committee shall perform the functions referred to in the preceding paragraph in the following manners:

1. With respect to the performance assessment and remuneration of directors and managerial officers of the Company, it shall refer to the normal pay applicable in the same industry, taking into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payable to directors and managerial officers and the time for payment of the variable part of remuneration.

(1) Information about Remuneration Committee Members

ID (Note 1)	Qualifications Name	More than 5 years of experience and the following professional qualifications			Status of independence (Note 2)								Number of public companies where the person holds the title as Remuneration Committee member	Remark (Note 3)
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities	Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required Work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8		
Independent Director	Steve Ruey-Long Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	4	Convenor of 3 rd Term (Note 4)
Others	Chen Sung-Yong			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Others	Gao Kong-Lian			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Please specify director, independent director or others.

Note 2: Respective members who meet the following qualifications 2 years before assumption of office and at the time of assumption office shall put a “✓” in the appropriate space.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (excluding the capacity of independent director of the Company or its parents, or a subsidiary directly or indirectly held by the Company with more than a 50% stake).
- (3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
- (4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third tier under the Civil Code as specified in (1) through (3).
- (5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
- (6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in a business or financial relationship with the Company.
- (7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provides business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
- (8) Not under any of the categories stated in Article 30 of the Company Law.

Note 3: If the member's identity refers to a director, please specify whether Paragraph 5 of Article 6 of the Regulations on the Establishment of Remuneration Committees by TWSE/GTSM Listed Companies and their Exercise of Powers is met.

Note 4: The 2nd term end at June 29th, 2015. Three member was elected member of Remuneration Committee at July 9th, 2015 meeting of the Board for 3rd term. The first meeting of Remuneration Committee

held at July 17th, 2015, Steve Ruey-Long Chen was elected as the convenor by all of the members. The term of office commences the same time as the term of 20th Board member (June 30, 2015 until June 29, 2018).

(2) Information on the status of the Remuneration Committee

1. The Company's Remuneration Committee consists of 3 members.

2. Current term of office:

The 2nd term of office commences from June 30, 2012 until June 29, 2015 (at the same time when the term of office of the board member of the 19th term expires)

The 3rd term of office commences from June 30, 2015 until June 29, 2018 (at the same time when the term of office of the board member of the 20th term expires)

The Committee held 3 meetings (A) in 2015, and the attendance of the Committee members is summarized as follows:

Job Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convenor	Steve Ruey-Long Chen	3	0	100	(Note 3)
Member	Chen Sung-Yong	3	0	100	
Member	Gao Kong-Lian	2	1	67	

Other notes:

- I. If the board of directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the board of directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None
- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.

Note:

- (1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks' Section. His/her actual attendance rate (%) to the committee meeting shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, during his/her term of office.
- (2) Where an election may be held for filling the vacancies of committee member before the end of the fiscal year, please list out both the new and the discharged committee members, and specify if

they are former members or newly elected, re-elected, and also the date of the reelection. Their actual attendance rate (%) to committee meetings shall be calculated on the basis of the number of meetings called and the actual number of meetings they attended, during the term of office.

- (3) The third committee of three members are re-elected by Board on July 9, 2015 and held the first committees meeting on July 17, 2015, elected Steve Ruey-Long Chen as convenor..

(V) Implementation of Corporate Social Responsibility:

Assessment Item	Status (Note 1)			Deviation from the Corporate Social Responsibility Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
I. Implementation of corporate governance				
(I) Policy of corporate social responsibility and review on results of implementation	✓		The Company established a “Corporate Social Responsibility Committee.” With the establishment of the committee, coordination and integration of different departments is enabled for sustainable development. The operating framework of the committee is divided into 3 sections - the “Management & Governance Team”, “Social Relations Team” and the “Sustainable Environment Team.” Also, an Executive Secretariat is appointed and is dedicated to the execution and promotion of the committees’ related affairs. The company has established its own corporate social responsibility guidelines, which is submitted to the chairman and subject to the board of directors and audit committee for a resolution.	Conformity to Article 4 of the Principles
(II) Periodical education of social responsibility	✓		The company annually promotes or conducts education about social responsibility, which is focused on the economic, environmental and social issues generated by operating activities.	Conformity to Article 8 of the Principles
(III) Promotion of social responsibility by the Company’s full-time (part-time) functional units, Handling by and reports to Board of Directors	✓		The Company established a “Corporate Social Responsibility Committee” in September, 2013. The General Manager acts as the chairman, and three vice presidents are in charge of supervising the three teams responsible for corporate social responsibility-related programs.	Conformity to Article 7 of the Principles
(IV) Policy of reasonable salaries, combination of staff performance evaluation and social responsibility systems, and establishment of reward and punishment system	✓		The company’s incentive plans has a reasonable salary plan, as well as integrates a staff performance evaluation system, corporate social responsibility system and national labor policy. The company has established a distinct and effective reward and penalty system on personnel management.	Conformity to Article 9 of the Principles
II. Development of a sustainable environment				
(I) Striving to raise resource usage effectiveness, reduce environmental impact and improve use of recyclable materials	✓		In addition to use of recycled paper and classification & recycling of waste, the Company is also dedicated to upgrading the utilization of various production resources and the production rate, and reducing relative waste. The Company would also report and	Conformity to Article 12 of the Principles

Assessment Item	Status (Note 1)			Deviation from the Corporate Social Responsibility Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
(II) Establishment of an environmental management system appropriate to the characteristics of its industry.	✓		discuss production efficiency in the management meeting on a monthly basis to ensure control over the utilization of various resources. The Company's environmental management system was established in accordance with ISO 14001, and certified by a third certification entity, (e.g. Bureau of Standards, Metrology & Inspection, M.O.E.A.).	Conformity to Article 13 of the Principles
(III) Environmental management units and staff dedicated to improving environmental performance	✓		1. The Company and its subsidiaries were all mindful of the impact of climate change on their operating activities. The three plants subordinated to the Company have also entrusted a competent certification company to complete a survey on the emission of the Company's greenhouse gases under ISO 14064-1, and also received the relevant certificate. The Company has set the objective for energy saving and carbon reduction and reduction of greenhouse gases by 2% each year accordingly, and audited the implementation thereof. 2. In order to boost the reduction of greenhouse gases, the Company worked with their neighbor, CSC, to boost the integration of regional energies to upgrade the utilization of energy and resources, reduce emission of pollution, and fulfill corporate social responsibilities. 3. The Company established the management system of energy conservation in three factories in 2016 to get qualification of ISO 50001.	Conformity to Article 17 of the Principles
III. Social welfare				
(I) Management policy and procedure in accordance with relevant regulations, laws and the International Bill of Human Rights	✓		The Company established work rules in accordance with the relevant labor laws to protect employees' legal interests and rights. The rules were approved by the city government for future reference.	Conformity to Article 18 of the Principles
(II) Establishment of employee complaint channels and proper handling	✓		The company provides effective and proper complaint channels regarding violation of labor rights and interests to ensure the process of complaints equal and transparent.	Conformity to Article 18 of the Principles
(III) Safe and healthy work environment, and regular employee safety and health education	✓		1. The Company established a health and safety management system in accordance with the TOSHMS/CNS 15506 and OHSAS 18001 boosted by Council of Labor Affairs,	Conformity to Article 20 of the Principles

Assessment Item	Status (Note 1)			Deviation from the Corporate Social Responsibility Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
(IV) Establishment of the mechanism for periodic communication with employees, and notification to employees of the circumstances which might materially affect the operation in a reasonable manner	✓		Executive Yuan, which was also certified by a third certification entity (e.g. Bureau of Standards, Metrology & Inspection, M.O.E.A.). The Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures. 2. The Company has been dedicated to providing health care services to employees, including full-time resident physicians and nurses. The factory premises were equipped with an infirmary, and each site was equipped with emergency medical facilities. The Company also arranges annual physical examinations for all employees, and provide them with relevant health instructions and education. 1. The three plants have established their own labor-employee committees. Meanwhile, a corporate labor-employee committee was established throughout the Company, which convened a meeting once every three months. All of the resolutions made at the meeting were executed upon being reviewed and approved. The Company would also communicate important messages to employees via the computer network and emails. 2. The representative acting on behalf of the labors in the employee-labor committee shall be elected by the labor union.	Conformity to Article 22 of the Principles
(V) Plans of effective career and capacity development	✓		The company creates a friendly environment for employees' career, and provides them with effective capacity training programs so as to enrich employees with professional and management skills.	Conformity to Article 21 of the Principles
(VI) Establishment of policies protecting consumer rights and interests and complaint platforms based on R&D, purchase, production, operation and service procedures	✓		The company's purchase, production, operation and service procedures shall ensure transparency and security of its products and service and implementation in operating activities.	Conformity to Article 23 of the Principles
(VII) Marketing and labeling of products and service in accordance with relevant	✓		The company's products are marked in accordance with relevant laws and international standards.	Conformity to Article 24 of the Principles

Assessment Item	Status (Note 1)			Deviation from the Corporate Social Responsibility Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
laws and international standards				
(VIII) Evaluation of suppliers with environmental and social impacts before cooperation	✓		Prior to business dealings, the company would evaluate if suppliers have records of environmental and social impacts in order to prevent transactions with companies that violate its corporate social responsibility policy.	Conformity to Article 26 of the Principles
(IX) Contracts including terms of rights to terminate or rescind a contract at any time when suppliers violate its social responsibility policy and cause major impacts on the environment and the society	✓		When signing contracts, the Company would ensure both sides comply with its social responsibility policies and include terms of rights to terminate or rescind a contract at any time when suppliers violate its social responsibility policy and cause major impacts on the environment and the society.	Conformity to Article 26 of the Principles
IV. Strengthening information disclosure				
(I) Disclosure of information related to the relevance and reliability of the company's commitment to corporate social responsibility on its website or on TWSE "MOPS"	✓		The Company published the "2013 CSR Report" in August 2014, to be prepared based on GRI G4 and AA1000, and submit the same to a third party certification organization to ensure the credibility and impartiality of the CSR report. Prior to publishing the report, the Company would install the CSR exclusive zone on its website, announce the CSR-related issues, and provide stakeholders with information about feedback channels.	Conformity to Articles 28 and 29 of the Principles
V. If the Company has established its own corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: China Petrochemical Development Corporation and its three factories volunteer to hold social welfare activities in promoting our business strategy of corporate social responsibility. The activities include donations to remote schools, donations of Christmas gift to children living in remote areas, donations of blankets in the winter time, adoption of the social education center by the Xiaogang Plant, sponsorship of a stricken rebirth charity road run by Da-Sheh Plant, visit by schools (Toufen Plant visited by National Taiwan University - Chemical Engineering), promotion of a Corporate Sustainability practice programs with the National Taiwan University-Graduate Institute of Environmental Engineering.				
VI. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: The Company's Welfare Committee will organize the employees' travels periodically to keep employees healthy, both physically and mentally. Co-sponsors environmental protection workshops, e.g. organization of the Environmental Protection Administration Soil and Groundwater Environmental protection Law & Regulation System and Technology Workshop (visit to An-Shun Site).				

Assessment Item	Status (Note 1)			Deviation from the Corporate Social Responsibility Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
VII. Verification of Company products or the Corporate Social Responsibility Report according to the standards of relevant certifying organizations, if any: The “2013 CSR Report” was prepared based on GRI G4 and AA1000, and submitted to a third party certification organization, Bsi, to ensure the creditability and impartiality of the CSR report.				

(VI) Corporate observance of ethical business practices and adopted measures

1. Implementation of ethical business practices

Assessment Item	Status (Note 1)			Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	Summary Description	
I. Establish ethical business policies and programs				
(I) The Company has the ethical business policy expressed explicitly in the Company’s regulations and external documents, as well as the active implementation committed by the board of directors and management.	✓		The “CPDC Ethical Business Best-Practice Principles” and “CPDC Ethical Conduct Best-Practice Principles” were ratified at the meeting of the board of directors on May 15, 2012, in order to implement corporate governance. For implementation thereof, the “CPDC Ethical Business SOP and Conduct Guidelines” were promulgated via CPDC Tsung-Kuan-Jen No. 2013040027 dated April 25, 2013, and “CPDC Ethical Conduct Best-Practice Principles at Each Level and Program Thereof” was promulgated via CPDC Tsung-Kuan-Jen No. 2013040028 dated April 25, 2013, in order to develop and execute the program, implement and ensure an ethical business policy.	Conformity to Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies
(II) Prevention program for	✓		According to Article 16 of the Company’s “CPDC Ethical Business SOP and Conduct Guidelines”, the	Conformity to Ethical Business Best-Practice

Assessment Item	Status (Note 1)		Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	
unethical behavior regulated by the Company, as well as the carrying out of operating procedures, behavior guidelines, discipline of violation and complaint system, and implementation of the program. (III) Prevention manners for business activities with a high risk of unethical behavior within the scope of their business listed in Paragraph 2 of the Article 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies	✓		Company announced its ethical business policy to the public, and disclosed its ethical business policy in its internal regulations, annual reports, website or other promotional materials. The Company would also announce the policy in such public events as product presentation or investor conferences in a timely manner, so as to enable its suppliers, customers or other relevant entities and staff to clearly comprehend its ethical business philosophy and regulations. The Company prepared the “CPDC Ethical Business SOP and Conduct Guidelines” as required, and also announced its ethical business policy, established the ethical business evaluation prior to creation of the business relations, explained the ethical business policy to trading counterparts, avoided trading with unethical business operators, and precisely implemented the ethical business clauses defined in contracts, according to said SOP and Guidelines. Meanwhile, the Company should organize the ethical business education & training program or propagation for the Company’s staff at least once a year, to enable the staff to fully comprehend the Company’s determination to implement the Company’s ethical business, the Company’s ethical business policy, prevention measures, and consequence for commitment of unethical conduct. Principles for the TWSE/GTSM Listed Companies Conformity to Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies
II. Implement ethical business (I) Evaluation of individuals that have a record of unethical behavior and regulation of the ethical	✓		When entering into a contract with another party, the Company should verify the overview of the other party’s ethical business and would expressly state, at least, the following terms in the contract by including ethical business into the contract terms and conditions: 1. If either party is involved in any unethical conduct in business activities, the other party may terminate or Conformity to Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies

Assessment Item	Status (Note 1)		Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	
code of conduct in the business contract.			rescind the contract unconditionally.
(II) Promotion of ethical business by the Company's full-time (part-time) functional units subject to Board of Directors, and regular reports of status of the supervision to Board of Directors	✓		2. Define definite and reasonable payment terms, including place of payment, mode thereof, and the relevant taxation laws and regulations to be met, et al. The Company established the Legal Affairs Center and HR Division to boost the ethical business. Meanwhile, the HR Division should handle the amendments to and execution, interpretation and consultation services of the SOP and Conduct Guidelines and documentation of the contents of reporting, which should be executed by the Audit Office and reported to the board of directors periodically.
(III) The implementation of the Company's prevention of interest conflict policy and the appropriate reporting channel	✓		If any employee subject to punishment considers that the Company's response action could be unfair and thereby infringe his/her legal interest and right, he/she may file a complaint, as remedy, in accordance with the "CPDC Guidelines for Dealing With Employees' Complaints."
(IV) The implementation of the Company's effective accounting system and internal control system for the implementation of ethical business, as well as periodical audits by internal	✓		The Company has already defined an effective accounting system and internal control system, and also executed and implemented the same as required. The Company will have the audit department conduct the audit periodically and report the audit result to the board of directors.

Assessment Item	Status (Note 1)		Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	
auditors or committed accountants			
(V) Periodical education and training of ethical business	✓		The Company provides guidance of the “CPDC Ethical Business Best-Practice Principles” and “CPDC Ethical Conduct Best-Practice Principles” for directors for at least once a year, in order to implement corporate governance. In addition, the Company assigns lecturers from the legal department to provide guidance of the “CPDC Ethical Business Best-Practice Principles” and “CPDC Ethical Conduct Best-Practice Principles” for employees.
III. The operation of reporting system			
(I) Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues	✓		The Company has already included the ethical business into employees’ performance appraisal and HR policy, and established clear and valid reward & penalty and complaint systems. The Company’s staff who materially violate the ethical business conduct shall be disciplined in accordance with “CPDC Worker Reward & Penalty Enforcement Rules”. If any employee subject to punishment considers that the Company’s response action should be unfair and thereby infringes his/her legal interest and right, he/she may file a complaint, as a remedy, in accordance with the “CPDC Guidelines for Dealing With Employees’ Complaints.” Job title and name of the Company’s staff who violates the ethical business conduct, if any, and date of violation, details about the violation and status of response to the violation, will be disclosed on the intranet. For the time being, no discipline or complaint is imposed or filed pertaining to the violation of ethical business.
(II) SOP and security mechanism for reporting	✓		According to Article 11 of CPDC Ethical Conduct Best-Practice Principles, the Company would handle reported cases in bcc form and do best to protect the whistleblower’s information security. Threats or revenge against whistleblowers are not allowed.
(III) Protection of whistleblower from improper discipline	✓		According to Article 11 of CPDC Ethical Conduct Best-Practice Principles, the Company would handle reported cases in bcc form and do best to protect whistleblower’s information security. Threats or revenge against whistleblowers are not allowed.
IV. Disclosure of ethical business	✓		The information posted on the Company website would be updated from time to time subject to the amendments

Assessment Item	Status (Note 1)		Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies, and reasons thereof
	Yes	No	
principals and implementation results on its website or TWSE "MOPS"			made by the competent authority. The internal regulations would be amended and updated from time to time and the importance thereof would be propagated with due diligence. The "investor relations" section was also set up on the website to update the Company's internal important information and financial information, and install the contact method available for investors' suggestions and comments.
V. If the Company has established its own ethical business principles based on "Ethical Business Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: No discrepancy.			
VI. Other important information regarding the Company's ethical business (e.g., reviewing and amending the Company's ethical business principles): According to the Company's Ethical Business Principles, the Company promulgated the "CPDC Ethical Business SOP and Conduct Guidelines" via CPDC Tsung-Kuan-Jen No. 2013040027 dated April 25, 2013, and also implemented the ethical business policy as defined. The subsidiaries have not yet defined their own ethical business principles. Notwithstanding, they will implement the same, step by step, by taking into consideration the current overview and relevant laws & regulations.			

2. Adopted measures

The Company has defined a "fair trade policy" in the first paragraph of the "Business Conduct Policy", in order to enable the public interest to deserve the best protection under fair competition if no collusion or conspiracy is created among competitors. The Fair Trade Act benefits all parties of various economic, political and social groups. The Company's Administration department has restated its adherence in all philosophies under the fair trade principles. Therefore, under the principle encouraging to seek profit through legal and valid means, any acts of the Company are conducted pursuant to laws.

For the sake of ethical business and sustainable development, the Company complies with laws and regulations and social requirements, and remains fully committed to fulfilling its corporate social responsibility. In order to enable customers to receive high-quality products, the Company ensures that a quality control procedure is followed during the

acquisition of raw materials, storage, production and output. The Company realizes that by pursuing excellence in product quality, remains the best weapon against strong competitors in the world and also supports the Company's ethical business philosophy. Therefore, the Company has successively implemented multiple comprehensive quality control movements earlier, such as "5S", "TPM", "TQM", "HAZOP" and "SHAPE-UP", and received relevant certification under ISO9002 from the Bureau of Standards, Metrology & Inspection, M.O.E.A. in 1997 and the certification under ISO14001 from the Bureau of Standards, Metrology & Inspection, M.O.E.A. in 1998.

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

1. The Company prepared the relevant regulations and status in accordance to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", and disclosed the following important regulations or status on the Company's website:
 - (1) Articles of Incorporation
 - (2) Rules Governing the Proceedings of Shareholders' Meeting
 - (3) Rules Governing Duties and Responsibilities of Independent Directors
 - (4) Rules Governing Duties and Responsibilities of Supervisors
 - (5) Rules for Election of Directors
 - (6) Rules Governing Review of Information about Directors
 - (7) Parliamentary Rules of Directors' Meeting
 - (8) Continuing education of directors/supervisors
 - (9) Articles of Association for Audit Committee
 - (10) Articles of Association for Remuneration Committee
 - (11) Organization and implementation of internal audit
 - (12) CPDC Employees' Business Conduct Policy

- (13) CPDC Guiding Rules of Moral Behaviors
 - (14) CPDC Ethical Corporate Management Best Practice Principles
 - (15) Internal Important Information Processing SOP
 - (16) Spokesman and Deputy Spokesman SOP
 - (17) Procedures for Loans, Endorsements, and Guarantees
 - (18) Procedures for the Acquisition or Disposal of Assets
 - (19) Receivable Accounts Assessment Policy
 - (20) Registration Procedures for Attending Shareholder Meetings
 - (21) CPDC Code of CSR Practice
 - (22) CPDC Code of Corporate Governance
 - (23) CPDC operating procedures for suspension and resumption of trading
2. Access to the Company website at <http://www.cpdcc.com.tw>, where the information about the Company's finance and corporate governance is disclosed.

(VIII) Other information enabling better understanding of the Company's corporate governance:

1. The "Operating Procedures for the Handling of Internal Material Information" was prepared in order to manage the Company's internal material information and this procedure has been communicated to all directors, managerial officers and employees. The procedures are posted on the Company's intranet to be bound by all employees to prevent any violations of laws and regulations.
2. For every newly elected director, on their appointment, a director's manual and handbook and the latest announcements are distributed to each director of the Company. Also, the latest manual for insider trading prepared by TWSE and the Company's important policies and procedures will also be distributed to each insider including directors and managerial officers.

3. Continuing education of directors 2015:

Job Title	Name	Election Date	Date of Continuing Education		Organizer	Class Name	Hours	Whether Continuing Education Complies with Requirements (Note) From
			From	Until				
Independent Director	Steve Chen Ruey-Long	2015/06/30	2015/09/08	2015/09/08	Taiwan Corporate Governance Association	Trade Secrets Act and Practical Strategies for Merger and Acquisition	6.0	YES
			2015/09/24	2015/09/24	Taiwan Corporate Governance Association	How to follow the Trade Secrets Act and Talk on Laws regarding Corporate Governance	3.0	YES
Independent Director	Chu Yun-Peng	2015/06/30	2015/09/22	2015/09/22	Taiwan Academy of Banking and Finance	Operations of the board and Corporate Governance	3.0	YES
			2015/11/20	2015/11/20	Securities and Future Institute	Listed Company training by FPG, Directors and Supervisors meeting(including Independent directors)Blueprint of Corporate Governance and social responsibility	3.0	YES
Independent Director	Pan Wen-Yen	2015/06/30	2015/01/22	2014/01/22	Securities and Future Institute	Social Responsibility report- Meeting of Sustainable developing value	3.0	YES
			2015/04/14	2015/04/14	Taiwan Academy of Banking and Finance	Future Competitiveness of the Company; CSR	3.0	YES
Representative of corporate shareholder	Sheen Ching-Jing	2015/06/30	2015/09/24	2015/09/24	Taiwan Corporate Governance Association	How to follow the Trade Secrets Act and Talk on Laws regarding Corporate Governance	3.0	YES
			2015/12/11	2015/12/11	Taiwan Corporate Governance Association	CSR and sustainable corporate governance		
Representative of corporate shareholder	Bai Jiun-Nan	2015/06/30	2015/09/24	2015/09/24	Taiwan Corporate Governance Association	How to follow the Trade Secrets Act and Talk on Laws regarding Corporate Governance	3.0	YES
			2015/10/29	2015/10/29	Taiwan Securities Association	Legal liability of directors and supervisors on Laws regarding Corporate Governance	3.0	YES
Representative of	Ko-Ming Lin	2015/06/30	2015/09/24	2015/09/24	Taiwan Corporate Governance	How to follow the Trade Secrets Act and	3.0	YES

Job Title	Name	Election Date	Date of Continuing Education		Organizer	Class Name	Hours	Whether Continuing Education Complies with Requirements (Note) From
			From	Until				
corporate shareholder					Association	Talk on Laws regarding Corporate Governance		
			2015/12/11	2015/12/11	Taiwan Corporate Governance Association	CSR and sustainable corporate governance	3.0	YES
Representative of corporate shareholder	Guo Jiun-Huei	2015/06/30	2015/09/24	2015/09/24	Taiwan Corporate Governance Association	How to follow the Trade Secrets Act and Talk on Laws regarding Corporate Governance	3.0	YES
			2015/10/08	2015/10/08	Taiwan Corporate Governance Association	Labor laws and legal liability of the Company's directors	3.0	YES
Representative of corporate shareholder	Tsai Lian-Sheng	2015/06/30	2015/12/11	2015/12/11	Taiwan Corporate Governance Association	CSR and sustainable corporate governance	3.0	YES
			2015/12/18	2015/12/18	Securities and Future Institute	Directors and supervisors (including of independence) meeting- laws liability and risk management of untruth Financial report	3.0	YES
Representative of corporate director	Lin Kueng-Ming	2015/06/30	2015/08/04	2015/08/04	Taiwan Corporate Governance Association	Corporate Governance of Listed Company	3.0	YES
			2015/12/16	2015/12/16	Taiwan Corporate Governance Association	Responsibility and duties of Directors and Supervisors in Securities and Exchange Act	3.0	YES
Representative of corporate director	Wu Ting	2015/06/30	2015/09/24	2015/09/24	Taiwan Corporate Governance Association	How to follow the Trade Secrets Act and Talk on Laws regarding Corporate Governance	3.0	YES
			2015/12/11	2015/12/11	Taiwan Corporate Governance Association	CSR and sustainable corporate governance	3.0	YES

Note: Whether it complies with the hours, scope, system and arrangement of continuing education and information disclosure defined in the "the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies".

4. Continuing education of directors/managerial officers:

- (1)The Company invited the vice president manager - Mr. Tseng Yun from the Risk management Company of Deloitte, Taiwan via the Taiwan Corporate Governance Association, to teach the Company's directors and managerial officers about "How to follow the Trade Secrets Act and Improve Corporate Governance" in September 2015.

Date/Time: 9:00 A.M. ~ 12:00 P.M., September 24, 2015

Topic: How to follow the Trade Secrets Act and Improve Corporate Governance

Trainer: Tseng Yun (Vice President from Deloitte)

Name list of directors/managerial officers attending the continuing education programs:

Chairman	Ching-Jing Sheen
Vice Chairman	Jiun-Nan Bai
Independent Director	Steve Ruey-Long Chen
Director	Ko-Ming Lin
Director	Jiun-Huei Guo
Director	Wu Ting
Deputy General Manager	George Yeh
Vice President	Susan Chu
Vice President	Lin Ching
Lead Auditor	Yang Huei-Fan
Assistant Vice President	Huang Tien-Shin
Assistant Vice President	Yong-Fu Liu
Assistant Vice President	Chia-Wei Tsai
Assistant Vice President	Yi-Yan Chen
Factory Manager in Tou-Fen(Assistant Vice President)	Chien-hsien Li
Factory Manager in Da-She (Assistant Vice President)	Yuen-Long Chen
Factory Manager in Shiao-Gang(Assistant Vice President)	Jen Wei
Manager	Yang Ming-Ling
Specialist	Peng Kai-Ying

- (2)The Company invited Accountant Chen Fu-Wei from KPMG via the Taiwan Corporate Governance Association, to teach the

Company's directors and managerial officers about "CSR and sustainable corporation governance" in December 2016.

Date/Time: 9:00 A.M. ~ 12:00 P.M., December 11, 2016

Topic: CSR and sustainable corporation governance

Trainer: Chen Fu-Wei (Accountant from KPMG)

Name list of directors/managerial officers attending the continuing education programs:

Chairman	Ching-Jing Sheen
Director	Ko-Ming Lin
Director	Wu Ting
Consultant	Lian-Sheng Tsai
Consultant	Wei Bo-Tao
Consultant	Tu Wei-Hua
Deputy General Manager	George Yeh
Vice President	Susan Chu
Vice President	Lin Ching
Lead Auditor	Yang Huei-Fan
Assistant Vice President	Huang Tien-Shin
Assistant Vice President	Yong-Fu Liu
Assistant Vice President	Chia-Wei Tsai
Assistant Vice President	Su Shi-Shen
Factory Manager in Tou-Fen(Assistant Vice President)	Chien-hsien Li
Factory Manager in Da-She (Assistant Vice President)	Yuen-Long Chen
Factory Manager in Shiao-Gang(Assistant Vice President)	Jen Wei
Manager	Yang Ming-Ling

5. M.O.P.S.: <http://mops.twse.com.tw/>
6. The Company website: <http://www.cpd.com.tw> Investor Relations

(IX) Disclosure of internal control system:

1. Internal control declaration

China Petrochemical Development Corporation
Declaration of Internal Control System

March 29, 2016

China Petrochemical Development Corporation (CPDC) had inspected the 2015 internal control system autonomously with the results illustrated as follows:

- I. CPDC is fully aware that the board of directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, instantaneity, transparency and compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The internal control system of CPDC is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- III. CPDC has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” (referred to as “the Regulations” hereinafter). The criteria defined in “the Regulations” include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to “the Regulations” for details.
- IV. CPDC has implemented the criteria of the internal control system referred to above to

inspect the effectiveness of internal control system design and implementation.

- V. CPDC based on the inspection result referred to above has concluded that the internal control system (including the supervision and management over the subsidiaries) on December 31, 2015 is reasonably effective in achieving the objectives of operation effect and efficiency, instantaneity, transparency, financial report reliability, and compliance.
- VI. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any falsification and concealment of the published content referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Declaration of Internal Control System was resolved in the board meeting with the objection of 0 board directors out of the 9 attending board directors on March 29, 2016. The content of the declaration has been accepted without any objection.

China Petrochemical Development Corporation

Chairman: Ching-Jing Sheen



Acting President: George Yeh



2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: The Company did not commission any CPA to conduct an audit of internal controls in 2015.

(X) Punishment of the Company or its internal personnel in accordance with the law, the Company's punishment of its internal personnel for violating internal control system regulations, main deficiencies, and improvements during the most recent year and up to the date of publication of this annual report:

Prepared on April 26, 2016

Date	Entity	Case	Main Deficiency	Improvement	Type of Punishment
2015.02.10	Da-Sheh Plant	Failure to diverse the rain/wastewater sewers in public second field, and to label the wastewater collection units and pipelines.	2014.11.13 Kaohsiung City Environmental Protection Agency inspected Da-Sheh Plant, and found that rain/wastewater sewers in public second field were not diverse, and the wastewater collection units and pipelines were not labeled. Plant was held to be violating the "Water Pollution Control Act"	1. Wastewater collection units and pipelines were labeled and reviewed by the Kaohsiung Environmental Protection Agency on December 9 th , 2014. 2. Height measurement will be provided of the whole plant's pavements and ditches, the planning of the rain/wastewater sewers diversion will be based on the measure results.	Fined NT\$20,000 by the competent authority
2015.03.03	siaokang Plant	Failure to set up the Department of wastewater treatment	104.2.1 According to Article 6, Environmental dedicated units or staffing and management measures, Kaohsiung City Environmental Protection Agency ruled that Plant was violating the "Water Pollution Control Act" by not setting a department of wastewater treatment by December 12 th , 2014.	Setted on December 12 th , 2014.	Fined NT\$10,000 by the competent authority
2015.03.10	Tofen plant	Missing and sub-standard on waste disposal declaration and industrial waste storage facility	2015.01.27 District Environmental Inspection Brigade inspected and found that (1)Declaration of waste lubricating oil (D-1703) storage amount of 10 tons in June, 2014, Declaration of output 15.18 tons, storage amount of 0 in July, and waste	Corrected the missing declaration by Waste Disposal Act	Fined NT\$18,000 by the competent authority

Date	Entity	Case	Main Deficiency	Improvement	Type of Punishment
			insulation materials (D-0403) removal list between October to November 2014 failed to declare the output amount. (2) Bottom ash of coal-fired industrial waste (R-1107) were storage opened without prevent of the groundwater/rainwater, or equipment/measures to prevent water infiltration. And without Chinese marked on waste's name, Plant was held to be violating the "Waste Disposal Act"		
2015.03.19	Tofen plant	Failure to record the Chlorine tablets dosage daily.	2015.01.27 District Environmental Inspection Brigade inspected Tofen plant and found that Chlorine tablets dosage used in Cogeneration field were not recorded daily, Plant was held to be violating the "Water Pollution Control Act"	Corrected, further when the operating status doesn't match the wastewater discharge permit, changes will be submitted initiativly to assure the operating status and records match the provision.	Fined NT\$10,000 by the competent authority
2015.03.30	Da-Sheh Plant	Failure to contribute the Construction work air pollution fee for new structure project.	2015.03.27 Kaohsiung City Environmental Protection Agency notified Da-Sheh Plant that their work air pollution fee of new construction (No. E103S92007-1) was overdue more than 30 days, Plant was held to be violating the "Measures for Collecting Air Pollution Control Fees" and "Air Pollution Control Act"	The structure was projected due to the fault discovered in 2011 Joint inspection of Executive Yuan, licensing procedures for Da-Sheh Plant's building have been finished now.	Fined NT\$100,000 by the competent authority
2015.04.29	Da-Sheh Plant	The Sulfuric acid pipeline emptying splash violated the Occupational Safety and Health Act	2015.03.31 Competent authority of accident of sulfuric acid pipeline emptying splash in Da-Sheh plant ruled that, without SOP and impermeable protective clothing, and causing the employee burned by splashing sulfuric acid, Plant was held to be violating the "Occupational Safety and Health Act".	1. The accident equipment has been shutdown, will be no splash accident during the replacement of pressure gauge or emptying. 2. The hot line pipe and equipment disassembly processes has been settled, employees will be trained to follow. 3. Reevaluate of hazard identification and risk will be provided. 4. Training of the use of personal protective equipment and SOP will be arranged.	Fined NT\$60,000 by the competent authority

Date	Entity	Case	Main Deficiency	Improvement	Type of Punishment
2015.05.19	Tofun Plant	Failure to declare the operating record of toxic chemical substances.	2015.01.22 Miaoli County Environmental Protection Agency inspected Tofen plant and found that both Toxic chemicals "diethanolamine" 1,125 kg bought from You-yuan trading co., ltd on 2014/11/06, and Toxic chemicals "cyclohexane" 95.196 tons from Kaohsiung plant on 2014/12/24 failed to declare online. Plant was held to be violating the "Toxic Chemical Substances Control Act"	Declarations have been made according to the Toxic Chemical Substances Control Act by Tofun Plant.	Fined NT\$60,000 by the competent authority
2015.05.19	Tofun Plant	Failure to declare the usage amount of sodium hydroxide in Exhaust gas treatment.	2015.03.13 District Environmental Inspection Brigade and found that the exhaust gas treatment from industrial waste removal plan book approved by Miaoli County Environmental Protection Agency, used Sodium hydroxide as a raw material. Record of Air pollution control facilities shows that the plant failed to declare the usage amount 574.41 kiloliter for January 2015, Plant was held to be violating the "Waste Disposal Act".	Declarations have been made according to the Waste Disposal Act by Tofun Plant.	Fined NT\$6,000 by the competent authority
2015.06.18	An-Shun Plant	Samplings of wastewater treatment in An-Shun Plant were exceed the goal of remediation plan.	2015.12.29 Tainan City Environmental Protection Bureau inspected An-shun plant and found that mercury concentrations of effluent samples show of 0.114mg/L, exceed the goal of remediation plan (0.002mg/L). Failure to follow the remediation plan. Plant was held to be violating the "Soil and Groundwater Pollution Control Act".	1.Improvement has been made and reached the target goal. 2.Discharge water in case ultimate end in sea pool of the plant. Appeal has been proposed.	Fined NT\$1,000,000 by the competent authority

Date	Entity	Case	Main Deficiency	Improvement	Type of Punishment
2015.07.03	Tofun Plant	Failure to declare the Project outputs circumstances of “Waste (sewage) water pH greater than 9.0, D-1507” in Tofun Plant.	2015.05.29 Miaoli County Environmental Protection Agency inspected Tofun plant and found that process of “000003 Boiler cogeneration program”, “180243 Caprolactam manufacturing process”, “000004 Exhaust gas treatment program”, “180319 Nylon manufacturing process” had not declared their outputs on “Waste (sewage) water pH greater than 9.0, D-1507” for several months between 2014 to March, 2015. Plant was held to be violating the “Waste Disposal Act”.	Declaration has been made on June, 2015.	Fined NT\$6,000 by the competent authority
2015.09.22	Da-Sheh Plant	Leak case on equipment components has been discover in Acrylonitrile process.	2015.07.15 Execution of equipment components leak situation check in Da-Sheh Plant and found that The detected value of five points in Acrylonitrile process (M01) were higher than 2000ppm, exceed the standard of “Kaohsiung equipment components and volatile organic compounds emissions standards”. Plant was held to be violating the “Air Pollution Control Act”.	1.Improvment on leak point has been made. 2. Execute the independent audit inspection table on AN fatory, focusing on the site environment, drain valve construction, pipeline insulation and so, training of sampling procedure will be provide and make sure the door is fully closed.	Fined NT\$100,000 by the competent authority
2015.10.27	Tofun Plant	Concentration of nickel of effluents was exceed.	2015.07.07 Concentration of nickel of effluents was exceed, Plant was held to be violating the “Water Pollution Control Act”.	Possibility of nickel’s source has been analyze and the sediments has been removed. Further analysis will be provided.	Fined NT\$140,000 by the competent authority
2015.12.28	Da-Sheh Plant	Failure to prevent the Surface water and rainwater inflow or infiltrate to the firebrick storage facility, and failed to mark the waste with Chinese name.	103.11.13 EPD Southern inspectors Brigade inspected Da-Sheh Plant and found that the firebrick storage facility of waste incinerator was without prevention equipment or measure from surface water and rainwater inflow or infiltration, and did not labled the name oof the waste in Chinese, Plant was held to be violating the “Waste Disposal Act”.	1.Establish the Chinese name sign board, provide canvas and pallet for temporary staging. 2.The fault was made on 2014, Da-Sheh Plant has informed the removal firm to moved out on the same date of completion to prevent storage.	Fined NT\$6,000 by the competent authority

(XI) Resolutions reached in the shareholder’s meeting or by the board of directors during the most recent year and up to the date of publication of this annual report:

(1) Important resolutions made by shareholders' meeting

Type of Meeting	Date	Summary of Motion
Shareholders' Meeting	2015/6/25	1. Ratification of the Company's business report and financial statement 2014. 2. Ratification of the Company's motion for distribution of 2014 earnings 3. Ratification of the motion for capital increase by issuing the common stock no more than 500 million shares to participate in the issuance of GDRs. 4. Ratification of the motion for the amendments to the Company's "Parliamentary Rules of Shareholders' Meeting" in part 5. Ratification of the motion for the amendments to the Company's "Rules Governing Election of Directors" in part 6. Elections of new directors across the board 7. The motion for relief of the Company's directors from non-competition restriction

(2) Important resolutions made by the Board of Directors

Type of Meeting	Date	Summary of Motion
Board of Directors	2015/1/28	1. Ratification of the motion for the amendments on "Qualifications for Directors and Supervisors" 2. Ratification of the construction of a hexazinone factory at Tofun Plant and the improvement strategy
Board of Directors	2015/2/25	1. Ratification of receiving nominations for directors and independent directors and receiving motions from shareholders. 2. Ratification of the nomination list of independent directors and directors nominated by the Board of Directors. 3. Ratification of the motion for asset impairments according to International Accounting Standards Publication No. 36.
Board of Directors	2015/3/26	1. Ratification of the capital increase by issuing common stocks no more than 500 million shares or capital increase by issuing common stocks to participate in the issuance of GDRs in order to invest in subsidiaries in China, and enhance working capital and capital needs for future development. 2. Ratification of the nomination list of independent directors and directors resolved at the general shareholders' meeting 2015.
Board of Directors	2015/4/29	1. Ratification of submit the motion for relief of the Company's twentieth directors and their representatives from non-competition restrictions pursuant to law to the shareholders' meeting for approval.
Board of Directors	2015/5/13	1. Ratification of the motion for renewed appointment of CPAs from KPMG Certified Public Accountants to audit and certify the Company's financial statement and tax report 2015.

Board of Directors	2015/6/25	1. Ratification of the election of the twentieth chairman and vice-chairman.
Board of Directors	2015/7/9	1. Ratification of appoint the third Salary Compensation Committee.
Board of Directors	2015/8/13	1. Ratification of the revise motion for The second phase of Kaohsiung Intercontinental Engineering land construction project
Board of Directors	2015/9/24	1. Ratification of the motion for “The second phase of Kaohsiung Intercontinental Storage and logistics area investment project”.
Board of Directors	2015/11/13	1. Ratification of the motion for increase the employee meal allowance. 2. Ratification of the motion for 2016 annual business plan.
Board of Directors	2015/12/24	1. Ratification of the motion for 2016 Operating Budget. 2. Ratification of the motion for Corporate Governance Best Principles. 3. Ratification of the revise motion for “Ethical Corporate Management Best Practice Principles”. 4. Ratification of the motion for formulate “Corporate Social Responsibility Best Practice Principles”. 5. Ratification of the motion for formulate “Procedures for halt and resumption applications”. 6. Ratification of the planned capital expenditure motion for Da-Sheh Plant to disuse the underground pipelines and propose the “Relocation of the Propylene Ammonia unloading station and new ball groove Projects”. 7. Ratification of the devolpment project of Cian-zhen plant base (special area 5A, Kaohsiung Multifunctional Commerce and Trade Park) by “Government sponsored urban land readjustment”. 8. Ratification of the motion for changing the Accounting Supervisor of the company.
Board of Directors	2016/1/27	1. Ratification of the motion for entrust the mega international bank and other credit consortium to found a five-years synicated loans of NTD\$4,350,000,000.
Board of Directors	2016/2/25	1. Ratification of the amendment of the partial “Articles of Incorporation” about compensation of employees and directors, dividends’ sources, order and ratio , in accordance with the addition of Article 235-1, and the amendment of Articles , 235-1 and , 240, due to changes in the Company Act.
Board of Directors	2016/3/26	1. Ratification of 2015 consolidated and separate financial statements. 2. Ratification of the capital increase by issuing common stocks no more than 450 million shares or capital increase by issuing common stocks to participate in the issuance of GDRs in order to invest in subsidiaries in China, and enhance working capital and capital needs for future development. 3. Ratification of the further manage of the sharehlders’ motions from shareholders’ meeting. 4. Ratification of the motion for renewed appointment of CPAs from KPMG Certified Public Accountants to audit and certify the

		Company's financial statement and tax report 2016.
Board of Directors	2016/4/21	1. Ratification of the motion to disposal Taiwan Chlorine shares. 2. Ratification of the motion to hire McKinsey & Company as the external management consultant. 3. Ratification of the motion to amend the Article 3 of articles of incorporation, about the company setting headquarter in Taipei city, amended to setting headquarter in Kaohsiung city. 4. Proposes of the motion to release restrictions on competitive activities on the 20th directors in accordance with Article 209 of Company Act. 5. Ratification of the company 2015 business report. 6. Ratification of the company 2015 earning distribution. 7. Ratification of the motion to settled the "Points of employee remuneration distribution" in accordance with Article 235-1 of the Company Act. 8. Ratification of the company 2015 remuneration distribution of employee. 9. Ratification of the company 2015 remuneration distribution of directors. 10. Ratification of the motion to change the company's Financial report accountant to Mr. Zhong dan-dan due to the Internal rotation. 11. Ratification of the motion to settled the "Measures of Board Performance Evaluation" and "Internal performance evaluation form of Board(function committee).
Board of Directors	2016/4/21	1. Ratification of the motion for Mr. Ching-Jing Sheen to resigned the company's CEO. 2. Ratification of the motion for release the restriction on competitive activities of the representative of The core pacific Co., Ltd, Mr. Kuan Ren Soong. 3. Ratification of the motion for hiring Mr. Ching-Jing Sheen as the company's top consultant.

(3) Important resolutions made by the general shareholders' meeting and resolutions made by shareholders' meetings in 2015

Summary of Motion	Status of Resolutions Made by Shareholders' Meetings
1 Ratification of the motion for capital increase by issuing common stocks no more than 500 million shares to participate in the issuance of GDRs 2 Elections of new directors across the board	In coordinate with further investment and devolpment plans, the motion for capital increase above wasn't issued. The twentieth board of directors have called for their first meeting after the shareholders' meeting on June 25th, 2015, and elect Ching-Jing Sheen as the chairman, Jiun-Nan Bai as the vice-chairman.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year

and up to the date of publication of this annual report: None

(XIII) Summary of discharge and resignation of parties relating to the financial report:

April 26, 2015

Job Title	Name	Date of Appointment	Date of Discharge	Cause
Chairman	Ching-Jing Sheen	2011/7/20	2016/04/21	Resigned
Accounting Supervisor	Janson Yu	2015/4/27	2015/12/24	Position adjustment

Note: The parties relating thereto include the chairman, president, accounting officer, finance officer, internal audit officer and R&D officer

IV. Information About CPA Professional Fee

(I) Breakdown of CPA Professional Fee

Firm Name	CPA Name		Duration of Audit	Remark
KPMG Certified Public Accountants	Melody Chen	Jeff Chen	2015	

Currency Unit: NTD Thousand

Price Range		Fees	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$2,000 thousand			✓	
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand				
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand				
4	NT\$6,000 thousand (inclusive)~NT\$8,000 thousand		✓		
5	NT\$8,000 thousand (inclusive)~NT\$10,000 thousand				✓
6	NT\$10,000 thousand (inclusive) or more				

(II) Information about CPA Professional Fee

Currency Unit: NTD Thousand

Firm Name	CPA Name		Audit Fees	Non-Audit Fees				Duration of Audit	Remark
				System Design	Commercial and Industrial Registration	Human Resources	Others		
KPMG Certified Public Accountants	Melody Chen	Jeff Chen	7,210				1,740	2015	The other titles refer to reviews on of the investment property report and annual reports
KPMG Certified Public Accountants					50				

1. Non-audit fees paid to the CPA, CPA firm and their affiliates exceeded the audit fees in excess of twenty-five percent:

None.

2. Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons for the change: None
3. Audit fees were 15% less than that of the previous year: Yes
The company has increased the ability to prepare the financial statements and reduced the working hours from CPA, and results to less audit fees.

V. Information About Replacement of CPA: N/A

VI. Information About Chairman, President, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Said Firm in the Most Recent Year: N/A

VII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and up to the date of publication of the annual report.

Change in equity of directors, managerial officers, and major shareholders

Job Title (Note 1)	Name	2015		Ending April 25	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	The Core Pacific Co., Ltd.	0	9,000,000	0	5,500,000
Chairman Institutional representative of The Core Pacific Co., Ltd.	Ching-Jing Sheen (Discharged on April 21 th , 2016 & Discharged from CEO)	0	0	0	0
Chairman Institutional representative of The Core Pacific Co., Ltd.	Ko-Ming Lin (Appointed on April 21 th , 2016 for Chairman) (also Special Assistant of CEO)	0	0	0	0
Vice Chairman	BES Machinery Co., Ltd.	0	0	0	0
Vice Chairman Institutional Representative of BES Machinery Co., Ltd.	Jiun-Nan Bai	0	0	0	0
Director	The Core Pacific Co., Ltd.	0	0	0	0
Director Institutional representative of The Core Pacific Co., Ltd.	Kuan Ren Soong (Appointed on April 21 th , 2016)	0	0	0	0
Director	Sheen Chuen-Chi Cultural and Educational Foundation	0	0	0	0
Director Institutional Representative of Sheen Chuen-Chi Cultural and Educational Foundation	Lian-Sheng Tsai	0	0	0	0
Director Institutional Representative of Sheen Chuen-Chi Cultural and Educational Foundation	Kuen-Ming Lin	0	0	0	0
Director	Jen Huei enterprise Co., Ltd.	0	7,000,000	0	0
Director Institutional Representative of Jen Huei enterprise Co., Ltd.	Ko-Ming Lin (also Special Assistant of CEO) (Transfer to Institutional representative of The Core Pacific Co., Ltd. on June, 30 th , 2015)	0	0	0	0

Job Title (Note 1)	Name	2015		Ending April 25	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director Institutional Representative of Jen Huei enterprise Co., Ltd.	Shao-xin, Yang (Appointed on June 30th, 2015) (Discharged on July 7th, 2015)	0	0	0	0
Director Institutional Representative of Jen Huei enterprise Co., Ltd.	Morris T Wu (Appointed on July, 7th, 2015)	0	0	0	0
Director Institutional Representative of Jen Huei enterprise Co., Ltd.	Jiun-Huei Guo	0	0	0	0
Director	Yu-Lun Ou (Discharged on June, 30th, 2015)	0	0	0	0
Independent Director	Steve Ruey-Long Chen	0	0	0	0
Independent Director	Yun-Peng Chu	0	0	0	0
Independent Director	Pan Wen-Yen	0	0	0	0
President	George Yeh (Acting President)	0	0	0	0
Vice President	Janson Yu (and also the financial and accounting officer) (Discharged from the financial and accounting officer on December 24th, 2015)	0	0	0	0
Vice President	Lin Ching	0	0	0	0
Vice President	Susan Chu	0	0	0	0
Vice President and also Special Assistant	Liu Hsiang-Kuo (Discharged on September 24th, 2015)	0	0	0	0
Assistant Vice President and also Special Assistant	Huang Tien-Hsun	0	0	0	0
Assistant Vice President	Yang Huei-Fan (Lead Auditor)	0	0	0	0
Project Assistant Vice President	Hsu Wan-Chuan (Discharged on April 2, 2015)	0	0	0	0
Assistant Vice President	Liu Yong-Fu	0	0	0	0
Project Assistant Vice President	Chi-Chun Chia	0	0	0	0
Assistant Vice President	Steven Chen	97,342	0	0	0

Job Title (Note 1)	Name	2015		Ending April 25	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Assistant Vice President	Matthew Fu (Discharged on February 24 th , 2015)	11,386	0	0	0
Assistant Vice President	Jia-wei Tsai (Appointed on May 1 st , 2015)	0	0	0	0
Manager (Foreman of Tou-Feng Factory)	Chien-hsien Li (promoted to Associate on May 1 st , 2015)	0	0	0	0
Manager (Foreman of Hsiaokang Factory)	Jen Wei (promoted to Associate on May 1 st , 2015)	0	0	0	0
Manager (Foreman of Da-Sheh Factory)	Chen Yuan-Long (promoted to Associate on May 1 st , 2015)	27,000	0	0	0
Senior Specialist (assistant vice president and equivalents)	Chang San-Mu (Discharged on May 1 st , 2015)	0	0	0	0
Senior Specialist (assistant vice president and equivalents)	Chen Yi-Yen	57,842	0	0	0
Senior Specialist (assistant vice president and equivalents)	Su Shih-Sheng	0	0	0	0
Manager	Ying-jun Chen (Appointed as Accounting manager on December 24 th , 2015)	0	0	0	0

Note 1: The shareholders who hold more than 10% of the Company's shares shall be identified as major shareholders and stated separately.

Note 2: Where the counterparts of shares through transfer and pledged under lien are related parties, it is also necessary to complete the following table.

Information about Equity Transfer

Name (Note 1)	Cause (Note 2)	Date	Trading Counterpart	Relationship between trading counterpart and the Company, directors, supervisors and shareholders who hold more than 10% of the Company's shares	Quantity	Trading Value
None						

Note 1: Please specify the names of directors, supervisors, managerial officers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify acquisition or disposal.

Information about Equity Pledged Under Lien

Name (Note 1)	Cause (Note 2)	Date of Change	Trading Counterpart	Relationship between trading counterpart and the Company, directors, supervisors and shareholders who hold more than 10% of the Company's shares	Quantity	Ratio of Shareholding	Ratio of Pledge	Pledged (redeemed) Value
None								

Note 1: Please specify the names of directors, supervisors, managerial officers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify pledge or redemption.

VIII. Information about the relationship among the Company's 10 largest shareholders:

April 26th, 2016

Name (Note 1)	Own Shareholding		Current Shares Held by Spouse or Children of Minor Age		Total Shareholding Under the Name of A Third Party		Information on top 10 shareholders in proportion of shareholdings, who are related to one another, or are kin at the second tier under the Civil Code related to one another, their names and relationship(Note 3)		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Designation (or Name)	Relationship	
Fubon Life Assurance Co., Ltd. Representative: Cheng Ben-Yuan	90,500,000 0	3.90% 0	0 0	0 0	0 0	0 0	None None	None	
The Core Pacific Co., Ltd. Representative: Ran Sheng-Yuan	39,285,806 223,467	1.69% 0.01%	0 0	0 0	0 0	0 0	BES Engineering Corporation None	Substantial related party None	
BES Engineering Corporation Representative: T.T. YEN	38,775,000 0	1.67% 0	0 0	0 0	0 0	0 0	The Core Pacific Co., Ltd. BES Machinery Co., Ltd. None	Substantial related party None	
Hong Chao-Shun	38,169,000	1.65%	0	0	0	0	None	None	
Core Pacific-Yamachi Account at HSBC Representative: N/A	34,789,570 -	1.50% -	0 -	0 -	0 -	0 -	BES Engineering Corporation	Substantial related party	
Vanguard Star Vanguard Total International Stock Index at Chase Bank Representative: N/A	24,032,647 -	1.04% -	0 -	0 -	0 -	0 -	None	None	
CTBC Bank entrusted by the China Petrochemical Development Co., Ltd. ESOP Trust property accounts Representative: Yang shu-hui	18,994,279 0	0.82% 0	0 0	0 0	0 0	0 0	None None	None	
Polunin Developing Country Fund Investment Account at Deutsche Bank Representative: Not applicable	17,552,842 -	0.76% -	0 -	0 -	0 -	0 -	None -	None	
BEM Machinery Co., Ltd.	16,566,043	0.71%	0	0	0	0	BES Engineering Corporation	Substantial related party	

Name (Note 1)	Own Shareholding		Current Shares Held by Spouse or Children of Minor Age		Total Shareholding Under the Name of A Third Party		Information on top 10 shareholders in proportion of shareholdings, who are related to one another, or are kin at the second tier under the Civil Code related to one another, their names and relationship(Note 3)		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Designation (or Name)	Relationship	
Representative: Shen Ching-Guang	0	0	0	0	0	0	None	None	
Jen Huei Enterprise Co., Ltd.	16,123,959	0.709%	0	0	0	0	None	None	
Representative: Cheng Tze-Chun	0	0	0	0	0	0	None	None	

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: The shareholders identified above include juristic persons and natural persons, and the relationship among them shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Ratio of Combined Shareholding

Date: December 31, 2015; Unit: shares; %

Investee	Invested by the Company		Invested by directors, supervisors, management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Chemax International Corporation	16,000,000	100%	0	0%	16,000,000	100%
Tao Zhu Construction & Development Co., Ltd.	10,000,000	100%	0	0%	10,000,000	100%
CPDC Investment (BVI) Co., Ltd.	26,580,000	100%	0	0%	26,580,000	100%
CPDC Engineering Corp.	15,000,000	100%	0	0%	15,000,000	100%
Tsou Seen Chemical Industries Corporation	75,000,000	100%	0	0%	75,000,000	100%
Taivex therapeutics Corporation (Note 1)	24,450,000	79.51%	0	0%	24,450,000	79.51%
Rich Equities Ltd.	180,000	100%	0	0%	180,000	100%
Unichem Development Limited	94,239,410	100%	0	0%	94,239,410	100%
Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd.	200,000,000	90.87%	100,000	0.005%	200,100,000	90.91%
CKS Guard	1,440,000	24%	0	0%	1,440,000	24%
Taiwan Chlorine Industries Ltd.	6,400,000	40%	0	0%	6,400,000	40%
Kaohsiung Monomer Co., Ltd.	20,000,000	40%	0	0%	20,000,000	40%
Praxair Chemax Semiconductor Materials Co., Ltd.	9,455,778	49%	0	0%	9,455,778	49%

Note 1: Taivex therapeutics Corporation was reinvested by Tsou Seen Chemical Industries Corporation.

Four. Status of Fund Raising

I. Capital Stock and Shares

(I) Source of Capital Stock

Year and Month	Issuing Price	Authorized Capital Stock		Paid-in Capital		Remark		
		Quantity	Amount	Quantity	Amount	Source of Capital Stock	Offset by any property other than cash	Others
1969/04	100	8,000,000	800,000,000	8,000,000	800,000,000	Fund raising in cash	None	
1980/05	100	25,000,000	2,500,000,000	25,000,000	2,500,000,000	Capital increase in cash	None	
1983/02	10	800,000,000	8,000,000,000	630,140,000	6,301,400,000	Capital increase in cash Capital increase upon consolidation	None	
1983/11	10	800,000,000	8,000,000,000	748,724,700	7,487,247,000	Capital increase in cash Capital increase upon consolidation	None	
1984/02	10	890,000,000	8,900,000,000	823,058,900	8,230,589,000	Capital increase upon consolidation	None	
1985/10	10	890,000,000	8,900,000,000	846,878,900	8,468,789,000	Capital increase in cash	None	
1986/07	10	890,000,000	8,900,000,000	856,878,900	8,568,789,000	Capital increase in cash	None	
1991/05	10	1,100,000,000	11,000,000,000	959,704,400	9,597,044,000	Capital surplus	None	
1997/08	10	1,362,900,000	13,629,000,000	1,115,731,588	11,157,315,880	Recapitalization of capital surplus	None	
1998/08	10	1,840,000,000	18,400,000,000	1,283,091,327	12,830,913,270	Recapitalization of capital surplus	None	
1999/02	10	1,840,000,000	18,400,000,000	1,283,869,156	12,838,691,560	Conversion of convertible corporate bond	None	
1999/09	10	1,840,000,000	18,400,000,000	1,412,256,072	14,122,560,720	Recapitalization of capital surplus	None	SEC (88) Tai-Tsai-Cheng (1) No. 64778 dated July 12, 1999
2000/08	10	1,840,000,000	18,400,000,000	1,482,868,876	14,828,688,760	Capital surplus	None	SEC (89) Tai-Tsai-Cheng (1) No. 52477 dated June 17, 2000

2002/12	10	1,840,000,000	18,400,000,000	1,482,943,830	14,829,438,300	Conversion of convertible corporate bond	None	
2004/02	10	2,600,000,000	26,000,000,000	1,689,999,459	16,899,994,590	Conversion of convertible corporate bond	None	
2008/11	10	2,600,000,000	26,000,000,000	1,794,962,992	17,949,629,920	Recapitalization of earnings	None	FSC approval letter under Ching-Kuan-Chen g Yi-Tze No. 0970049317 dated September 17, 2008
2011/9	10	2,600,000,000	26,000,000,000	1,974,459,291	19,744,592,910	Recapitalization of earnings	None	FSC approval letter under Ching-Kuan-Chen g Yi-Tze No. 1000031761 dated July 8, 2011
2012/12	10	2,600,000,000	26,000,000,000	2,319,989,666	23,199,896,660	Recapitalization of earnings	None	FSC approval letter under Ching-Kuan-Chen g Yi-Tze No. 1010046102 dated October 15, 2012

Note 1: Please specify the information for the current year available until the date of the publication of the annual report.

Note 2: The capital increase part shall be identified by effective (approval) date and document No. additionally.

Note 3: The stock issued at the price less than the par value shall be identified prominently.

Note 4: Please specify the offset by monetary creditor's rights and technology, if any, and also note the type and amount of offset.

Note 5: The private placement, if any, shall be identified prominently.

Type of Share	Authorized Capital Stock			Remark
	Outstanding Shares (Lited)	Unissued Shares	Total	
Common Stock	2,319,989,666	280,010,334	2,600,000,000	

Note: Please specify whether the stock refers to TWSE or GTSM stock (the stock forbidden from being traded in TWSE or GTSM, if any, shall be identified).

Information About Shelf Registration System

Type of Securities	Quantity of Shares to be Issued		Quantity of Issued Shares		Purpose and Expected Benefit of Issued Shares	Period in Which Unissued Shares to be Issued	Remark
	Total Quantity	Approved Amount	Quantity	Price			
None							

(II) Composition of Shareholders

April 26, 2015

Composition of Shareholders Quantity	Government Apparatus	Financial Organization	Other Juristic Persons	Individual	Foreign Institution or Foreigner	Total
Number of persons (persons)	5	11	180	181,302	237	181,735
Shareholding (shares)	1,280,946	93,570,312	199,441,888	1,790,590,001	235,106,519	2,319,989,666
Ratio of Shareholding (%)	0.06	4.03	8.60	77.18	10.13	100.0000

(III) Diversification of equity

April 26, 2016

Range of Shares	Number of Shareholders	Status of Shareholding	Ratio of Shareholding
1~999	52,823	14,060,402	0.61%
1,000~5,000	71,559	178,063,575	7.67%
5,001~10,000	24,792	192,659,118	8.30%
10,001~15,000	10,212	127,320,497	5.49%
15,001~20,000	6,232	115,070,867	4.96%
20,001~30,000	6,023	152,401,172	6.57%
30,001~40,000	2,678	95,597,372	4.12%
40,001~50,000	2,002	93,274,722	4.02%
50,001~100,000	3,192	228,750,664	9.86%
100,000~200,000	1,344	190,386,078	8.21%
200,001~400,000	512	144,058,900	6.21%
400,000~600,000	138	68,902,912	2.97%
600,000~800,000	53	36,947,913	1.59%
800,001~1,000,000	50	44,483,717	1.92%
1,000,001 or more	125	638,011,757	27.50%
Total	181,735	2,319,989,666	100.000

Preferential Stock

April 26, 2016

Range of Shares	Number of Shareholders	Status of Shareholding	Ratio of Shareholding
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None			
Total			

(IV) Roster of Major Shareholders

April 26th, 2016

Name of Major Shareholder	Shares	Status of Shareholding	Ratio of Shareholding
Fubon Life Insurance Co., Ltd.	90,500,000		3.90%
Core Pacific Development Investment Co. Ltd.	39,285,806		1.69%
BES Engineering Corp.	38,775,000		1.67%
Hong Chao Shun	38,169,000		1.65%
HSBC in custody for Core Pacific-Yamaichi International (HK) Ltd.	34,789,570		1.50%
JPMorgan Chase Bank Vanguard Star Vanguard Total International Stock Index	24,032,647		1.04%
CTBC Bank in custody for the Employee Stock Ownership Trust Account of CPDC ESOP Trust property accounts	18,994,279		0.82%
Deutsche Bank in custody for the Polunin Developing Country Fund Investment Account	17,552,842		0.76%
BES Machinery Co Ltd.	16,566,043		0.71%
JEN HUEI ENTERPRISE CO., LTD.	16,123,959		0.70%

(V) Information on market value, net value, earnings and dividends per share

Unit: NTD, except weighted average quantity of shares and analysis on ROE

Year		2014	2015	Ending March 31, 2016 (Note 8)
Item				
Market value per share (Note 1)	The Highest	14.15	12.8	8.87
	The Lowest	8.48	6.80	7.11
	Average	11.32	9.76	8.07
Net value per share (Note 2)	Before distribution	22.93	22.86	22.51
	After distribution	22.93	(Note 9)	(Note9)
EPS	Weighted average shares	2,319,989,666	2,319,989,666	2,319,989,666
	EPS (Note 3)	0.13	0.04	(0.31)
	EPS-adjusted retroactively (Note 3)	-	(Note 9)	-
Dividend per share	Cash dividend	-	(Note 9)	-
	Free-Gratis dividends	Stock dividend from earnings	-	-
		Stock dividend from paid-in capital	-	-
	Retained dividend (Note 4)		-	-
Return on investment analysis	Price-Earnings Ratio (Note 5)		87.08	244.00
	Dividend Yield (Note 6)		-	-
	Cash dividend yield (Note 7)		-	-

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: Please identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in then year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections. The Company has adopted IFRSs as of 2013, and the financial information available until March 31, 2016 refers to the consolidated financial information.

Note 9: The motion for covering of loss 2015 is still under resolution by the general shareholders' meeting 2016.

(VI) Dividend Policy and the Status of Implementation

1. Dividend policy in the Articles of Incorporation:

The Company positions itself in the midst of a highly capital intensive, volatile and competitive industry. Where the Company is subject to the influence of the global economy and changes in industrial performance, the Company should take into account the Company's business operation, capital need and status of competition, interests of shareholders and the Company's own financial planning in allotment of its profits. Under such circumstances, the Company may reserve the profits into special reserve either in whole or in part to assure financial stability and sustainability. The Company may allot dividend in the form of cash dividend or stock dividend. In the case that the allotment is made by way of stock dividend, the ratio for stock dividend shall not exceed 50% of total distribution unless the ratio of the Company's total liabilities to total assets is equivalent or above 50%, unless otherwise prescribed in the relevant laws and regulations.

2. Allocation of dividends proposed at the shareholders' meeting

The motion submitted at this shareholders' meeting refers to the motion for covering of loss; therefore, no allocation of dividends was under resolution.

Item	
Beginning of undistributed Earnings	0
Minus : Loss of Welfare project	(20,081,995)
Undistributed Earnings after adjustment	(20,081,995)
Plus : Annual (2015) net profit	95,530,553
Distributable earnings	75,448,558
Minus : legal reserve	(7,544,856)
Minus: special legal reserve for estimating real estates by fair value model	(67,903,702)
End of undistributed Earnings	0

(VII) Effect of allocation of Free-Gratis Dividends proposed at the shareholders' meeting on the operational performance of the

Company and the Earnings Per Share:

This shareholders' meeting has no issuance of stock dividends, which did not apply.

(VIII) Employee bonus and remuneration to directors/supervisors:

1. Proportion or scope of employee bonus and remuneration to directors as stated in the Company's Articles of Incorporation:

Articles of Incorporation:

If the Company has profits for the concerning fiscal year, after payment of taxation, it shall offset the losses in previous years, and set aside a legal capital reserve and special capital in accordance with relevant laws and regulations or requested by the authorities in charge; and then, it shall set aside 2% of the balance as remuneration to the Directors and Supervisors, and 3% as a bonus to the employees. With respect to any balance herein together with the undistributed accumulative profits in previous years, the Board of Directors shall prepare an allotment proposal and submit to the shareholders' meeting for approval according to the following policy.

In accordance to the Company Act amended on May 20th, 2015, A fixed amount or ratio of profit of the current year shall be distributable as employees' compensation, but the company's accumulated losses shall have been covered. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash, may be specified in the Articles of Incorporation. The company has approve the motion of amend Articles of Incorporation by Board meeting on February 25th, 2016. According to the revised Articles, after the annual

earnings offset the accumulated losses, if the Company has earnings, it shall set aside 3% of the balance as remuneration to the employees and no greater than 2% of the balance as remuneration to directors. This motion of revised will be resolved on 2016 shareholders' meeting.

2. The accounting in the case of deviation from the basis for stating employees bonus and remuneration to directors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

The 2015 remuneration of employee is estimated by ratio of the pre-tax income before minus the remuneration to directors and employee, if the estimates differ from the resolved remuneration on the day of the shareholders meeting, the shareholder's meeting shall refer to the new amount, and the amount adjusted in the year of the shareholders' meeting.

3. Information about allocation of bonus resolved by the Directors' Meeting:

- (1) The 2015 remuneration of employee and directors was ratified by the Board on April 21th, 2015. Allocation of remuneration is as below:

The total amount of 2015 employee's remuneration is NT\$3,016,754, total amount of director's remuneration is NT\$2,011,170, all payments to be made in cash. The above number of distribution amount is the same as the company's 2015 expense amount, and will be distribute after the shareholders agreed to the amendements of the Articles of Incorporation.

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: N/A

4. The actual allocation of employee bonus and remuneration to

directors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment thereof: N/A

(IX) Repurchase of the Company's shares:

N/A

II. Issuance of Corporate Bonds

(I) Issuance of Overseas Convertible Corporate Bonds

Corporate Bonds	Second Overseas Secured Convertible Corporate Bonds in 2014
Date of Issuance	Dec 17 th 2014
Par value	USD \$200,000 or multiples thereof
Location	Singapore
Price of Issuance	100% issuance based on par value
Total amount	USD \$132,000,000
Interest	0% coupon rate
Maturity	5 years, ending on Dec 17, 2019
Guarantee Agency	CTBC Bank Taiwan Cooperative Bank
Trustee	The Bank of New York Mellon, London Branch
Underwriters	Foreign : Barclays Bank PLC Domestic : Yuanta Securities Co., Ltd.
Lawyers	Baker & McKenzie
Accountants	KPMG

Redemption	Apart from callable, puttable bonds for cancellation and conversion, the corporate bond is based on half year calculation of a 100% par value with a premium of 1.75%, annually. The redemption will be 109.10% from par value.	
Outstanding Principle	USD \$132,000,000	
Provision of prepayment and redemption	Refer to the issuance and conversion guidance of the Second Overseas Secured Convertible Corporate Bonds in 2014, disclosed in the Market Observation Post System.	
Restrictive covenant	None	
Company's name, date and corporate bonds of credit rating	N/A	
Others	Converted(exchange or subscription) common stock, depository receipts or other price of securities as of the annual report publish date.	0 share converted common stock
	Issuance and conversion(exchange or subscription)	Refer to the Market Observation Post System
The affect of current shareholder's equity and the condition of ditued equity due to methods of issuance, conversion, exchange, subscription and issuance provision	Total issuance of USD\$132,000,000. Zero shares have been converted to common stock with USD \$132,000,000 remaining. According to the current price of conversion is 10.80 per share (Reference exchange rate of NT\$31.222 to US\$1), the dilution rate would be 14.13%, assuming full conversion into common stock, an increase of 381,602,222 shares.	
Name of Exchange	N/A	

(II) Information of Overseas Convertible Corporate Bonds

Corporate Bonds		Second Overseas Secured Convertible Corporate Bond in 2014		
Year		2014	2015	as of May 27, 2016
Item				
Market value of convertible corporate bonds (Note 1)	The Highest (Note 1)	(Note 1)	(Note 1)	(Note 1)
	The Lowest (Note 1)	(Note 1)	(Note 1)	(Note 1)
	Average (Note 1)	(Note 1)	(Note 1)	(Note 1)
Conversion Price		10.80	10.80	10.80
Issuance date and conversion price		Dec 17 th 2014 10.80	Dec 17 th 2014 10.80	Dec 17 th 2014 10.80
Obligation of conversion		0 covered common stock in the fiscal year and 0 accumulated converted common stock	0 covered common stock in the fiscal year and 0 accumulated converted common stock	0 covered common stock in the fiscal year and 0 accumulated converted common stock

Note: 1. No transactions record

III. Issuance of Preferred Shares: N/A

IV. Status of Participation in Issuance of “Global Depository Receipts (GDRs)”:

The motion resolved by the 2015 shareholders’ meeting on June 25th, 2015 for capital increase by issuing common stocks shares to participate in the issuance of GDRs was not issued, in coordinate with investing and devolpment plans to adjust the investment process.

V. Status of Employee Stock Option: N/A

VI. Restriction on Employee Share Subscription Warrant: N/A

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: N/A

VIII. Implementation of Capital Utilization Plan

Until the deadline of provding hardcopy of annual report , no unissued shares or private placement of securities have not yet been complete, nor has existing plans within the last three years generated significant changes.

Five. Operations Overview

I. Business contents

(I) Scope of business

1. The scope of major business items
 - (1) Manufacture of petroleum, alkali-chlorine and phosphoric acid and derivatives.
 - (2) Import-export including storage, transportation, procurement, and sales of the products in the foregoing item and their raw materials, chemicals, and chemical materials.
 - (3) Business related to the procurement and sales in the foregoing item and the import and export trade of general commodities.
 - (4) Provision of related technical services of products (by-products) in the foregoing items, processes, and equipment operations.
 - (5) Research and development of chemicals.
 - (6) Trade, classified processing, and distribution of goods (clothing, electrical, books and stationery, auto products, houseware, and entertainment and leisure facilities).
 - (7) Restaurant and hotel operations.
 - (8) Design and sales of computer software and operation of data registration and processing.
 - (9) Development of commercial buildings; lease and sales of public housing; development of factory buildings on general industrial land; lease and sales of warehouses; and development, lease, sales, and management of industrial parks commissioned by industrial authorities.
 - (10) Operations of recreational areas and golf practice ranges (under five holes).

- (11) Investment in parking lots within the scope of urban planning.
- (12) Operation of gas stations; sales of diesel and dedicated LPG; and simple auto maintenance services (such as lubrication).
- (13) Operation of new power plants.
- (14) Undertaking environmental engineering work (removal, disposal and engineering of general waste, general industrial waste, and hazardous industrial waste).
- (15) Import, export, and sales of feed and feed additives.
- (16) Business items not prohibited or restricted by the law in addition to the approved business items.

2. Major products and sales mix

Currently, the major products of this company include acrylonitrile (AN), caprolactam (CPL), and nylon chip (NY6 or PA6). Other products include electricity, hydrogen cyanide (HCN); ammonium sulfate (AS), industrial sulfuric acid, refined sulfuric acid, and fuming sulfuric acid (oleum). The sales mix of these products in 2015 is as follows:

<u>Product</u>	<u>Sales Mix</u>
Acrylonitrile (AN) and by-products	34.42%
Caprolactam (CPL) and by-products	49.02%
Others	16.56%

3. Current products

Current products include acrylonitrile (AN), caprolactam (CPL), nylon chip (NY6 or PA6), ammonium sulfate (AS), sulfuric acid (including fuming sulfuric acid (oleum) and refined sulfuric acid), hydrogen cyanide (HCN), and electricity.

4. New products to be developed

We will evaluate potential end market products in speciality chemicals, new energy, plastic material and engineering plastics that

are developed with raw materials, products and processing by-products of the Company. We will also continue to develop high value added products.

(II) Industry overview

1. Current status and development

(1) Acrylonitril (AN or ACN)

In Taiwan there are only two AN suppliers: CPDC and Formosa Plastics Corporation (Formosa Plastics). The Company has already expanded production capacity in 2010 and 2011. In 2013 the production capacity was 224,000 metric tons. Although the production capacity of Formosa Plastics was 280,000 metric tons, most part of its AN output is for internal use to produce ABS and AF products.

In 2015 the total AN demand in Taiwan was about 469,000 metric tons/year, which was about 8% more than in 2014.

(2) Caprolactam (CPL)

The Company is the only CPL supplier in Taiwan. The CPL production in 2015 was 400,000 metric tons, including 233,000 metric tons for consumption in Taiwan, with domestic self-sufficiency at 36.6%. Downstream production of textiles increased in China, while polymerization capacity increased as well, creating a difficult competitive environment for Taiwanese suppliers. In Taiwan, CPL consumption during 2015 decreased by 4.9% versus 2014, with apparent demand at about 638,000 metric tons/year. Although nylon demand in Asia continues to increase, particularly in China, CPL capacity largely increased in 2013, and reduced its capacity growth rate due to oversupply in 2014 to 2015. Capacity grew by 200,000 metric tons in 2015, reaching a total capacity of 2.42 million metric tons, which was 9% higher than 2014. Production in 2015 increased by 250,000 metric tons, or an annual increase of 17.9% in 2013. In 2015 total CPL demand in China was 2 million tons a year, 14.3% higher than in 2014. Although the

demand growth was higher than the growth in CPL supply for the first time in the past three years, the industry still remains oversupplied. As the supply was higher than the demand in China, suppliers continue to struggle for the limited market demand, and the entire CPL business market continues to be intensely price competitive. As China is the major CPL market, Asian CPL suppliers find it difficult to profit from the CPL market. It is estimated that the CPL demand in 2016 will continue to increase by about 4~6%. With new suppliers entering the CPL business, the Asian CPL market will continue to remain difficult.

(3) Nylon Chips (NY6 or PA6)

Nylon chip production in Taiwan decreased in 2014~2015. Due to decreasing sales in China caused by oversupply in China Nylon chip production. As supply capacity remains higher than demand, about 50% of production must be exported, and 80% of nylon chip exports go to China, the number fell to 58% in 2015, sales were increased in other areas. The Company produces nylon chips with CPL through vertical integration for downstream suppliers to produce nylon threads, engineering plastics, and nylon films. By producing and selling nylon chips, the Company maintains a link to the nylon market. To cope with segmentation and heterogeneous growth of downstream nylon products, we continuously adjust the structure of our downstream customers. Although market competition remains intense, it is estimated that nylon chip sales in 2016 will maintain at approximately the same levels relative to our CPL business.

2. Supply Chain Relationships between Products

(1) Acrylonitril (AN or ACN)

Propene and ammonia anhydrous are the major raw materials of AN. AN is produced by ammoxidation with a specific amount of air and steam. Propene is mainly supplied by CPC Corporation Taiwan, with a small amount from imports. All liquid ammonia is imported.

Downstream AN applications include acrylic fiber and ABS plastics production. Acrylic fiber is also called AN fiber. It is mainly used in producing fabrics, wool, woolen fabrics, blankets, carpets, and stuffed toys. ABS is usually used to produce briefcases, cosmetics containers, computers, mobile phones, home appliance shells, and auto parts.

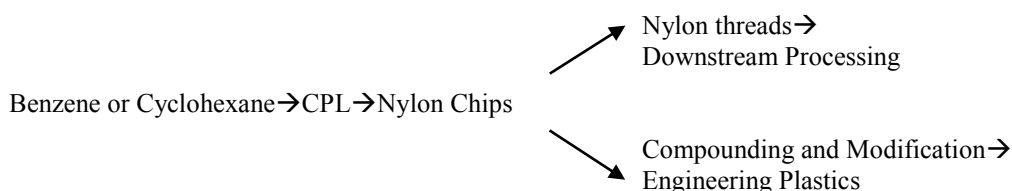
(2) Caprolactam (CPL)

Benzene or cyclohexane and ammonia anhydrous are the major raw materials of CPL. Benzene is either supplied by CPC Corporation Taiwan or imported. All cyclohexane and ammonia anhydrous are imported.

CPL is the major raw material for producing NY6 and resin. The downstream products of NY6 thread include general textile fibers, such as sports jackets, lining, stockings, undergarments, and fabrics, and industrial fabrics such as umbrella fabrics, fishing lines, fishing nets, tire carcass, handbags, and home carpets.

(3) Nylon Chips (NY6 or PA6)

Nylon chips are made of CPL through polymerization into solid high molecules for use by downstream spinning industry or engineering plastics industry. The downstream application of nylon chips has been mentioned in the CPL section. The product relations are as follows:



3. Development Trend and Competition Status of Major Projects

(1) Acrylonitril (AN or ACN)

Favorable conditions

- ① NBR: Tire (NBR) demand will increase as the auto industry continues to grow in 2016, along with the steady growth

on Medical Latex demand. These will indirectly favor AN production and stabilize AN price.

- ② AM: As the demand for wastewater treatment and oil refinery treatment increases, AM demand is expected to increase to favor AN production and stabilize AN price.
- ③ Oil price and C3 price: It is estimated that oil price in 2016 will be maintained at US\$35-US\$55 per barrel. This will push C3 prices to fall and decrease AN production cost.

Unfavorable conditions

- ① AF: It is estimated that AF demand in 2016 will remain unchanged or reduce slightly, and modified polyester will continue to replace it slightly. This will be unfavorable to AN production and AN price stability.
- ② The AM demand used by secondary recovery of crude oil will be affected by the low oil price.
- ③ It is estimated that about 650,000 tons of new capacity will start production in late 2014 to early 2016, and will negatively influence the balance of the AN supply and demand and AN prices.
- ④ Continental Conservation Policy (custom protection, listed AN as processing prohibited items) also impacts the AN producers in Asia.

(2) Caprolactam (CPL)

Favorable conditions

- ① Nylon is an industry for key development in China. Therefore, in addition to helping domestic nylon suppliers to expand production capability, the Chinese government has implemented tariff barriers and an anti-dumping tax to protect domestic nylon industry development. As this company is not on the anti-dumping tax list, our entry barrier is lower than other international competitors.
- ② As the CPL process is complicated and operation is rather difficult, it is difficult for newcomers to control quality.

Therefore, current suppliers can enjoy a short-term quality advantage.

- ③ The quality of Nylon in Taiwan remains higher than Chinese producers, thus in a continue demand growth environment, Taiwan suppliers remains a preferred choice to customers.

Unfavorable conditions

- ①CPL capability in China expanded extensively, and supply was higher than demand in 2013. As CPL suppliers were competing for market share, price competition and profit reduction has occurred.
- ②After PTA capability expansion in Asia in recent years, excessive polyester has substituted for nylon thread at a lower price point and higher market share. This affects the development of nylon thread in the general textile market.

Response actions to unfavorable factors

- ① Focus on the top-down supply chain environment and changes in the market situation to flexibly adjust sales strategies and support downstream industries to increase operational performance, and face competition together.
- ② Reinforce cultivation of engineering plastics and film markets to reduce the risk of selling products to a single market—nylon textile market. Increase the flexibility of sales adjustments with the company's development and production of functional nylon chips.

(3) Nylon Chips (NY6 or PA6)

Favorable conditions

- ① China is a developing country with a fast-growing economy. As the domestic demand and export growth increase, the textile industry expands its capability to

accelerate nylon chip consumption.

- ② The thriving auto industry in China stimulates auto nylon chip demand.

Unfavorable conditions

- ① Nearly 55% of the downstream industries of nylon chips in Taiwan concentrate in clothing fibers with the export market focusing on China. Therefore, the concentration effect of a single industry and a single market is significant.

Responsive action for unfavorable factors

- ① After capacity expansion of polymerization equipment, most Taiwan suppliers increase sales to the Chinese textile market. To avoid price-driven competition with China, the Company emphasizes material supply contracts with domestic Taiwanese customers to strengthen sales and will continue to develop engineering plastics market and channels.

4. Domestic Market Share of Major Products

At present the domestic market share of CPL is about 37%; AN or ACN is about 40%; and nylon chips is about 3%.

(III) Technology and R&D

1. R&D Expenses in 2015

FY2015: NT\$216,793,000

By 30 April 2016: NT\$63,763,000

2. Major Research Outcomes

From catalyst development, process design, and plant construction, we can ensure 100% independent development for ortho-phenylphenol (OPP). OPP is an important fine organic chemical generally used to produce flame retardant, fungicide, preservative, coating, photosensitive materials, mordant or surfactant.

Targetting the different function of Nylon engineering plastics, we have developed the Modified products such as Nylon reinforced and toughened, combined with own performance formula and series products, can be used on car parts, tool chassis, household furniture and sports.

With the design concept of Integrated production line, we developed the Combination of Acrylate Products, its Derivative monomer can be widely apply with Synthetic dyes, plants, Plastics and adhesives production, cosmetics, food processing, PU paint modifier °

3. Current Patent Status

In 2015 this company applied for 7 new patents and completed the registration of 25 new patents. The content of patents applied is not only for the improvement of existing manufacturing processes, but also for technical protection and developing a patent portfolio of future products.

(IV) Long- and Short-Term Business Development Plans

Upholding the goal of sustainable operations, maximization of shareholder's benefits, and fulfillment of corporate social responsibility, the Company has established the following long- and short-term plans:

Short-term business development:

Equipment improvement and debottlenecking projects will continue to expand raw material supply capacity, enhance production efficiency, and reduce raw material consumption. In addition to aggressively reducing GHGs, we will ensure stable production and enhance product competitiveness and financial capability. We will also develop new catalysts, enhance the added value of by-products, stabilize material sources, produce raw materials to reduce losses, expand oversea markets, improve the management intellectual property and the use of intellectual management platform, and cultivate talents with sensitivity of market and creativity thinking so as to increase profits and improve financial structures.

Long-term business development:

Planning overseas development strategies to integrate upward with raw material supplies and extend downward to downstream products to construct an overseas automatic production base, disperse operational risk, increase our strength for future market competition, and rapidly enter the global petrochemical product market. The future strategic policy will cover promotion of corporate transformation, diversification of operations, development of precision and special chemicals with high added value, and search for the development potential of new green energy including biomass and storage energy, to construct a more complete product chain with higher added value, capture development opportunities, and promote green chemical production to continuously reduce GHGs. In addition to maximizing profits, we will enhance corporate value to create the highest value for shareholders.

II. Market and Sales Overview

(I) Market Analysis of Major Products

[Acrylonitrile (AN or ACN)]

In terms of demand, the number of export orders (to Europe) in China reduced as a result of recession in Europe and sluggish economic recovery in USA. In addition, China domestic demand also generated lesser growth than expected in 2015. ABS demand in 2015 performed better than expectations, growing from 2014 levels. The outlook for the ABS market in 2016 is conservative. It is estimated that the demand in 2016 will be 2-3% higher than it was in 2015; and the AF demand in 2015 will be the same or slightly less.

In terms of supply, as no new capacity started mass production in 2014, this will help to balance the AN supply for the industry. From the end of 2014 to early 2016, it is estimated that about 650,000 tons new capacity will start production, this will negatively influence the balance of AN supply and demand.

As the Company completed the trial run of the AN de-bottlenecking project at the end of 2012, production in 2014 reached 224,000 metric tons expanding its domestic market share in Taiwan. Overall, industry capacity is expected to increase by 650,000 metric tons while downstream demand for ABS, AF will remain stable. As a result, AN capacity utilization will be negatively affected in 2016, and is estimated to maintain at approximately 80%.

[Caprolactam (CPL)]

The CPL capacity of the Company in 2015 was 400,000 metric tons/year. Production was mainly sold to nylon polymerization companies in Taiwan. After polymerization into nylon chips and nylon threads, these companies sold them to the nylon end market in China. In 2015 the CPL demand in Taiwan was 638,000 metric tons/year, and the CPL demand of China was 2 million metric tons/year. The overall nylon industry demand of both Taiwan and China exceeded 2.63 million metric tons/year. The CPL demand across the straits increased

by about 11%.

The nylon industry is a key development industry in China. To increase CPL self-sufficiency in China, Chinese suppliers have been expanding their capacity in recent years in leaps and bounds. In 2015 a total of 200,000 metric tons/year were increased. It is estimated that new capacity will become concentrated in China in 2016. New production in China was reported to be more than 0.8 million metric tons, but we believe a more practical capacity expansion to be expected should include 100,000 metric tons/year from the new production line of Shandong Fangming, 10,000 metric tons/year from the new production line of CPDC Shanxi Lanhua, 100,000 metric tons/year new line from the new production line of Shanxi Yang quan . In total, new CPL capacity in 2016 will be about 400,000 metric tons/year.

In Taiwan, nylon polymerization capacity growth has been greater than that of CPL. As domestic CPL self-sufficiency is inadequate, most downstream suppliers rely on imported nylon. The company will flexibly adjust production levels in 2016 to maximize profits, and satisfy 35%~45% of domestic self-sufficiency. After the first wave of CPL capability expansion in 2016, the self-sufficiency rate in China will increase to 90%. Although CPL capacity is already greater than the demand, due to quality difference and demand for processing on order it is estimated that about 10% CPL will remain imported.

CPL capacity in China has expanded rapidly. To protect the survival and development of the domestic nylon industry, the Chinese government imposes anti-dumping tax on CPL and nylon chip imports and places high tariff on CPL imports to increase raw material import costs. It is estimated that the CPL market in 2016 will remain extremely challenging.

[Nylon Chips (NY6 or PA6)]

Due to economic, demographic, and geographical influences, the size of the domestic nylon markets varies. Although Taiwan possesses the largest PA6 capacity just next to that of China, 50% of PA6 production

must be exported, with China as the major export market.

Nylon suppliers in China import raw materials based on their own needs and capabilities due to capacity expansion and demand growth, consideration of the raw material supply capability of downstream customers, different transportation conditions, CPL and PA6 tariff differences, and anti-dumping tax. Therefore, the import quantity of PA6 and CPL either increases or reduces depending on near-term market conditions. In 2015, CPL supply in China increased by 9% versus 2014. Domestic CPL production increased by 14% versus 2014, while CPL imports reduced from 230,000 metric tons in 2014 to 200,000 metric tons in 2015. Due to weak demand in end markets, Taiwan's nylon chip export to China decreased by 21%.

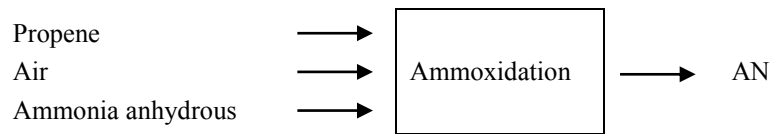
To consolidate the existing nylon market, the Company continuously cultivates channels and customers of functional PA6 and downstream engineering plastics, so as to effectively consume CPL to disperse the risk of the high and low seasons of a single market and to create higher value-added to customers.

(II) Major applications and processes of major products

1. Acrylonitrile (AN or ACN)

- (1) AN is mainly used to produce acrylic fiber (AN fiber) and ABS plastics. Major downstream AN products include:
 - ① AN fiber: Clothing fabrics, acrylic wool, woolen fabrics, stuffed toys, blankets, carpets, and decorative fabrics.
 - ② ABS plastics: Briefcases, cosmetics containers, computers, mobile phones, home appliance shells, and auto parts.
 - ③ NBR: Oil-resistant and heat-resistant rubber.
 - ④ Acrylamide: oil displacement agent, wastewater treatment agent, soil water absorbent agent, soil conditioner, paper pulp toughener, coating, coagulant.

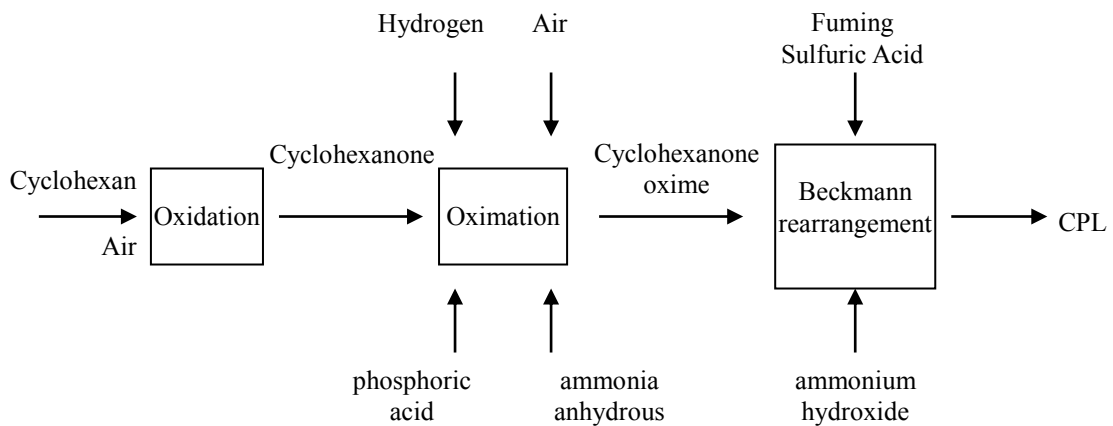
(2) Process



2. Caprolactam (CPL)

- ① General textile fibers: Sports jackets, lining, stockings, and undergarments.
- ② Industrial fiber: Umbrella fabrics, fishing lines, fishing nets, tire carcass, handbags, nonwoven fabrics, and home carpets.
- ③ Engineering plastics: Auto parts, high pressure pipes, surfing boards, and gears.

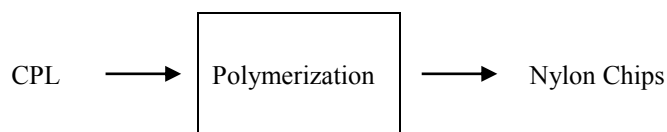
(2) Process



3. Nylon Chips (NY6 or PA6)

- (1) Nylon chip is a direct CPL downstream product. Its application is the same as in CPL.

(2) Process



(III) Supply and demand of major materials

In addition to ammonia anhydrous and coal which are 100% imported, all other major raw materials used by the Company are obtainable from related domestic suppliers with long-term supply contracts. For example, propene, toluene, sulfur and natural gas are supplied by CPC Taiwan; sodium hydroxide is supplied by Taiwan Chlorine Industries; cyclohexane is supplied by Taiwan Prosperity Chemical; and phenol is supplied by FCFC and Taiwan Prosperity Chemical. If domestic supply is inadequate, we will replenish the insufficiency with imports.

(IV) Customers sharing 10% of total sales in the past two years and their sales amount and proportion

Major suppliers in the past two years

Unit: NT\$1,000

Item	2014				2015				By Q1, 2016			
	Supplier ID (Note 2)	Amount	Percentage in Annual Purchasing Amount	Relationship with Issuer	Supplier ID (Note 2)	Amount	Percentage in Annual Purchasing Amount	Relationship with Issuer	Supplier ID (Note 2)	Amount	Percentage in Annual Purchasing Amount	Relationship with Issuer
1	660	10,230,685	34.32		660	6,873,529	30.04		660	1,339,064	27.10	
2	688	6,723,343	22.56	Company invested by this company evaluated with the equity method (non-stakeholder as of 20 May 2011)	688	2,990,453	13.07		678	760,611	15.39	
	678	4,316,070	14.48		678	2,714,271	11.86	Company invested by this company evaluated with the equity method (non-stakeholder as of 20 May 2011)	688	368,580	7.46	Company invested by this company evaluated with the equity method (non-stakeholder as of 20 May 2011)
3												
	Others	8,535,201	28.64		Others	10,302,909	45.03		Others	2,473,622	50.05	
	Net Purchase	29,805,299	100.00		Net Purchase	22,881,162	100.00		Net Purchase	4,941,877	100.00	

Note: 1. Cause of increase or reduction: Change of market price and purchasing quantity.

2. Replaced by supplier ID for business consideration.

Major customers in the past two years

Unit: NT\$1,000

Item	2014				2015				By Q1, 2016			
	Customer ID (Note 2)	Amount	Percentage in Annual Sales Value	Relationship with Issuer	Customer ID (Note 2)	Amount	Percentage in Annual Sales Value	Relationship with Issuer	Customer ID (Note 2)	Amount	Percentage in Annual Sales Value	Relationship with Issuer
1	1001	4,821,216	14.50		1001	3,310,221	12.66		1001	693,838	13.07	
2	1019	4,614,078	13.88		1019	2,797,495	10.69		1019	691,592	13.02	
3	1018	4,059,158	12.21		1018	2,686,440	10.27		1018	538,183	10.13	
	Others	19,755,030	59.41		Others	17,361,839	66.38		Others	3,386,773	63.78	
	Net Sales	33,249,482	100.00		Net Sales	26,155,995	100.00		Net Sales	5,310,386	100.00	

Note: 1. Cause of increase and reduction: Change of market price and sales quantity.

2. Replaced by customer ID for business consideration.

(V) Production Quantity and Value in the Past 2 Years

Quantity: Metric tons

Value: NT\$1,000

Major Product (or department)	Year Production	2015			2014		
		Capability	Quantity	Value	Capability	Quantity	Value
AN		220,000	194,161	22,105,894	230,000	203,583	29,726,316
CPL, Nylon Chips		399,000	256,654		367,000	250,734	
Other By-products							
Total				22,105,894			29,726,316

Note: Capability refers to production quantity in normal operation with the current production equipment after measuring necessary down time and holidays.

(VI) Sales Quantity and Value in the Past 2 Years

Quantity: Metric tons

Value: NT\$1,000

Major Product (or department)	Year Sales	2015_Consolidated				2014_Consolidated			
		Domestic		Export		Domestic		Export	
		Quantity	Value	Domestic	Export	Domestic	Export	Domestic	Export
AN, acetic acid		128,377	19,573,965	68,133	6,582,030	129,513	26,974,691	75,115	6,274,791
CPL, Nylon Chips		232,210		2,415		243,973		1,995	
Other By-products								10,500	
Total			19,573,965		6,582,030		26,974,691		6,274,791

III. Employees

Number of employees in the Past 2 Years up to the Report Printing Date

31 March 2016

Year		2014	2015	By 31 March 2016 (Note)
Employees	Headquarters	201	195	202
	Toufen Plant	363	368	359
	Dashe Plant	339	349	330
	Xiaogang Plant	338	319	351
	Subsidiaries	176	208	207
	Total	1417	1439	1449
Average Age (year)		46	45	43
Average Service Length (year)		16	16	14
Education	PhD	10	9	10
	Master's	215	228	235
	Bachelor's	815	971	991
	Senior High and below	377	231	213

Note: Data in the year of the printing date.

IV. Environmental Protection Expenses

(I) Damage from Polluting Environment in the Past 2 Years

Unit: NT\$1,000

	2015	2014
Pollution (type and severity)	Violation of the Air Pollution Control Act and Waste Disposal Act.	Violation of the Water Pollution Control Act and Air Pollution Control Act.
Compensation Target or Punishing Unit	Local environmental protection authorities	Local environmental protection authorities
Fine Amount	1350	501
Other Loss	—	—

(II) Responsive Action

1. Improvement Plan

(1) Aggressively comply with environmental protection laws

and regulations.

- (2) Establish recycling projects and facilitate improvements of VOC recovery equipment.

2. Estimated environmental protection expenses in the next three years

	Unit: NT\$1,000		
	2016	2017	2018
Expense for purchasing pollution prevention equipment, etc.	Prevention and improvement of air, water, soil, and underwater pollution in all plants	Prevention and improvement of air, water, soil, and underwater pollution in all plants	Prevention and improvement of air, water, soil, and underwater pollution in all plants
Estimated improvement	Pollution and waste reduction and compliance with environmental protection standards	Pollution and waste reduction and compliance with environmental protection standards	Pollution and waste reduction and compliance with environmental protection standards
Amount	38,800	42,680	46,948

Note: The 2016 expenses at NT\$38,800,000 is a projected amount; the amount in the next two years are also projected.

3. Impact after improvement.

	Unit: NT\$1,000		
	2016	2017	2018
Impact on net profit	Depreciation increases by about 3,527/year; repair and maintenance increases by about 352.7/year.	Depreciation increases by about 3,880/year; repair and maintenance increases by about 388.0.	Depreciation increases by about 4,268; repair and maintenance increases by about 426.8
Impact of competitive position	Compliance with environmental protection standards Fulfilment of CSR	Compliance with environmental protection standards Fulfilment of CSR	Compliance with environmental protection standards Fulfilment of CSR

Note: Depreciable assets will be depreciated over 10 years.

Values for 2017 and 2018 are estimates.

V. Labor-Management Relations

(I) Employee fringe benefits, continuing education, training, retirement system and implementation thereof:

The Company has established the worker welfare commissions in its headquarters and plants. The Company will organize local and overseas travels, ball games, mountain-claiming activities and other competitions from time to time, some of which may be attended by the employees and their family members.

The Company also prepares budget and plans to arrange for various training programs needed by the employees to meet their duties each year, and also defines the relevant rules governing incentives and subsidies to employees who wish to attend continuing education programs to learn other languages at their leisure time or various professional programs.

1. Employee fringe benefits:

The employee fringe benefits available in 2015:

The employee activities in 2015

Item	Fringe benefits (bonus for Chinese New Year and major festivals, year-end party lottery, cash gift for birthday, and other allowances) (NTD thousand)	Cultural and entertainment activities (travel allowance, ball games, mountain-climbing, and other employee activities) (NTD thousand)
Headquarters	5,255	237
Tou-Fen Plant	11,623	1,800
Da-Sheh Plant	12,583	2,812
Hsiaokang Plant	10,513	988
Total	39,974	5,837

2. Continuing Education/Training

The employee training hours and status of budget thereof in 2015:

Information about the employees' training in 2015

Item	Total Training Hours	Average Hour per Person	Budget Implementation Efficiency
Headquarters	14,076	72.18	16.18%
Tou-Fen Plant	26,569	69.19	86.06%
Da-Sheh Plant	37,800	112.15	109.08%
Hsiaokang Plant	12,265	38.57	46.04%
Total	14,076	72.18	16.18%

Incentive and subsidy to employees who attended the continuing education programs to learn other languages or various professional programs in 2015

Item	Subsidy (NTD)
Headquarters	104,985
Other Subsidiaries	52,840
Total	157,825

3. Status of the certificate or license of personnel related to transparency of financial information as required by the competent authority

Department	Name	Certificate/License
Audit Office	YI-JIE JHONG	Accountant of higher examination
		As per approval letter000095

4. Retirement system

The Company has established the Labor Pension Supervisory Committee, which will contribute to a reserve for pension on a monthly basis pursuant to laws. Other than employees who were hired after the enforcement of Labor Pension Act in 2005 or those who chose the new system, any employees who retire pursuant to Labor Standard Law will deposit the reserve for pension into the account opened by the Labor Pension

Supervisory Committee at the Bank of Taiwan on a monthly basis pursuant to laws.

Information about employees' pension and retirement in 2015

Item	Amount or Number of Person
Retirement Account Opened by Labor Pension Supervisory Committee at Bank of Taiwan	NT \$689,913,000
Number of retired employees 2015	62 persons

(II) Labor-management agreements and employees' interest and right protection measures:

1. In order to enable employees to know about the Company's code of conduct or ethical principles, the Company has defined a "CPDC Business Conduct Policy" (see Attachment), which will be distributed to employees when they are hired. Employees shall sign their signature to acknowledge that they have read and understood the "business conduct policy" adopted by CPDC.

Business Conduct Policy

I. Fair trade policy

1. The Company complies with the Fair Trade Act (the same act applicable in any of offshore areas) consistently. The Company understands that to build the goodwill requires the efforts through years, while the goodwill earned by efforts through years might be ruined due to one single person's conduct. For fair trade, any colleague's misconduct may cause significant expenses and material litigation to their supervisors as well as the Company and the management, and also fine, injunction and even imprisonment sentence.
2. The fair trade policy aims at maintaining a free competition system among enterprises. The fair trade policy is established in order to enable the public to deserve the best protection under fair competition if no conspiracy or collusion is exists among the competitors. It is undisputable that the Fair Trade Act benefits maintenance of the economic, political and social groups. The Company's Administration Dept. has also restated its confidence in the fair trade philosophy. Therefore, under the principles encouraged to seek profit through legal and valid means, any acts of the Company are conducted pursuant to laws. Particularly, reaching agreement or understanding against fair trade is against the Company's policy.
3. The Company's executive officers at each level shall educate colleagues to comply with the fair trade requirements, so that colleagues may know how to deal with any situation involving fair trade issues.

II. Conflict of Interest Policy

1. Each colleague shall be obligated to deal with the relationship between them and the Company, honestly and fairly. None of the colleagues may engage in any activities against said obligation for personal interest, or allow the circumstances against the obligation to exist.
2. If, in any transactions involving the Company and any colleague or a third party, the colleague or his/her spouse or direct blood relative within the second pillar under the Civil Code might seek profit therefrom, the conflict of interest should be held sustained:

If any colleague contributes to or affects the transaction between the Company and any enterprise and the colleague or his spouse or direct blood relative within the second pillar under the Civil Code holds the shares in the enterprise which are sufficient to influence the enterprise's policy making, the conflict of interest should also be held sustained.

Under said circumstances, if any colleague has any question about the validity of

some case or business relation, he/she shall report the same to the Company via the reporting channel applicable to him/her, so that the Company may research relevant solutions.

3. None of the colleagues is allowed to ask any supplier, customer or competitors for gifts, entertainment or other personal benefit, or accept any gifts, entertainment or other personal benefits that might affect their duties adversely from any supplier, customer or competitor.

III. Payment and Spending Policy

1. The bank account opened by the Company or the fund owned by the Company shall not be disclosed (made public) or recorded without justified reasons.
2. All of the Company's payment or spending records shall be able to precisely reflect the purchasing behavior or fact for the spending.
3. None of the colleagues may make any payment, grant any gift or money, service or valuable goods, privately and directly or indirectly, that cause adverse influence to the Company or its stakeholder.

IV. Non-Disclosure and Non-Competition

1. The employee shall keep confidential any of the Company's technical or business secrets accessed by him/her in the duration of his/her employment in the Company and any information to be kept confidential under the contract signed by the Company and a third party, in the duration of the employment. The employee shall not utilize confidential information to seek his/her personal interest or engage in the same business, or disclose the same to a third party without authorization.
2. The employee shall not publish the confidential information referred to in the preceding paragraph, or disclose or utilize the same to engage in the business identical with the Company's out of the intent to seek illegal profit, upon his/her resignation.
3. The computer program, literal work and graphic work created by the employee in performing his/her duty under the Company's planning in the duration of his/her employment shall be vested in the Company as agreed. Without the Company's prior written consent, the employee shall not use the same arbitrarily within the effective time limit defined in the Copyright Act.

V. Internal Information Control Policy

Any colleague who holds the Company's internal information shall not engage in trading the Company's securities, directly or indirectly, or disclose the same to a third

party without authorization. Generally speaking, internal information refers to the information that shall not be made public. If it is impossible for any colleague to make sure whether the information held by him/her is internal information, he/she shall consult with the department which owns the information.

VI. Compliance

1. When granting some voluntary authority, the colleague and agent shall note and advise the licensee of compliance with the “Business Conduct Policy”.
2. Each colleague shall report to his/her supervisor or executive officer any violation or suspected violation of the Company’s “Business Conduct Policy” or other regulations. None of the colleagues may intimidate or retaliate the co-worker who submits the report. The colleague shall be obligated to report any suspected violation of the Company’s “Business Conduct Policy” or other regulations, and shall acknowledge that he/she shall be obligated to avoid ignoring the fact and circumstance for any misconduct and shall alert such fact and circumstance and submit the report to his/her supervisor or executive officer.

VII. Communication and Negotiation

1. Each supervisor and colleague shall work together with each one to create and acknowledge the importance for establishment of a high-efficiency team, and shall get along with each other well. Should any colleague have any problem, private or for business, he/she may talk with his/her supervisor, and the supervisor shall communicate with the colleague from time to time to seek the resolution together with the colleague, so as to boost the team’s performance.
2. The factory and company labor-employer meetings will serve as a communication channel between labor and the employer. In addition to the representatives from labor and the employer, any colleagues who has positive suggestions may propose their suggestions via the representatives, so that both parties may research and resolve the same at the meetings to reach agreement and implement resolutions.
3. Should any colleague have any question about the personal interest or management system, he/she may learn about the same through his/her supervisor or the HR unit and communicate through the administrative system channels from time to time. He/she may also communicate with the factory and company welfare committees about employee fringe benefits or cultural and entertainment activities at any time.
4. The whistleblower reporting system is designed to enable colleagues to report his/her problems at work and avoid the supervisor’s adverse influence. The colleague may maintain his/her interests and rights through this channel.
5. The colleague and supervisor may also take advantage of other administrative

measures, such as nomination system, personal interview, meetings, and quarterly and yearly performance appraisal, as communication channels. If any colleague cannot apply said communication channels as the case involves any personal rule breaking or delinquency, he/she shall also present the relevant evidence supported by the facts. In case of any false accusation, intentional harassment and alienation, the Company will ignore the complaint and the recipient may tear down the complaint directly but shall not circulate the same, unless some concrete fact and evidence shows that the anonymous complainant is one of the Company's colleagues or any person instigated by the complainant, in which case the colleague and the person shall be disciplined pursuant to the Articles of Incorporation.

6. Said communication channels under the normal system will be protected and valued. Aside from the above-mentioned policies, any activity engaged in attacking the Company's operation or failure to seek personal interest and solution through legal procedure under the name of any outsider, authority or group or by taking advance of or colluding with outsiders, authority or groups shall be held against the Company's policy and material requirements.

VIII. Enforcement Rules

Each of the Company's departmental supervisor shall ask each of the colleagues subordinated to him/her for the written report, and ask new employees for the written report within one week after the new employees are hired. In the case of any changes in the Company's "Business Conduct Policy", he/she shall ask each of colleagues subordinated to him/her for the written report again. The written report shall contain the following:

1. The colleague has read the Company's:
 - Fair trade policy
 - Conflict of Interest Policy
 - Payment and Spending Policy
 - Non-Disclosure and Non-Competition
 - Internal Information Control Policy
 - Compliance
 - Communication and Negotiation
 2. The colleague has understood and is willing to comply with said policies;
 3. The colleagues and other co-workers under his/her supervision have already read and understood, and are willing to comply with said policies.
- Meanwhile, various supervisors shall supervise their immediate subordinates' compliance with said policies. Upon receipt of the written report from each

immediate supervisor and colleague, the departmental supervisor shall submit one copy of the written report showing compliance of him/her and all colleagues subordinated to him/her with said policies.

Business Conduct Policy Compliance Certificate (for the general colleagues)

It is certified that:

1. I have already read and understood the “Business Conduct Policy” adopted by CPDC:

Fair trade policy

Conflict of Interest Policy

Payment and Spending Policy

Non-Disclosure and Non-Competition

Internal Information Control Policy

Compliance

Communication and Negotiation

2. I hereby undertake that I will comply with the Business Conduct Policy accordingly.

(Date)

(Printed Name)

Business Conduct Policy Compliance Certificate (for supervisors)

It is certified that:

1. I have already read and understood the “Business Conduct Policy” adopted by CPDC:
Fair trade policy
Conflict of Interest Policy
Payment and Spending Policy
Non-Disclosure and Non-Competition
Internal Information Control Policy
Compliance
Communication and Negotiation
2. The Business Conduct Policy has been read by me and the other colleagues under my supervision.
3. I hereby undertake that I will comply with the Business Conduct Policy accordingly.

(Date)

(Printed Name)

4. Each of the Company’s plants have entered into the group agreement with various labor unions. The Company has also defined its work rules, which were reviewed and approved by the city government, and made public, and distributed to all colleagues via email. The Company will call a labor-employer meeting to negotiate labor-employer issues once per quarter to facilitate the cooperation between labor and the employer and to create and maintain a harmonic relationship between labor and employer and create a safe and friendly working environment.
5. The Company has never suffered loss due to dispute over labor and employer relationships in the most recent year until the date of publication of the annual report.

VI. Major Contracts

(I) Engineering Contract:

Nature	Contract Party	Duration	Summary Content	Restricted Clause
Tou-Fen factory B5001E construction project	CDPC Engineering Corp.	2016.03.07 ~ 2017.10.31	Design & planning, production of equipment, application for license and certificate, and construction engineering constituting the primary construction engineering framework	None
Tou-Fen factory SCR system	EASTERN RAINBOW ENGINEERING CO., LTD.	2015.09.02 ~ 2019.07.30	React to regulation of environmental protection, using design & planning, technical Services, engineering construction to decrease the concentration of Nox.	None

(II) Supply Contract

1. With respect to the major products of the Company, such as AN and CPL, the Company has created a permanent and stable sales relationship with the Company's down-stream customers, e.g. CHIMEI, Grand Pacific Petrochemical Corporation, NANTEX Industry Co., Ltd., Li Peng Enterprise, Zig Sheng Industrial Co., Ltd. and Chain Yarn Co., Ltd., and also entered into the supply contract with some of them.
2. The main raw materials needed and procured by the Company locally include propylene, sulfur and industrial natural gas, for which the Company has entered into the long-term purchase contract with CPC. To procure liquid caustic soda, the Company entered into a purchase contract with Taiwan Chlorine Industries Ltd. The raw materials for which the Company has entered into the long-term contract with foreign suppliers include phenol and liquid ammonia.

(III) Technical Cooperation Contract

Nature	Contract Party	Duration	Summary Content	Restricted Clause
Cooperation Project	Far East University	2015.09.01~ 2016.04.31	Functional nylon composites qualify analyze.	The intellectual property ownership shall be determined subject to contract.
Cooperation Project	National Kaohsiung Normal University	2015.11.01~ 2016.12.31	Analyzing and testing program of research and development.	The intellectual property ownership shall be determined subject to contract.
Cooperation Project	Cheng Shiu University	2015.04.01~ 2016.03.31	Study of chemical structure analysis.	The intellectual property ownership shall be determined subject to contract.

(IV) Long-Term Loan Contract

Nature	Contract Party	Duration	Summary Content	Restricted Clause
Long-Term Loan	Mega International Commercial Bank, Offshore Banking Branch	2013.12~2016.12	Working capital increase	None
Long-Term Loan	First Commercial Bank, Business Office	2014.3~2017.3	Working capital increase	None
Joint Mandated Guarantee	Chinatrust Commercial Bank, Taiwan Cooperative Bank	2014.12~2020.1	Provide issuing guarantee for the 2014 overseas second secured convertible bond	None
Long-Term Loan	Bank of Taiwan, Nanmen Branch	2016.2~2019.2	Working capital increase	None
Long-Term Loan	Mega International Commercial Bank, Offshore Banking Branch, Syndicated Loan	2016.3~2021.3	Roll over & Working capital increase	None

Six. Financial Status

I. Condensed balance sheet, income statement, external auditor's name and audit opinion for the most recent five years

(I) Condensed balance sheet and comprehensive income statement - IFRSs

Condensed balance sheet - IFRSs

Currency Unit: NTD Thousand

Item	Year	Financial information in the most recent five years (Note 1)					Financial Information ending March 31, 2016
		2011	2012	2013(Note 3)	2014	2015	
Current Assets		-	13,314,949	10,516,072	12,072,676	9,786,343	N/A
Property, plant and equipment		-	19,354,134	18,730,941	16,487,850	15,206,121	
Intangible assets		-	-	-	-	-	
Other assets		-	31,191,340	41,155,809	48,133,190	49,937,921	
Total assets		-	63,860,423	70,402,822	76,693,716	74,930,385	
Current liabilities	Before distribution	-	4,234,979	6,602,601	5,572,313	4,911,877	
	After distribution	-	5,394,974	6,602,601	5,572,313	Note 2	
Non-current liabilities		-	10,955,465	10,912,206	17,930,442	16,977,121	
Total liabilities	Before distribution	-	15,190,444	17,514,807	23,502,755	21,888,998	
	After distribution	-	16,350,439	17,514,807	23,502,755	Note 2	
Equity attributable to the parent company		-	48,669,979	52,888,015	53,190,961	53,041,387	
Capital stock		-	23,199,897	23,199,897	23,199,897	23,199,897	
Capital surplus		-	-	-	-	18,141	
Retained earnings	Before distribution	-	26,658,139	30,717,009	31,005,657	31,081,107	
	After distribution	-	25,498,144	30,717,009	31,005,657	Note 2	
Other equities		-	(1,188,057)	(1,028,891)	(1,014,593)	(1,257,758)	
Treasury stock		-	-	-	-	-	
Non-controlling equity		-	-	-	-	-	
Total equity	Before distribution	-	48,669,979	52,888,015	53,190,961	53,041,387	
	After distribution	-	47,509,984	52,888,015	53,190,961	Note 2	

Note 1: The Company has adopted the IFRSs as of 2013. In order to comply with IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information 2011, please refer to “(3) Individual Condensed Balance Sheet and Comprehensive Income Statement – the R.O.C. Financial Accounting Standards”. Each annual individual financial statement shall be audited and certified by an external auditor.

Note 2: The motion for earning distribution will be decided at the 2015 shareholders' meeting

Note 3: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers

reported in 2013 are recalculated in order to compile with the 2014 financial statements .

Individual Condensed Income Statement - IFRSs

Currency Unit: NTD Thousand

Item	Year	Financial information in the most recent five years (Note 1)					Financial Information ending March 31, 2016
		2011	2012 (Note 2)	2013	2014	2015	
Operating revenue	-	36,893,966	33,921,306	31,851,565	23,146,767		N/A
Gross profit	-	(167,946)	(1,310,804)	(1,384,891)	(1,093,257)		
Operating profit or loss	-	(1,090,521)	(2,074,337)	(2,181,317)	(1,894,726)		
Non-operating revenue and expense	-	2,958,244	7,358,789	2,476,408	1,990,257		
Net profit (loss) before tax	-	1,867,723	5,284,452	295,091	95,531		
Net profit of continuing department	-	1,592,680	5,275,719	304,449	95,531		
Loss of discontinued department	-	-	-	-	-		
Net profit (loss)	-	1,592,680	5,275,719	304,449	95,531		
Other comprehensive income (after tax)	-	(1,182,993)	102,312	24,775	(263,246)		
Total comprehensive income	-	409,687	5,378,031	329,224	(167,715)		
Net profit attributable to parent company	-	-	-	-	-		
Net profit attributable to non-controlling equity	-	-	-	-	-		
Total comprehensive income attributable to parent company	-	-	-	-	-		
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-		
EPS	-	0.69	2.27	0.13	0.04		

Note 1: The Company has adopted the IFRSs as of 2013. In order to deal with the IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information 2011, please refer to “(3) Individual Condensed Balance Sheet and Comprehensive Income Statement – the R.O.C. Financial Accounting Standards”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers reported in 2013 are recalculated in order to compile with the 2014 financial statements.

(II) Condensed balance sheet and comprehensive income statement - IFRSs

Consolidated condensed balance sheet - IFRSs

Currency Unit: NTD Thousand

Item		Year	Financial information in the most recent five years (Note 1)					Financial Information ending March 31, 2016
			2011	2012	2013 (Note 3)	2014	2015	
Current Assets			-	14,633,467	14,914,518	18,168,124	15,118,402	15,587,280
Property, plant and equipment			-	19,422,071	18,797,074	16,980,407	16,279,497	15,997,273
Intangible assets			-	49,787	21,972	20,169	21,451	20,871
Other assets			-	29,980,112	37,267,786	42,259,715	44,335,453	43,985,534
Total assets			-	64,085,437	71,001,350	77,428,415	75,754,803	75,590,958
Current liabilities	Before distribution		-	4,426,179	6,785,919	5,668,509	5,278,759	5,444,129
	After distribution		-	5,586,174	6,785,919	5,668,509	Note 2	-
Non-current liabilities			-	10,950,673	11,116,313	18,340,615	17,218,026	17,699,254
Total liabilities	Before distribution		-	15,376,852	17,902,232	24,009,124	22,496,785	23,143,383
	After distribution		-	16,536,847	17,902,232	24,009,124	Note 2	-
Equity attributable to the parent company			-	48,669,979	52,888,015	53,190,961	53,041,387	52,232,665
Capital stock			-	23,199,897	23,199,897	23,199,897	23,199,897	23,199,897
Capital surplus			-	-	-	-	18,141	18,141
Retained earnings	Before distribution		-	26,658,139	30,717,009	31,005,657	31,081,107	30,361,569
	After distribution		-	25,498,144	30,717,009	31,005,657	Note 2	-
Other equities			-	(1,188,057)	(1,028,891)	(1,014,593)	(1,257,758)	(1,346,942)
Treasury stock			-	-	-	-	-	-
Non-controlling equity			-	38,606	211,103	228,330	216,631	214,910
Total equity	Before distribution		-	48,708,585	53,099,118	53,419,291	53,258,018	52,447,575
	After distribution		-	47,548,590	53,099,118	53,419,291	Note 2	-

Note 1: The Company has adopted the IFRSs as of 2013. In order to deal with the IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information 2011, please refer to “(4) Consolidated Condensed Balance Sheet and Comprehensive Income Statement – the R.O.C. Financial Accounting Standards”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The motion for earning distribution will be decided at the 2015 shareholders’ meeting

Note 3: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers reported in 2013 are recalculated in order to compile with the 2014 financial statements .

Consolidated Condensed Income Statement - IFRSs

Currency Unit: NTD Thousand

Item \ Year	Financial information in the most recent five years (Note 1)					Financial Information ending March 31, 2016
	2011	2012	2013 (Note2)	2014	2015	
Operating revenue	-	38,352,880	35,338,541	33,249,482	26,155,995	5,310,386
Gross profit	-	815,186	(531,830)	(763,163)	(442,748)	(455,621)
Operating profit or loss	-	(602,374)	(1,797,017)	(2,174,632)	(1,793,801)	(758,027)
Non-operating revenue and expense	-	2,547,032	7,116,678	2,527,223	1,936,032	46,481
Net profit (loss) before tax	-	1,944,658	5,319,661	352,591	142,231	(711,546)
Net profit of continuing department	-	1,579,928	5,245,067	294,532	82,770	(721,949)
Loss of discontinued department	-	-	-	-	-	-
Net profit (loss)	-	1,579,928	5,245,067	294,532	82,770	(721,949)
Other comprehensive income (after tax)	-	(1,182,993)	103,050	25,641	(264,007)	(88,494)
Total comprehensive income		396,935	5,348,117	320,173	(181,237)	(810,443)
Net profit (loss) attributable to parent company	-	1,592,681	5,275,719	304,449	95,531	(719,538)
Net profit (loss) attributable to non-controlling equity	-	(12,753)	(30,652)	(9,917)	(12,761)	(2,411)
Total comprehensive income attributable to parent company	-	409,688	5,378,031	329,224	(167,715)	(808,722)
Total comprehensive income attributable to non-controlling equity	-	(12,753)	(29,914)	(9,051)	(13,522)	(1,721)
EPS	-	0.69	2.27	0.13	0.04	(0.31)

Note 1: The Company has adopted the IFRSs as of 2013. In order to deal with the IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information 2011, please refer to “(4) Consolidated Condensed Balance Sheet and Comprehensive Income Statement – the R.O.C. Financial Accounting Standards”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers reported in 2013 are recalculated in order to compile with the 2014 financial statements.

(III) Individual balance sheet and comprehensive income statement – R.O.C. Financial Accounting Standards

Individual condensed balance sheet – R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Item \ Year		Financial information in the most recent five years (Note 1)				
		2011	2012	2013	2014	2015
Current Assets		21,987,723	13,335,209	-	-	-
Fund and investment		8,364,603	6,107,357	-	-	-
Other financial assets – non-current		19,983	22,956	-	-	-
Fixed assets		16,817,648	18,900,123	-	-	-
Intangible assets		-	-	-	-	-
Other assets		6,938,044	6,868,269	-	-	-
Total assets		54,128,001	45,210,958	-	-	-
Current liabilities	Before distribution	5,698,626	4,226,123	-	-	-
	After distribution	9,153,930	5,386,118	-	-	-
Long-term liabilities		6,001,713	1,359,681	-	-	-
Other liabilities		3,993,244	4,204,111	-	-	-
Total liabilities	Before distribution	15,693,583	9,789,915	-	-	-
	After distribution	19,148,887	10,949,910	-	-	-
Capital stock		19,744,593	23,199,897	-	-	-
Capital surplus		198,549	160,174	-	-	-
Retained earnings	Before distribution	13,222,398	7,729,869	-	-	-
	After distribution	9,767,094	6,569,874	-	-	-
Unrealized profit or loss from financial instruments		128,584	(1,000,897)	-	-	-
Accumulated translation adjustment		(133,648)	(190,171)	-	-	-
Net loss not recognized as pension cost		(7,848)	(7,919)	-	-	-
Unrealized revaluation increment		5,281,790	5,530,090	-	-	-
Equities related to non-current assets held for sale		-	-	-	-	-
Total shareholders' equity	Before distribution	38,434,418	35,421,043	-	-	-
	After distribution	34,979,114	34,261,048	-	-	-

Note 1: The Company has adopted the IFRSs as of 2013. For the financial information from 2013 to 2015, please refer to “(1) Individual Condensed Balance Sheet and Comprehensive Income Statement – IFRSs”. Each annual individual financial statement shall be audited and certified by an external auditor.

Individual condensed income statement – R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Item \ Year	Financial information in the most recent five years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenue	42,596,896	36,893,966	-	-	-
Gross profit (loss)	6,489,458	(139,582)	-	-	-
Operating profit (loss)	5,096,236	(1,058,853)	-	-	-
Non-operating revenue and gain	7,562,035	3,241,566	-	-	-
Non-operating expense and loss	636,475	489,591	-	-	-
Net profit (loss) before tax of continued departments	12,021,796	1,693,122	-	-	-
Net profit (loss) after tax of continued departments	10,925,899	1,418,079	-	-	-
Income of discontinued departments	-	-	-	-	-
Extraordinary income	-	-	-	-	-
Cumulative effects of changes in accounting principles	-	-	-	-	-
Income	10,925,899	1,418,079	-	-	-
Basic earnings (loss) per share (NT\$) (Note 2)	5.53	0.61	-	-	-
Basic earnings (loss) per share (NT\$) – retroactive adjustment (Note 3)	4.71	0.61	-	-	-

Note 1: The Company has adopted the IFRSs as of 2013. For the financial information from 2013 to 2015, please refer to “(1) Individual Condensed Balance Sheet and Comprehensive Income Statement – IFRSs”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: Based on the outstanding shares under weighted average method

Note 3: Based on the earnings adjusted retroactively and outstanding shares under weighted average method upon recapitalization of employee bonus.

(IV) Consolidated condensed balance sheet and comprehensive income statement – R.O.C. Financial Accounting Standards

Consolidated condensed balance sheet – R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Item \ Year		Financial information in the most recent five years (Note 1)				
		2011	2012	2013	2014	2015
Current Assets		23,338,350	14,653,752	-	-	-
Fund and investment		7,061,315	4,843,371	-	-	-
Other financial assets – non-current		34,400	25,395	-	-	-
Fixed assets		16,844,210	18,917,935	-	-	-
Intangible assets		62,409	54,040	-	-	-
Other assets		7,038,896	6,919,290	-	-	-
Total assets		54,379,580	45,413,783	-	-	-
Current liabilities	Before distribution	5,903,516	4,416,918	-	-	-
	After distribution	9,358,820	5,576,913	-	-	-
Long-term liabilities		6,018,913	1,359,681	-	-	-
Other liabilities		3,962,690	4,177,535	-	-	-
Total liabilities	Before distribution	15,885,119	9,954,134	-	-	-
	After distribution	19,340,423	11,114,129	-	-	-
Capital stock		19,744,593	23,199,897	-	-	-
Capital surplus		198,549	160,174	-	-	-
Retained earnings	Before distribution	13,222,398	7,729,869	-	-	-
	After distribution	9,767,094	6,569,874	-	-	-
Unrealized profit or loss from financial instruments		128,584	(1,000,897)	-	-	-
Accumulated translation adjustment		(133,648)	(190,171)	-	-	-
Net loss not recognized as pension cost		(7,848)	(7,919)	-	-	-
Unrealized revaluation increment		5,281,790	5,530,090	-	-	-
Equities related to non-current assets held for sale		-	-	-	-	-
Minority equity		60,043	38,606	-	-	-
Total shareholders' equity	Before distribution	38,494,461	35,459,649	-	-	-
	After distribution	35,039,157	34,299,654	-	-	-

Note 1: The Company has adopted the IFRSs as of 2013. For the financial information from 2013 to 2015, please refer to “(2) Consolidated Condensed Balance Sheet and Comprehensive Income Statement – IFRSs”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Consolidated condensed income statement – R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Item \ Year	Financial information in the most recent five years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenue	43,864,186	38,352,880	-	-	-
Gross profit (loss)	7,330,674	843,993	-	-	-
Operating profit (loss)	5,428,671	(570,382)	-	-	-
Non-operating revenue and gain	7,406,938	2,848,701	-	-	-
Non-operating expense and loss	752,278	508,263	-	-	-
Net profit (loss) before tax of continued departments	12,083,331	1,770,056	-	-	-
Net profit (loss) after tax of continued departments	10,908,116	1,405,326	-	-	-
Income of discontinued departments	-	-	-	-	-
Extraordinary income	-	-	-	-	-
Cumulative effects of changes in accounting principles	-	-	-	-	-
Income	10,908,116	1,405,326	-	-	-
Basic earnings (loss) per share (NT\$) (Note 2)	5.53	0.61	-	-	-
Basic earnings (loss) per share (NT\$) – retroactive adjustment (Note 3)	4.71	0.61	-	-	-

Note 1: The Company has adopted the IFRSs as of 2013. For the financial information from 2013 to 2015, please refer to “(2) Consolidated Condensed Balance Sheet and Comprehensive Income Statement – IFRSs”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: Based on the outstanding shares under weighted average method

Note 3: Based on the earnings adjusted retroactively and outstanding shares under weighted average method upon recapitalization of employee bonus.

(V) The names of CPA conducting financial audits in the most recent five years and their audit opinions

Year	2011	2012	2013	2014	2015
External Auditor	Melody Chen	Melody Chen	Melody Chen	Melody Chen	Melody Chen
	Charles Chen	Charles Chen	Charles Chen	Jeff Chen	Jeff Chen
Audit Opinion	Modified unqualified opinions	Modified unqualified opinions	Modified unqualified opinions	Modified unqualified opinions	Modified unqualified opinions

II. Financial Analysis for the most recent five years

(I) Individual financial analysis for the most recent five years - IFRSs

Currency Unit: NTD Thousand

Year (Note 1) Item (Note 3)		Financial Analysis for the most recent five years					Ending March 31, 2016
		2011	2012	2013 (Note 3)	2014	2015	
Financial structure %	Liabilities to total assets		23.79	24.88	30.64	29.21	N/A
	Long-term fund to property, plant and equipment		308.08	340.61	431.36	460.46	
Insolvency %	Current ratio		314.40	159.27	216.65	199.24	
	Quick ratio		234.38	117.68	164.67	148.4	
	Times Interest Earned		10,652	49,654	486	151	
Operating performance	Receivables turnover (time)		10.77	11.57	11.98	10.27	
	Average number of days receivables outstanding		33.89	31.54	30.46	35.54	
	Inventory turnover (time)		13.23	12.58	13.47	10.99	
	Payables turnover (time)		17.16	15.32	18.65	19.46	
	Average number of days of sales		27.58	29.01	27.09	33.21	
	Property, plant and equipment turnover (time)		2.01	1.78	1.81	1.46	
	Total assets turnover (time)		0.63	0.51	0.43	0.31	
Profitability	ROA (%)		2.73	7.87	0.50	0.33	
	ROE (%)		3.71	10.39	0.57	0.18	
	Income before tax to paid-in capital (%) (Note 7)		8.05	22.78	1.27	0.41	
	Profit margin (%)		4.32	15.55	0.96	0.41	
	EPS (NT\$)		0.69	2.27	0.13	0.04	
Cash flow	Cash flow ratio (%)		(61.99)	(5.49)	(19.17)	(10.38)	
	Cash flow adequacy ratio (%)		106.14	81.55	57.26	21.33	
	Cash flow reinvestment ratio (%)		(4.18)	(0.59)	(1.60)	(0.77)	
Leverage	Operating leverage		(Note 2)	(Note 2)	(Note 2)	(Note 2)	
	Financial leverage		(Note 2)	(Note 2)	(Note 2)	(Note 2)	
The causes resulting in changes in financial rates in the most recent two years by more than 20%:							
1. The decrease in the Times Interest Earned Multiples from 2014 to 2015 was a result of the decrease in total revenue and the increase in interest expense.							
2. The increase in average days of inventory turnover days from 2014 to 2015 was due to the decrease in COGS was larger than the decrease in average inventory.							
3. The total asset turnover decrease from 2014 to 2015 was a result of a decrease in operating revenue.							
4. The decrease in profitability financial ratios from 2014 to 2015 is a result of increasing industry supply in the main product propenenitrile, and lower downstream demand. The imbalance in supply and demand resulted in lower sales							

prices versus 2014, and lower than expected profitability. Also, the decrease in non-operating profits is due to a decrease in recognition of investing properties gain compared to 2014.

5. The increase in cash flow ratios and cash flow reinvestment ratios from 2014 to 2015 was a result of decrease in net cash outflow from operating activities.
6. The decrease in cash flow adequacy ratio from 2014 to 2015 was a result of the decrease in the net cash flow from operating activities for the recent five years from 2014 and the increase in capital expenditure and cash dividend for the most recent five years from 2014.

Note 1: The Company has adopted the IFRSs as of 2013. In order to deal with the IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information from 2009 to 2011, please refer to “(3) Individual financial analysis for the most recent five years – the R.O.C. Financial Accounting Standards”. Each annual individual financial statement shall be audited and certified by an external auditor.

Note 2: The operating incomes were all negative values in the recent years and, therefore, the financial ratios thereof was excluded from the calculation.

Note 3: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers reported in 2013 are recalculated in order to compile with the 2014 financial statements.

(II) Consolidated financial analysis for the most recent five years - IFRSs

Currency Unit: NTD Thousand

Item (Note 3) \ Year (Note 1)		Financial Analysis for the most recent five years					Ending March 31, 2016
		2011	2012	2013 (Note 8)	2014	2015	
Financial structure %	Liabilities to total assets		23.99	25.21	31.01	29.70	30.62
	Long-term fund to property, plant and equipment		307.17	341.62	422.60	432.91	438.49
Insolvency %	Current ratio		330.61	219.79	320.51	286.40	286.31
	Quick ratio		251.80	177.06	260.65	236.01	238.78
	Times Interest Earned		11,017	37,402	524	175	(1,289)
Operating performance	Receivables turnover (time)		11.20	11.99	11.98	10.52	9.87
	Average number of days receivables outstanding		32.58	30.44	30.46	34.69	36.98
	Inventory turnover (time)		12.80	12.29	12.91	11.48	10.39
	Payables turnover (time)		16.28	14.86	18.17	18.87	17.49
	Average number of days of sales		28.51	29.69	28.27	31.79	35.12
	Property, plant and equipment turnover (time)		2.08	1.85	1.86	1.57	1.32
	Total assets turnover (time)		0.65	0.52	0.45	0.34	0.28
Profitability	ROA (%)		2.69	7.78	0.49	0.31	(0.90)
	ROE (%)		3.68	10.30	0.55	0.16	(1.37)

	Income before tax to paid-in capital (%) (Note 7)		8.38	22.93	1.52	0.61	(3.07)
	Profit margin (%)		4.12	14.84	0.89	0.32	(13.60)
	EPS (NT\$)		0.69	2.27	0.13	0.04	(0.31)
Cash flow	Cash flow ratio (%)		(61.56)	(2.00)	(32.65)	9.28	(11.97)
	Cash flow adequacy ratio (%)		107.97	95.83	53.33	23.75	(39.12)
	Cash flow reinvestment ratio (%)		(4.32)	(0.22)	(2.73)	0.73	(0.98)
Leverage	Operating leverage		Note 2	Note 2	Note 2	Note 2	Note 2
	Financial leverage		Note 2	Note 2	Note 2	Note 2	Note 2

The causes resulting in changes in financial rates in the most recent two years by more than 20%:

1. The decrease in the Times Interest Earned Multiple from 2014 to 2015 was a result of the decrease in total revenue and the increase in interest expense.
2. The total asset turnover decrease from 2014 to 2015 was a result of a decrease in operating revenue.
3. The decrease in profitability financial ratios from 2014 to 2015 is a result of increasing industry supply in the main product propenenitrile, and lower downstream demand. The imbalance in supply and demand resulted in lower sales prices versus 2014, and lower than expected profitability. Also, the decrease in non-operating profits is due to a decrease in recognition of investing properties gain compared to 2014.
4. The increase in cash flow ratios and cash flow reinvestment ratios from 2014 to 2015 was a result of decrease in net cash outflow from operating activities.
5. The decrease in cash flow adequacy ratio from 2014 to 2015 was a result of the decrease in the net cash flow from operating activities for the recent five years from 2014 and the increase in capital expenditure and cash dividend for the most recent five years from 2014.

Note 1: The Company has adopted the IFRSs as of 2013. In order to comply with IFRSs, some accounting titles in the financial information 2012 were reclassified and recalculated to be in line with the expressions in the financial statement 2013. For the financial information 2011, please refer to "4. Consolidated financial analysis for the most recent five years – the R.O.C. Financial Accounting Standards". Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The operating incomes were negative values and, therefore, the financial ratios thereof was excluded from the calculation.

Note 3: The following equation shall be identified at the end of the Statement:

1. Financial structure

- (1) Liabilities to total assets = Total liabilities / total assets
- (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / property, plant and equipment, net

2. Insolvency

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory - prepayment) / current liabilities
- (3) Times Interest Earned = income tax and interest expenses net income before income tax / interest expenses in the current period

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average number of days receivable outstanding = 365 / accounts receivable turnover

- (3) Inventory turnover=sale cost/average inventory
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance (gross) of average accounts payable (including accounts payable and notes payable resulting from operation)
- (5) Average number of days of sales=365/inventory turnover
- (6) property, plant and equipment turnover=net sales/average property, plant and equipment, net
- (7) Total assets turnover rate = net sales/average total assets
4. Profitability
 - (1) ROA = [income after income tax + interest expense*(1-tax rate)]/average total assets.
 - (2) ROE = Income after income tax/average total equity
 - (3) Profit margin = Income After income tax/net sales
 - (4) Earnings per Share = (income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares(Note 4)
5. Cash flow
 - (1) Cash flow ratio=Net cash flow from operating activities/current liabilities
 - (2) Net cash flow adequacy ratio= Net cash flow from operating activities in the most recent five years/ (capital spending + increase in inventory + cash dividends) in the most recent five years
 - (3) Cash reinvestment ratio=(Net cash flow from operating activities-cash dividends)/(gross of property, plant and equipment+ long-term investment+ other non-current assets+ working capital)(Note 5)
6. Leverage:
 - (1) Operating leverage=(Net operating revenue-changed operating costs and expenses)/operating income (Note 6)
 - (2) Financial leverage=Operating income/(operating income-interest expenses)

Note 4: The following shall be considered in assessing the equation for earnings per share (EPS) as aforementioned:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (issued or not) shall be subtracted from net profit after tax or added to net loss after tax .If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.

5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.

Note 6: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonability and consistency.

Note 7: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said calculation about the percentage to the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

Note 8: The Company changed valuation methods in investment properties from cost value to fair value in 2014 under the rules of IFRS, previous statements have been adjusted retrospectively. Some numbers reported in 2013 are recalculated in order to compile with the 2014 financial statements .

(III) Individual financial analysis for the most recent five years – the R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Items			Year	Financial information in the most recent five years (Note 1)				
				2011	2012	2013	2014	2015
Financial structure %	Liabilities to total assets			28.99	21.65	-	-	-
	Long-term fund to fixed assets			264.22	194.61	-	-	-
Insolvency %	Current ratio			385.84	315.54	-	-	-
	Quick ratio			287.65	229.14	-	-	-
	Times Interest Earned			16,837	9,666	-	-	-
Operating performance	Receivables turnover (time)			12.55	10.77	-	-	-
	Average number of days receivables outstanding			29.08	33.89	-	-	-
	Inventory turnover (time)			15.27	13.81	-	-	-
	Payables turnover (time)			23.61	17.15	-	-	-
	Average number of days of sales			23.90	27.61	-	-	-
	Fixed assets turnover (time)			2.53	1.95	-	-	-
	Total assets turnover (time)			0.79	0.82	-	-	-
Profitability	ROA (%)			22.22	2.88	-	-	-
	ROE (%)			32.48	3.84	-	-	-
	To paid-in capital (%)	Operating income		25.81	(4.56)	-	-	-
		Income before tax		60.89	7.30	-	-	-
	Profit margin (%)			25.65	3.84	-	-	-
	Basic earnings per share (NT\$)			5.53	0.61	-	-	-
	Basic earnings per share (NT\$) – retroactive adjustment			4.71	0.61	-	-	-
Cash flow	Cash flow ratio (%)			142.42	(6.86)	-	-	-
	Cash flow adequacy ratio (%)			236.15	121.49	-	-	-
	Cash flow reinvestment ratio (%)			8.66	(5.77)	-	-	-
Leverage	Operating leverage			4.22	(Note 2)	-	-	-
	Financial leverage			1.01	(Note 2)	-	-	-

Note 1: The Company has adopted IFRSs as of 2013. For the individual financial analysis 2013 to 2015,

please refer to “1. Financial analysis for the most recent five years – IFRSs”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The operating income 2012 were negative values and, therefore, the financial ratios thereof was excluded from the calculation.

(IV) Consolidated financial analysis for the most recent five years – the R.O.C. Financial Accounting Standards

Currency Unit: NTD Thousand

Items			Year	Financial information in the most recent five years (Note 1)				
				2011	2012	2013	2014	2015
Financial structure %	Liabilities to total assets			29.21	21.92	-	-	-
	Long-term fund to fixed assets			264.27	194.63	-	-	-
Insolvency %	Current ratio			395.33	331.76	-	-	-
	Quick ratio			298.04	245.04	-	-	-
	Times Interest Earned			16,775	10,037	-	-	-
Operating performance	Receivables turnover (time)			12.96	11.20	-	-	-
	Average number of days receivables outstanding			28.16	32.58	-	-	-
	Inventory turnover (time)			13.80	13.21	-	-	-
	Payables turnover (time)			22.03	16.26	-	-	-
	Average number of days of sales			26.44	29.25	-	-	-
	Fixed assets turnover (time)			2.60	2.03	-	-	-
	Total assets turnover (time)			0.81	0.84	-	-	-
Profitability	ROA (%)			21.98	2.85	-	-	-
	ROE (%)			32.36	3.80	-	-	-
	To paid-in capital (%)	Operating income		27.49	(2.46)	-	-	-
		Income before tax		61.20	7.63	-	-	-
	Profit margin (%)			24.87	3.66	-	-	-
	Basic earnings per share (NT\$)			5.53	0.61	-	-	-
	Basic earning per share (NT\$) – retroactive adjustmen			4.71	0.61	-	-	-
Cash flow	Cash flow ratio (%)			141.05	(3.82)	-	-	-
	Cash flow adequacy ratio (%)			216.97	119.85	-	-	-
	Cash flow reinvestment ratio (%)			8.95	(5.59)	-	-	-
Leverage	Operating leverage			4.13	(Note 2)	-	-	-
	Financial leverage			1.01	(Note 2)	-	-	-

Note 1: The Company has adopted IFRSs as of 2013. For the consolidated financial analysis 2013 to 2015, please refer to “(2) consolidated financial analysis for the most recent five years – IFRSs”. Each annual consolidated financial statement shall be audited and certified by an external auditor.

Note 2: The operating income 2012 were negative values and, therefore, the financial ratios thereof was

excluded from the calculation.

Note 3: The formulas of the above table is as follows:

1. Financial structure
 - (1) Liabilities to total assets = Total liabilities / total assets
 - (2) Long-term fund to fixed assets = (total shareholders' equity + long-term liabilities) / fixed assets, net
2. Insolvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets - inventory - prepayment) / current liabilities
 - (3) Times Interest Earned = income tax and interest expenses net income before income tax / interest expenses in the current period
3. Operating performance
 - (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
 - (2) Average number of days receivable outstanding = 365 / accounts receivable turnover
 - (3) Inventory turnover = sale cost / average inventory
 - (4) Payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance (gross) of average accounts payable (including accounts payable and notes payable resulting from operation)
 - (5) Average number of days of sales = 365 / inventory turnover
 - (6) Total fixed assets turnover rate = net sales / net total fixed assets
 - (7) Total assets turnover rate = net sales / total assets
4. Profitability
 - (1) ROA = [income after income tax + interest expense * (1 - tax rate)] / average total assets.
 - (2) ROE = Income after income tax / average total shareholders' equity
 - (3) Profit margin = Income After income tax / net sales
 - (4) Earnings per Share = (net profit after tax - dividends from preferred shares) / weighed average quantity of outstanding shares
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital spending + increase in inventory + cash dividends) in the most recent five years
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of fixed assets + long-term investment + other assets + working capital)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - changed operating costs and expenses) / operating income
 - (2) Financial leverage = Operating income / (operating income - interest expenses)

Note 4: The sale costs applied in the calculation of said financial ratios are exclusive of the allowance for the loss from inventory price declination or gain from inventory price declination recovery in the current year.

III. Audit Committee's Audit Report on the Financial Statement for the Most Recent Year

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2015 Business Report, Financial Statements, Consolidated Financial Statements and earning distribution proposal for 2015. The CPA firm of KPMG was retained to audit China Petrochemical Development Corporation's Financial Statements and Ms. Melody Chen and Mr. Jeff Chen have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, Consolidated Financial Statements and earning distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee of China Petrochemical Development Corporation. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

China Petrochemical Development Corporation

Convener of the Audit Committee:

陳瑞隆 陳瑞隆

April 21, 2016

VI. In the case of any insolvency of the Company and its affiliates, specify its effect on the Company's financial position: N/A

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Financial status comparison and analysis

Currency Unit: NTD Thousand

Item \ Year	2015	2014	Variance	
			Amount	%
Current Assets	15,118,402	18,168,124	(3,049,722)	(16.79)
Property, plant and equipment	16,279,497	16,980,407	(700,910)	(4.13)
Intangible assets	21,451	20,169	1,282	6.36
Other assets	44,335,453	42,259,715	2,075,738	4.91
Total assets	75,754,803	77,428,415	(1,673,612)	(2.16)
Current liabilities	5,278,759	5,668,509	(389,750)	(6.88)
Non-current liabilities	17,218,026	18,340,615	(1,122,589)	(6.12)
Total liabilities	22,496,785	24,009,124	(1,512,339)	(6.30)
Capital stock	23,199,897	23,199,897	0	-
Capital surplus	18,141	0	18,141	-
Retained earnings	31,081,107	31,005,657	75,450	0.24
Other equities	(1,257,758)	(1,014,593)	(243,165)	(23.97)
Non-controlling equity	216,631	228,330	(11,699)	(5.12)
Total shareholders' equity	53,258,018	53,419,291	(161,273)	(0.30)

Notes to significant changes:

1. The decrease in current assets was a result of cash flows from financing activities and losses in cash equivalent in 2015.
2. The decrease in property, plants and equipments resulted from depreciation expense in 2015.
3. The increase in other assets was a result from value gain in investment properties according to appraisal reports and China reinvestment companies obtain the land use right in 2015.
4. The decrease in current liabilities was a result of decrease in short term debt and account payables in 2015.
5. The decrease in non-current liabilities was a result of stock price fell and decrease the financial liabilities measures by fair value, and the Long-term liabilities due within one year in 2015.
6. The increase in retained earnings was a result of gain in net income.

II. Analysis on financial performance

Currency Unit: NTD Thousand

Item	Year	2015		2014		Increase/Decrease	Ratio %
		Subtotal	Total	Subtotal	Total		
Total operating revenue		26,155,995		33,249,482		(7,093,487)	(21.33)
Less: Sales return and discount		0		0			
Operating revenue, net			26,155,995		33,249,482	(7,093,487)	(21.33)
Operating cost			26,598,992		34,012,188	(7,413,196)	(21.80)
Less: Unrealized sales profit and loss			682		931	(249)	(26.75)
Add: Realized sales profit and loss			931		474	457	96.41
Gross profit (loss)			(442,748)		(763,163)	320,415	(41.99)
Operating expenses			1,351,053		1,411,469	(60,416)	(4.28)
Operating profit or loss			(1,793,801)		(2,174,632)	380,831	(17.51)
Non-operating revenue and expense			1,936,032		2,527,223	(591,191)	(23.39)
Net profit (loss) before tax			142,231		352,591	(210,360)	(59.66)
Less: Income tax gain (expense)			(59,461)		(58,059)	(1,402)	2.41
Net profit (loss)			82,770		294,532	(211,762)	(71.90)
Other comprehensive income (after tax)			(264,007)		25,641	(289,648)	(1,129.63)
			(181,237)		320,173	(501,410)	(156.61)
Total comprehensive income							
Net profit (loss) attributable to parent company in current period			95,531		304,449	(208,918)	(68.62)
Net profit (loss) attributable to non-controlling equity in the current period			(12,761)		(9,917)	(2,844)	28.68
Total comprehensive income attributable to parent company			(167,715)		329,224	(496,939)	(150.94)
Comprehensive income attributable to non-controlling equity			(13,522)		(9,051)	(4,471)	49.40

Notes to increase/decrease:

1. Operating revenue and gross profit:

The decrease is result of the increasing supply and demand remain unchanged in Acrylonitrile which is one of the company's main products thus make the price of that decrease compared to 2014 and make the profit lower than exception. The selling amount of CPL which is also one of the major products is affected by the poor economy of Asia region and the growing supply in mainland China, and the selling price is lower than the price in 2014. Fortunately, the gross margin of CPL increased because of the cost of CPL declined which is caused by the cost of energy decline and the factory which used to make CPL was built.

2. Profit and loss of operating expense and operating income:

The decrease in operating expense and the increase in operating income was a result of loss in recognition of impair in accounts receivables from subsidiaries are less than 2014 in 2015.

3. Non-operating revenue and gain:

The decrease was incurred because of the decrease in fair value in real estates of investment was less than former year.

III. Review and Analysis of Cash Flow

Currency Unit: NTD Thousand

Balance of cash – beginning (1)	Net cash flow from operating activities in the year (2)	Cash outflow in the year (3)	Surplus (deficit) (1)+(2)-(3)	Remedy for deficit in cash	
				Investment project	Wealth management project
10,412,190	490,046	(2,014,946)	8,887,290	-	-
(I) Analysis of variance in cash flows: 1. Operating activities: Net cash outflow, NT\$490,046 thousand, mainly because of the decrease in accounts receivable, decrease in prepayment of finished products, decrease in inventor due to the Xiaogang Plant year-end repairing and increase in other account payables. 2. Investing activities: Net cash outflow NT\$1,110,204 thousand, primarily as a result of the payment made for acquisition of plant & equipment, available-for-sale financial assets. 3. Financing activities: Net cash inflow NT\$823,642 thousand, primarily as a result of repay short-term Liabilities and preferred stock liability. (II) Remedy for deficit in cash and liquidity analysis: 1. Remedy for deficit in cash: None (surplus) 2. Liquidity analysis: The increase in cash flow ratio and cash reinvestment ratio in 2015 compared to 2014 was a result of the decrease in net cash inflow from operating activities in 2015 than 2014. The cash outflow from investing activities was a result of the acquisition of plant & equipment and financial assets. The cash inflow from financing activities was a result of repay the short-term Liabilities and preferred stock liability. (III) Analysis of variance in cash flows for the future year: 1. Operating activities: Projected net cash inflow, NT\$1,305,432 thousand 2. Investing activities: Projected net cash outflow, NT\$1,352,681 thousand, primarily as a result of the long-term equity investment and purchase of fixed assets. 3. Financing activities: Net cash inflow NT\$2,144,840 thousand, primarily as a result of the wealth management and financing derived in order to meet the operating needs. 4. Remedy for deficit in cash: None (surplus)					

IV. Major capital expenditure for the most recent year and its effect on financial position and operation of the Company

N/A.

V. Direct investment policy, the main reasons for profit or loss, and corrective action plan for the most recent year, and investment plan in the next year

CPDC's reinvestment policy still focuses on the core competitiveness in the petrochemical-related industries. The invested objective shall be selected in terms of downstream and upstream or vertical integration, business development and revitalization of assets.

The overall economy remained weak and trended downward in Taiwan for 2015. Thus, export sales of the Company's main products was weak due to global economy conditions and did not recover sufficiently despite the drop in the price of oil and raw materials. Domestic consumption declined because of the pessimistic atmosphere of the global economy, thus removing a major support of economy growth and may result in a weak recovery for the near future. The rising interest policy in the U.S.A, the continuous decrease in economic growth in emerging market and the civil disorder in the middle east country all make the future global economy unpredictable.

In consideration of the Company's long-term development and sustainable operation, the Company will, subject to the needs and strategy for business expansion, keep paying attention to relevant industrial development domestically and overseas and carefully evaluate adequate investment objectives. Notwithstanding, the Company will still take upon new energy, specialty chemical products, precision chemical products and bio-tech-related industries developments as the first priority.

Upon thorough evaluation, the Company is engaging in the trading of storage tanks and chemical products in Yang Kuan Island, Chiangsu Province, China. Also, the Company plans to establish a plant in Rudong, Nantong. The 1st-phase plant construction project for Rudong Plant in Nantong, China, has been approved by the Investment Commission, M.O.E.A; and subsequently followed by finishing construction feasibility and environment impact reports, currently waiting for approval from officials.

VI. Analysis of risk factors: analyze and assess the following circumstances for the most recent year and until the date of publication of the annual report

(I) Impact of interest and exchange rate changes and inflation, and their future countermeasures:

1. Impact on the Company's income:

Item	2015 (NTD Thousand; %)
Net interest revenue	(11,513)
Net exchange gain	(191,262)
Net interest revenue to net operating revenue	-0.04%
Net interest revenue to net profit before tax	-8.09%
Net exchange gain to net operating revenue	-0.73%
Net exchange gain to net profit before tax	-134.47%

(1) Interest rate

The Company's interest rate risk primarily derives from interest accrued based on a floating interest rate arising from long-term/short-term debt. In order to hedge interest fluctuation risk, the Company undertakes transactions when the interest rate stays low after carefully evaluating the financial market trends. Therefore, even if the interest rate fluctuates due to uncertain factors, no material impact would be caused to the Company.

(2) Exchange rate

The Company's major product lines and raw materials are mostly priced at USD and the payment thereof is collected or made in NTD (other than those for import/export). The exchange rate fluctuation would affect the cost and revenue of such petrochemical products as CPL and AN. There are no outstanding balances of any unsettled financial derivatives transactions subject to exchange rate fluctuation risk at the end of 2015.

(3) Inflation

The Company primarily procures petrochemical raw material locally or domestically, or imports raw materials and supplies. The Company would be primarily affected by the change of the international raw material price, while the domestic inflation would render less impact to the Company comparatively.

2. Future countermeasures:

(1) Countermeasures against interest rate fluctuations

The Company will continue to make every effort to ask financing banks for preferential interest rates to reduce the Company's interest expenses, and will try to reduce its average cost of capital through multiple fund-raising channels.

(2) Countermeasures against exchange rate fluctuations

The Company adopts a natural hedge against exchange rate fluctuations, and selects optimal timing to engage in spot foreign exchanges primarily based on the net foreign exchange position after the offset of sales revenue priced based on foreign exchange rate against the sales expenses, subject to the market condition and position, in order to hedge exchange rate fluctuation risks.

(3) Countermeasures against inflation

The largest niche for the Company's competition with others is based on the stable supply of a majority of the Company's major raw materials, including such international petrochemical raw materials and supplies as propylene, benzene, sulfur, natural gas, carbon monoxide and fuel oil, by CPC and other local suppliers, as the price is calculated based on specific equations and also international price. Although domestic inflation renders a lesser impact to the Company, the Company still continues to boost various resolutions through the market mechanism and process improvement, in order to reduce its cost.

(II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as derivatives transactions, major causes for profits or losses and future countermeasures:

The Company has not granted loan to others or made endorsement/guarantee for others, nor has it engaged in investment of high-risk or high-leverage derivatives.

The derivatives transaction policy: No unsettled balance of the derivatives transaction existed at the end of 2015.

(III) Future R&D plans and expected R&D expenditure:

The Company's future R&D plans consist of:

1. Improvement of the existing production process; 2. Development of correlative products; 3. Three major orientations of new product development

(1) Improvement of the existing production process:

In order to improve the competing strength of phenolic letong production processes, the Company had combined the plant and R&D center in a project group, and collaborated with global well-known enterprises to optimize and improve the quality of catalysts. The Company also seeks to reach a breakthrough in technique and process, thus ensure the quality of successful products and cost advantages, improve the competitive advantage of all processes.

(2) Development of correlative products:

Recover and purify the value materials of the byproducts, e.g. recycling of waste liquid caustic soda and purification/separation of monoacid/diacid, and recovery of such valuable materials as light ends.

(3) New product development:

Including development of functional high polymer, ester derivate and special chemical products, and application and research of products.

The Company has planned expenditures of about NT\$309,374,000 in R&D activities in 2016. The expenditures to be spent in R&D each year in the future will be subject to the progress of the R&D plan.

Statistics of R&D expenses invested by CPDC and its subsidiaries in the past years.

Year	2011	2012	2013	2014	2015	2016(Projected) (Note 1)
Amount (NTD thousand)	558,571	229,565	227,201	196,090	216,793	309,374

Note 1: Included the estimate amount of subsidiary Taivex Therapeutics Corporation in 2016

(IV) Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operation of the Company, and Countermeasures: N/A

(V) The effect of technological and industrial changes on financial status and operation of the Company, and countermeasures: N/A

(VI) Impact of changes in corporate identity on the Company's crisis management, and countermeasures: N/A

(VII) Expected benefits and possible risks of merger and acquisition, and countermeasures: N/A

(VIII) Expected benefits and possible risks of facilities expansion, and countermeasures:

To improve the operational flexible on major raw material Ammonia and phenol, the Board agreed to invest and build the storage device of Ammonia and phenol on Kaohsiung storage areas, the building plan started from October 2015 and will last through June 2020.

According to the analysis on supply & demand in the CPL market, Taiwan's dependence on imported CPL still remains at 60%. The supply and demand of CPL in Mainland China changed remarkably. Its own production capability was upgraded drastically, and its dependence on imported CPL declined drastically, even facing an overproduction situation, resulting in

the lowest price of CPL in most recent years. In order to mitigate the impact caused by the change in CPL market to the Company, the Company's relevant units will be dedicated to adjust the production amount, actively search possible solutions in lowering material and production costs, thus maximizing profits for the Company.

(IX) Risk from centralized purchasing or selling, and countermeasures:

The primary raw materials for the AN produced by the Company refers to propylene, and one of the important raw materials for CPL produced by the Company refers to natural gas. If the supply of primary raw materials is defective, the Company's production of AN and CPL will be affected.

Meanwhile, the Kaohsiung Plant of CPC is scheduled to be relocated or shut down in 2015. With respect to the Da-Sheh Industrial Park where the Company's Da-Sheh Plant is located, Kaohsiung County Government issued the official letter under (87) Fu-Chien-Tu-Tze No. 211694 dated November 7, 1998 on "Motions for Changing Da-Sheh Urban Plan (3rd overall review)", in which the conditions identified in the motion No. 7 required that "the manufacturers in the special industrial park shall be relocated before 2018, and the park shall be changed to a Type-B industrial park by the County Government pursuant to the statutory procedure." Meanwhile, Kaohsiung City Government asked the Ministry of Interior to authorize the "Motion for Changing Da-Sheh Urban Plan (4th overall review)" via its official letter under Kao-Shih-Fu-Tu-Fa-Kuei-Tze No. 10130250600 dated January 13, 2012. As a result, the City Government held that the same motion should remain sustained. Therefore, if the motion sustains, the Company's Da-Sheh Plant might be forced to be relocated or shut down. Therefore, the Company will file a claim with the Government together with the other manufacturers in the same trade to seek the relevant remedy and keep Da-Sheh Plant operating at the original

production location or seek another potential alternative. If the Government could not solve the situation successfully, the existence and development of the local petrochemical industry and the Company will be severely affected.

The Company's primary product lines, CPL and AN, refer to the main raw materials supplied to downstream nylon, acrylic fiber and ABS plastic industries. CPL and AN refers to the basic raw materials for petrochemical downstream products. The Company's customers are primarily a few chemical fiber textile plants, given specific industrial characteristics.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: N/A

(XI) Impact and risk associated with changes in management rights, and countermeasures: N/A

(XII) Litigation and non-litigation matters:

§ Against the Company

1. "Administrative disposition under Nan-Shih-Fu Huan-Shui-Tze No. 09722014930"

(1) Fact at issue:

Tainan City Government ordered the appellant, via its official letter under Nan-Shih-Fu Huan-Shui-Tze No. 09722014930 dated June 20, 2008, to pay NT\$88,786,006, as advanced by Environmental Protection Administration and Tainan City Government for An-Shun Site, to the Soil and Underground Water Pollution Remediation Fund account before July 31, 2008.

(2) Claimed value: NT\$88,786,006

(3) Date of initiation: June 2008

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The judgement rendered by Kaohsiung High Administrative Court holding that part of the expenses payable by the Company exceed NT\$88,430,139 was revoked. The Company filed an appeal with the Supreme Administrative Court. As a result, the original judgement was revoked and remanded to Kaohsiung High Administrative Court for another judgement. Meanwhile, the part of the original judgement rendered in November 2013 holding that the amount exceeds NT\$76,060,447 was revoked. Both sides appealed against their negative injunctions. After hearing by the Supreme Administrative Court, in March 2015, a further judgement was announced, abandoning the previous trial and litigation costs, and judgements that exceed NT\$203,316, and remanded to Kaohsiung High Administrative Court for next hearing.

The determined part of the revoked NT\$355,867 has been refunded by the Tainan City Government.

2. Damages to An Shun residents

(1) Fact at issue:

The plaintiffs including Wu initiated the complaint alleging that Taiwan Soda Ash Co., Ltd., An Shun Plant, as consolidated by CPDC pursuant to the order of Ministry of Economic Affairs, produced such material as dioxin due to production of PCP prior to the consolidation, thereby causing damage to the plaintiffs. Therefore, CPDC should be liable for the damages due to the consolidation.

(2) Claimed value: NT\$351,750,000

(3) Date of initiation: July 2008

(4) Parties:

Plaintiff: Wu, et al.

Defendant: CPDC, MOEA, Tainan City Government, and
Environmental Protection Bureau of Tainan City
Government

- (5) Status: The 1st instance was rendered on December 2015 that CPDC and MOEA shall bear joint and several liability for compensation NT\$168,170,000 to An Shun residents. The Company filed an appeal on December 2015 pursuant to laws. Currently, the case is under examination by the High Administrative Court.

3. Land tax for 2009, 2010, 2011, 2012, 2013, and 2014 payable by the Company on the land in Chienchen

- (1) Fact at issue:

The 20 lots of land located at No. 356, Hsien The Section, Chienchen Township, Kaohsiung City and 14 lots of land located at No. 4, Hsing Bang Section, totaling 34 lots of land, were contaminated. As a result, the land was published by Kaohsiung City Government as a “Soil Pollution Control Site” and “Soil Pollution Control Zone” in accordance with the Soil and Groundwater Pollution Remediation Act (hereinafter referred to as the “Remediation Act”), and could not be utilized for any purpose other than remediation. The Company applied for land tax credit/exemption in accordance with Article 12 of the Land Tax Reduction and Exemption Regulations. The Revenue Service District Office of Kaohsiung City responded in writing that the Company did not meet the requirement, and still issued the tax bill. Therefore, the Company petitioned for the administrative remedy pursuant to applicable laws.

- (2) Claimed value:

A. Tax payment 2009: NT\$63,480,644

B. Tax payment 2010: NT\$58,602,921

- C. Tax payment 2011: NT\$58,904,456
- D. Tax payment 2012: NT\$59,197,831
- E. Tax payment 2013: NT\$64,173,474
- F. Tax payment 2014: NT\$64,484,592
- (3) Date of initiation: December 2008
- (4) Parties:
 - Plaintiff: CPDC
 - Defendant: Revenue Service District Office of Kaohsiung City
- (5) Status:
 - A. Tax payment 2009:
 - (a) Application for land tax credit/exemption:

Kaohsiung High Administrative Court rendered a judgement that was unfavorable to the Company. After the Company filed an appeal, the Supreme Administrative Court remanded the case for another judgement. Kaohsiung High Administrative Court and the Supreme Administrative Court rendered the judgement revoking the application. In August 2014 the Company initiated the petition for reexamination pursuant to laws. On January 14, 2016 the Supreme Administrative overruled part of the judgement and remanded other parts of judgement to the Kaohsiung High Administrative Court. The issue now is under hearing by the Kaohsiung High Administrative Court.
 - (b) Reexamination of land tax: The Company initiated the administrative remedy pursuant to laws. Kaohsiung High Administrative Court and Supreme Administrative Court rendered a judgement unfavorable to the Company, with the judgement being final and irrevocable.

B. Tax payment 2010:

- (a) Application for land tax credit/exemption: The Company initiated the administrative remedy pursuant to laws, and Kaohsiung High Administrative Court rendered a judgement revoking the petition. In December 2014 the Company filed an appeal, and the appeal was overruled and a judgement rendered by the Supreme Administrative Court in July 2015. The Company filed for reexamination in August 2015, and was overruled by the Kaohsiung High Administrative Court in March 2016. The case was closed.
- (b) Reexamination of land tax: The Company initiated the administrative remedy pursuant to laws. Kaohsiung High Administrative Court and Supreme Administrative Court rendered the judgement in disfavor of the Company. The Company initiated the petition for reexamination. Notwithstanding, the Supreme Administrative Court rendered the judgement, revoking the petition in June 2013.

C. Tax payment 2011: The Company petitioned for administrative remedy against the application for land tax credit/exemption pursuant to laws. Kaohsiung High Administrative Court and the Supreme Administrative Court rendered the judgement revoking the petition. In August 2014 the Company initiated the petition for reexamination pursuant to laws. In March 2015 the Supreme Administrative Court rendered the judgement revoking the petition and ruled Kaohsiung High Administrative Court should examine certain evidentiary questions, and in May 2015 Kaohsiung High Administration Court revoked the judgement. In June 2015 the Company filed an appeal against some parts to the fact findings, and was overruled by the judgement

rendered by the Supreme Administrative Court in September 2015. The case was closed.

D. Tax payment 2012:

- (a) Application for land tax credit/exemption: The Company petitioned for the administrative remedy pursuant to laws. Kaohsiung High Administrative Court and the Supreme Administrative Court rendered a judgement revoking the petition. In April 2015 the Company initiated the petition for reexamination, and in May 2015 the Supreme Administrative revoked part of the judgement and remanded other parts of judgement to the Kaohsiung High Administrative Court. In October 2015 the Kaohsiung High Administrative Court revoked the judgement. The Company filed an appeal in November 2015, and it was overruled by the judgement rendered by the Kaohsiung High Administrative Court in January 2016. The case was closed.
- (b) Reexamination of land tax: The Company filed an appeal pursuant to laws. Notwithstanding, the appeal was revoked and the judgement became final and irrevocable.

E. Tax payment 2013:

The Company initiated the petition for application for land tax credit/exemption on pursuant to laws in October 2013. In February 2015 The Kaohsiung City Government rendered a judgement revoking the petition, and in April 2015 the Company filed an appeal for the remedy pursuant to laws. (The case was consolidated with Tax payment 2014, and follow-up actions is the same as the below case.)

F. Tax payment 2014:

The Company initiated the petition for application for land tax credit/exemption on pursuant to laws in October 2014. The Kaohsiung City Government rendered the judgement revoking the petition in February 2015. In April 2015 the Company filed an appeal for the remedy pursuant to laws, and in August 2014 the Kaohsiung High Administrative Court revoked the appeal. The Company filed an appeal in September 2015, and was overruled by the Supreme Administrative Court on March 1, 2016. The Company petitioned for reexamination on March 8, 2016.

4. One million fine on waste water exceeding the prescribed standards

(1) Fact at issue:

Tainan City Government ordered the appellant, via its official letter under Nan-Shih-Fu Huan-Shui-Tze No. 09822019560 dated July 23, 2008, to pay the out-of-pocket expenses for the road pipeline relocation and installation at “Soil Pollution Control Site at 1K+800 to 2K+815 Section of Road No. 9, Er Teng, Annan District, Tainan City” to the account of Environmental Protection Bureau of Tainan City Government before August 31, 2009. The decision was served to the Company in July 2009.

(2) Claimed value: NT\$1,000,000

(3) Date of initiation: July 2015

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company initiated the petition to the Tainan City Government in July 2015, and it was overruled by the Tainan City Government in November 2015. The Company filed an appeal for remedy in January 2016. The issue now

is under hearing by the Kaohsiung High Administrative Court.

5. One million fine on flue gas monitoring

(1) Matter at issue:

Tainan City Government ordered the Company, via its official letter under Fu-Huan-Tu-Tu-Tsai-Tze No. 104070007 dated 2015 July16, to pay the fine NT\$1,000,000 because of violation of Article 22, Paragraph 1 and Article 38, Paragraph 2, Subparagraph 3 of Soil and Groundwater Pollution Remediation Act, which the Company failed to execute the remediation plans.

(2) Claimed value: NT\$1,000,000

(3) Date of initiation: July 2015

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status: The Company received a fine determination in July 2015, and initiated a petition in August 2015. In November 2015 the original action was revoked, and the original regulatory agency was ordered to make another action within two months. The original agency fined the Company another NT\$200,000 in January 2016. The Company accepted the returned original fine of NT\$1,000,000, and paid the fine of NT\$200,000. The case was closed.

6. “Administrative disposition under Nan-Shih-Fu Huan-Shui-Tze No. 09822035440”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu Huan-Shui-Tze No. 09822035440 dated December 17, 2009, to pay the out-of-pocket expenses for the project related to An Shun

Site soil pollution remediation to the account of Soil and Groundwater Pollution Remediation before January 31, 2010. The decision was served to the appellant in December 2009.

(2) Claimed value: NT\$17,961,679

(3) Date of initiation: January 2010

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company paid said expenses within the specific time limit and filed an appeal. Notwithstanding, the appeal was overruled upon judgement. The Company filed an administrative suit with Kaohsiung High Administrative Court. The Court ruled in September 2012 that the part of the judgement about the amount exceeding NT\$17,867,012 should be revoked, while the other claims filed by the Company were overruled. The Company filed an appeal against the judgement overruling the Company's claims pursuant to laws. In September 2013, the Supreme Administrative Court remanded the case for another judgement. In October 2015, the Kaohsiung High Administrative Court revoked the judgement of the payment amount exceeding NT\$7,067,702. Both parties filed an appeal again with the Supreme Administrative Court in November 2015.

7. An Shun fish farm rental

(1) Matter at issue:

An Shun fish farm is owned by the Company, but some tenants have terminated their rental contract. Thus, the Company demanded the return of the land from those tenants.

- (2) Claimed value: NT\$79,999,432
- (3) Date of initiation: November 2015
- (4) Parties:

Plaintiff: CPDC

Defendant: 11 people, including Wu Jen-Tz, et al.

- (5) Status:

The Company filed a suit in November 2015, and the case now is under hearing by District Court.

8. Civil action against An Shun Old Dormitory

- (1) Matter at issue:

Taiwan Alkali An Shun Dormitory is owned by the Company, but some residents have occupied the dormitory for many years or registered households. However, the Cultural Affairs Bureau of Tainan City Government designated the area as a municipal archaeology site on November 17, 2014. Since the Company has responsibility for managing and maintaining that area and protects its own property rights for the stipulated use or for the collection of profits of the property, the Company filed this suit.

- (2) Claimed value: NT\$19,566,120 and added interest
- (3) Date of initiation: January 2016
- (4) Parties:

Plaintiff: CPDC

Defendant: Residents of the Taiwan Alkali An Shun Dormitory

- (5) Status:

The Company filed a suit in January 2016, and the case is now under hearing by the District Court.

9. Shu Lin Pollution by Taiwan Alkali Co., Ltd.

- (1) Fact at issue:

The land Nos. 540, 541 & 543, Tungshan Section, Shulin District, New Taipei City and the land No. 489, Wei Wang Section, Shulin District, New Taipei City owned by Taiwan Alkali Co., Ltd. were succeeded to by the Company upon the consolidation. Afterward, CPC purchased the land from the Company. New Taipei City Government published via its official letter under Pei-Huan-Shui-Tze No. 0990071085 dated August 16, 2010 that the land should be identified as the soil pollution control site and also soil pollution control zone. The Government also held that the pollution was caused by the Company, and the Company should submit the pollution control plan.

(2) Claimed value: None

(3) Date of initiation: August 2011

(4) Parties:

Plaintiff: CPDC

Defendant: New Taipei City Government

(5) Status:

(A) Person committing pollution of Shulin Plant: The original decision against the case was revoked by the judgement rendered by Taipei High Administrative Court. New Taipei City Government filed an appeal. The Supreme Administrative Court ruled that the 1st instance judgement should be revoked, and also remanded the case for another judgement. However, the case was overruled by Taipei High Administrative Court and the Supreme Administrative Court in November 2013. The Company initiated the petition for reexamination pursuant to laws. The Supreme Administrative Court overruled the petition in June 2015, while remanded the fact finding to the Taipei High Administrative Court by the judgement.

(B) Shulin Plant's application for suspension of the

execution: In order to declare the effect of the original decision, the Company petitioned for suspension of the execution pursuant to laws in March 2013. The petition was overruled by Taipei High Administrative Court in May 2013, and the following appeal against the Court's judgement was also overruled in August 2013.

- (C) Shulin Plant application: New Taipei City Government rejected the application in June 2015, and the Company initiated a petition for remedy. The petition was overruled in September 2015, and the Company filed the 1st instance for remedy.

10. The right of passing through Tou-Fen land and adjacent land

- (1) Matter at issue:

This suit was between the plaintiff, Wan Wen-Cheng, and the defendant, "Huang Chang-Yuan of Miaoli County's Guild of Ancestor Worship" about the right of passing through the east adjacent land of the Company's Tou-Fen factory. The Defendant claimed that the plaintiff could obtain the right of passing through the adjacent land from the Company's dormitory areas. Thus, the plaintiff added the Company as co-defendant on January 18, 2016 and demanded to confirm the right of access.

- (2) Claimed value: None
- (3) Date of initiation: January 2016
- (4) Parties:

Plaintiff: Wang Wen-Cheng

Defendant: CPDC (another defendant is "Huang Chang-Yuan of Miaoli County's Guild of Ancestor Worship")

- (5) Status:

The Company received the claim of the action in January 2016, and issued pleadings in February 2016. The issue now

in under hearing by the 1st instance.

11. Managers Tsai, Liu and Chen et al. were criminal prosecuted for violation of the Company's trade secrets. The Company has appointed relevant attorneys to clarify the facts in order to protect company's interests.
12. Occupation of An Shun archaeology

(1) Matter at issue:

Tainan City Government designated the Company's "Original Kagakude Negai O Ka Corporation's Dormitories in Tainan Factory" as a municipal archaeology site. On January 27, 2015, the defendant, Wu, piled numerous personal belongings on the land next to the dormitory at No.15, Aly. 3, Ln. 661, Beishanwei 2nd Rd., Annan Dist., Tainan City on suspicion of occupying the real estate.

(2) Claimed value: None

(3) Date of initiation: January, 2015

(4) Parties:

Complainant: CPDC

Defendant: Wu

(5) Status:

The case is under investigation by the District Prosecutors Office.

13. Liu's occupational embezzlement

(1) Matter at issue:

Liu did not returned the Company's information technology equipment, such as laptop, etc. without reason, after leaving his job. The Company filed a criminal embezzlement action to Shi-Lin District Prosecutors Office pursuant to laws in June 2015.

(2) Claimed value: None

(3) Date of initiation: June 2015

(4) Parties:

Complainant: CPDC

Defendant: Liu

(5) Status:

Liu returned the laptop in July 2015 and reported to District Prosecutors Office. In August 2015, District Prosecutors rendered a ruling not to prosecute, and signed and permitted no more reconsideration in September within the same year. The case was closed.

14. Da-Sheh industrial safety suit

(1) Matter at issue:

Huang was the technician of Chiau-Tou storage station of Da-Sheh Plant. He went for a filling operations on May 12, 2014. After wearing protective equipment, he went on the platform on the top of the tank and operated the ISO TANK pipe connecting process. When Huang disassembled the pipe, acrylonitrile discharged from the filling mouth of the tank, Huang made contact with acrylonitrile liquid, and was sent to the hospital for emergency response. Next day he died because of multiple organ failure. The prosecutor of Kaohsiung District Prosecutors Office requested an autopsy to determine the cause of death. The site responsible manager was listed as a defendant and the former director of the Da-Sheh Plant as a suspect.

(2) Claimed value: None

(3) Date of initiation: June 2014

(4) Parties:

Complainant: Huang

Defendant: CPDC's site responsible manager and former director of the Da-Sheh Plant

(5) Status:

The Company received a deferred prosecution in July 2015, and the case was closed.

15. Occupation and destruction of the An Shun archaeology site

(1) Matter at issue:

Tainan City Government designated the Company's "Original Kagakude Negai O Ka Corporation's Dormitories in Tainan Factory" as a municipal archaeology site. On January 18, 2015, the defendant, Hung, demolished the structure of the house, which was occupied by Hung at No.48, Aly. 15, Ln. 661, Beishanwei 2nd Rd., Annan Dist., Tainan City on suspicion of general damaging, damaging archaeology, and occupying real estate.

(2) Claimed value: None

(3) Date of initiation: October 2015

(4) Parties:

Complainant: CPDC

Defendant: Hung

(5) Status:

The Company received the judgment rendered by the Tainan District Court on December 2015, and decided that Hung's offense of damaging other person's building shall be sentenced to imprisonment for six months and on two years probation. The case was closed.

In addition, Tainan City Government brought a suit against the Company for Hung Yue-Chin's destruction of the archaeology site, and District Prosecutors Office closed the case by administrative closure in December 2015.

16. "Administrative disposition under Nan-Shih-Fu Huan-Shui-Tze No. 1000700466"

(1) Matter at issue:

Tainan City Government ordered the the Company, via its official letter under Fu-Huan-Shui-Tze No. 1000700466 dated September 16, 2011, to pay the out-of-pocket expenses for An-Shun Site-related work projects to the Soil and Underground Water Pollution Remediation Fund account. After the Company stated its own opinion, Tainan City Government ordered the Company to make the payment within a specific time limit via its official letter under Nan-Shih-Fu-Huan-Shui-Tze No. 1010242670 dated March 26, 2012.

(2) Claimed value: NT\$16,095,318

(3) Date of initiation: April 2012

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company paid foresaid expenses within the specific time limit and filed an appeal. Notwithstanding, the appeal was overruled upon judgement. The Company filed the administrative remedy pursuant to the law. The Kaohsiung High Administrative Court rendered a judgement and rescinded the petition decision and the original fine regarding the fine amount that exceeded NT\$119,000. Both parties filed an appeal in September 2014. The Supreme Administrative Court remanded the case to the Kaohsiung High Administrative Court on November 17, 2015, and the case now is under examination by Kaohsiung High Administrative Court.

17. Petition for removal of buildings and refund of land by Taiwan Alkali Co., Ltd. to village residents

(1) Fact at issue:

The Company consolidated Taiwan Alkali Co., Ltd. in 1983

and generally succeeded to its right and obligation. In 1986, the Company entered into an agreement with all of Taiwan Alkali Village residents to make the land Nos. 1323-259 and 1323-261 available to them to accommodate the utilities, such as public roads and water towers, continuously used by them. Upon investigation on occupation of the public utilities, some residents were found violating the agreement by constructing private buildings thereon, changing the purpose of the utility arbitrarily and misappropriating the land used for the utilities. The Company planned to recall said land and asked them to refund unjust enrichment to secure the Company's assets and all shareholders' interests and rights.

(2) Claimed value: NT\$5,506,370

(3) Date of initiation: February 2013

(4) Parties:

Plaintiff: CPDC

Defendant: Taiwan Alkali Co., Ltd. Village Management Committee, et al.

(5) Status: The Company filed a suit pursuant to the law and petitioned for removal of buildings and the return of the land. Kaohsiung District Court rendered a judgement revoking the petition. In September 2014 the Company filed an appeal pursuant to laws, and now is under the examination by Kaohsiung High Court.

18. "Administrative disposition under Nan-Shih-Fu Huan-Shui-Tze No. 1010382678"

(1) Fact at issue:

Tainan City Government issued a letter under Nan-Shih-Fu Huan-Shui-Tze No. 1010382678 on May 24, 2012, ordering the Company to complete the management plan concerning the buffer area around An Shun Site and the related fence

structures before June 8, 2012 in order to prevent the pollution from expanding. The Company filed an appeal pursuant to the law.

(2) Claimed value: None

(3) Date of initiation: June 2012

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

In disagreement with the decision, the Company initiated an appeals petition in accordance to the laws. The petition was revoked, and the Company filed an administrative suit pursuant to laws. In April 2014 Kaohsiung High Administrative Court rendered a judgement revoking the suit, and the Company filed an appeal pursuant to laws. The appeal was overruled by the judgement rendered by the Supreme Administrative Court in June 2015. The Company petitioned for reexamination in June 2015, and the Reexamination Court overruled the case upon the judgement in September 2015. The Company filed an appeal for reexamination in September 2015, and received a decision of rejection in December 2015. The case was closed.

19. Civil action against high-rank management

(1) Matter at issue:

The Company's high-ranking managers, Liu and Chang, resigned directly without completing the handover procedures. They have stopped performing duties as of July 1, 2013. The Company issued a letter demanding that they should perform duties, but they refused to do so. The Board of Directors relieved them from the post in October 2013. The Company filed a suit against Liu pursuant to laws

because he severely violated the work rules of the Company. Later, Liu and Chang claimed the pension against the Company pursuant to Labor Standard Law. Both parties failed to reach settlement upon negotiation. Liu and Chang initiated a civil action for payment of pension with Taipei District Court and Kaohsiung District Court in January 2014.

(2) Claimed value: NT\$8,044,460 and NT\$6,110,000

(3) Date of initiation: January 2014

(4) Parties:

Plaintiff: Liu and Chang

Defendant: CPDC

(5) Status:

The Plaintiffs initiated the actions, which are under examination by Taipei District Court and Kaohsiung District Court respectively. Taipei District Court in September 2015 rendered the judgement that the Company shall give Liu NT\$4,572,150, while the Kaohsiung District Court in September 2015 rendered the judgement that the Company shall give Chang NT\$35,393. The Company filed an appeal against Liu in September 2015, while the plaintiff Chang filed an appeal against the Company in September 2015. Both cases are under hearing by High Court.

20. Employee Wang's overtime pay against Labor Standard Law

(1) Matter at issue:

The entity rendering the original decision, Labor Affairs Bureau of Kaohsiung City, performed the labor inspection on Hsiaokang Plant and issued the written decision under Kao-Shi-Lao-Tiao-Tze No. 10233232500 holding that Employee Wang's overtime pay did not include the meal allowance and the Company should be fined NT\$20,000. For disagreement with the administrative disposition, the

Company filed an appeal.

- (2) Claimed value: None
- (3) Date of initiation: June 2013
- (4) Parties:

Plaintiff: CPDC

Defendant: Kaohsiung City Government

- (5) Status:

The Company initiated the petition pursuant to the law in June 2013, and the petition was revoked. The Company filed an administrative suit in February 2014, and Kaohsiung District Court rendered a judgement revoking the suit. The Company filed an appeal pursuant to laws, and Kaohsiung High Court overruled the appeal by judgement in July 2015. The Company petitioned for reexamination in August 2015, and it was still overruled. The Company filed an appeal for reexamination on January 21 2016, and the case is now pending a trial by the Kaohsiung District Court.

21. “Administrative disposition under Fu-Huan-Shui-Tze No. 1020383681B”

- (1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu Huan-Shui-Tze No. 1020383681B dated May 2013, to pay the out-of-pocket expenses for the project related to An Shun Site soil pollution remediation, NT\$26,530,000, within a specific time limit.

- (2) Claimed value: NT\$26,530,000
- (3) Date of initiation: July 2013
- (4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company paid said expenses within the specific time limit and filed an appeal. Notwithstanding, the appeal was overruled upon judgement. The Company filed the administrative remedy pursuant to laws. The Kaohsiung High Administrative Court in April 2016 claimed that the Company would appeal for remedy against negative injunctions pursuant to laws.

22. “Administrative disposition under Fu-Huan-Shui-Tze No. 1030098879”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu Huan-Shui-Tze No. 1030098879 dated February 2014, to pay the out-of-pocket expenses for the project related to An Shun Site soil pollution remediation, NT\$27,440,000, within a specific time limit.

(2) Claimed value: NT\$27,440,000

(3) Date of initiation: March 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company paid said expenses within the specific time limit and filed an appeal. Notwithstanding, the appeal was overruled upon judgement in July 2014. The Company filed the administrative remedy pursuant to laws. Now, the case is under examination by Kaohsiung High Administrative Court.

23. “Administrative disposition under Nan-Shih-Fu-Huan-Chi-Tze No. 1030133470”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu-Huan-Chi-Tze No. 1030133470 dated February 2014, to pay the fine NT\$200,000 within a specific time limit because of violation of Soil and Groundwater Pollution Remediation Act, which the Company failed to execute following the “Remediation Plans of Soil Pollution and Site Pollution” and reach the remediation goals in December 2013. For disagreement with the administrative disposition above, the Company initiated the administrative remedy pursuant to laws.

(2) Claimed value: NT\$200,000

(3) Date of initiation: March 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company initiated the petition pursuant to laws in March 2014, and in June within the same year the Environmental Protection Administration, Executive Yuan rendered a judgement revoking the petition. The Company filed an administrative suit in August 2014, and the case was under examination by the summary court of the Tainan District Court. In disagreement with the decision, the Company appealed to the Kaohsiung High Administrative in May 2015. After the appeal was overruled in August 2015, the Company petitioned for reexamination in September 2015.

24. “Administrative disposition under Nan-Shih-Fu-Huan-Tu-Tze

No. 1030439518”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu-Huan-Tu-Tze No. 1030439518 dated June 2014, to pay the fine NT\$1,000,000 within a specific time limit because of violation of Soil and Groundwater Pollution Remediation Act, which the Company failed to execute following “Remediation Plans of Soil Pollution and Site Pollution”. For disagreement with the administrative disposition above, the Company initiated the administrative remedy pursuant to laws.

(2) Claimed value: NT\$1,000,000

(3) Date of initiation: July 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company initiated the petition pursuant to laws in July 2014, and in November within the same year the Environmental Protection Administration, Executive Yuan rendered a judgement revoking the petition. The Company filed an administrative suit in January 2015, and was examined by Kaohsiung High Administrative Court. Kaohsiung High Administrative Court revoked some parts of the judgement in September 2015, but still maintained the decision about the improvement within a specific time limit. In disagreement with the decision, the Company filed an appeal for remedy in September 2015. The Supreme Court overruled the appeal holding that there was no profit of actions because of the postponement of remediation plans. The case was definitely closed.

25. “Administrative disposition under Nan-Shih-Fu-Huan-Chi-Tze

No. 1030815405”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu-Huan-Chi-Tze No. 1030815405 dated August 2014, to pay the fine NT\$600,000 within a specific time limit because of violation of Soil and Groundwater Pollution Remediation Act, which the Company failed to execute following the “Remediation Plans of Soil Pollution and Site Pollution”. For disagreement with the administrative disposition above, the Company initiated the administrative remedy pursuant to laws.

(2) Claimed value: NT\$600,000

(3) Date of initiation: September 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company initiated the petition pursuant to laws in September 2014, and in December within the same year the Environmental Protection Administration, Executive Yuan rendered a judgement revoking the petition. The Company filed an administrative suit in February 2015, and was examined by Kaohsiung High Administrative Court. The judgement was unfavorable to the Company, thus the Company filed an appeal with the Supreme Administrative Court in December 2015.

26. “Administrative disposition under Nan-Shih-Fu-Huan-Tu-Tze No. 1030485131”

(1) Fact at issue:

Tainan City Government ordered the Company, via its

official letter under Nan-Shih-Fu-Huan-Tu-Tze No. 1030485131 dated October 2014, to pay the fine NT\$1,000,000 within a specific time limit because of violation of the Soil and Groundwater Pollution Remediation Act, which the Company failed to execute following the “Remediation Plans of Soil Pollution and Site Pollution”. For disagreement with the administrative disposition above, the Company initiated the administrative remedy pursuant to laws.

(2) Claimed value: NT\$1,000,000

(3) Date of initiation: November 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

The Company initiated the petition pursuant to laws in November 2014, and Environmental Protection Administration, Executive Yuan rendered the judgement rescinding the original decision in April 2015. The case was closed.

27. “Administrative disposition under Nan-Shih-Fu-Huan-Chi-Tze No. 1040225873”

(1) Fact at issue:

Tainan City Government ordered the Company, via its official letter under Nan-Shih-Fu-Huan-Chi-Tze No. 1040225873 dated March 2015, to pay the fine NT\$1,000,000 within a specific time limit because of violation of the Soil and Groundwater Pollution Remediation Act, which the Company failed to execute following the “Remediation Plans of Soil Pollution and Site Pollution”. For disagreement with the administrative disposition above, the Company initiated the administrative

remedy pursuant to laws.

- (2) Claimed value: NT\$1,000,000
- (3) Date of initiation: November 2014
- (4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

- (5) Status:

The Company initiated the petition pursuant to laws in April 2015. Environmental Protection Administration, Executive Yuan in August 2015 revoked the original disposition. The Company received the returned fine NT\$1,000,000 from Tainan City Government in November 2015. The case was closed.

- 28. Administrative disposition under Kao-Shih-Fu-Shui-Shih-Yi-Tze No. 10335137100 (Turn off the pipelines with enforcement because of Kaohsiung gas explosion)

- (1) Fact at issue:

Kaohsiung City had an underground pipeline explosion in July 2014. Kaohsiung City Government ordered the Company in August 2014 to turn off the pipeline, and prohibited the Company from restoring to use all the petrochemical pipelines in affected areas. For disagreement with the administrative disposition above, the Company initiated the administrative remedy pursuant to laws.

- (2) Claimed value: No
- (3) Date of initiation: September 2014
- (4) Parties:

Plaintiff: CPDC

Defendant: Kaohsiung City Government

- (5) Status:

The Company initiated the petition pursuant to laws in September 2014, and MOEA overruled the petition in December 2015. The Company filed an administrative appeal with Kaohsiung High Administrative Court in January 2016.

29. Administrative disposition under Kao-Shih-Kung-Wu-Kung-Tze No. 1033652500 and No. 1033766200 (Repeal of permission to mine and use the road for underground pipelines in Kaohsiung)

- (1) Fact at issue:

Due to the Kaohsiung gas explosion on August 1st, Public Works Bureau of Kaohsiung City Government, via its official letter to CPC Corp., the person subject to the disposition, repealed the Company's right to use the land of all the pipelines. Some pipelines mentioned in the repeal disposition belonged to the Company, and the Company commissioned CPC Corp. to build the pipelines at first, thus the Company, as the stakeholder, initiated a remedy with Public Works Bureau of Kaohsiung City Government pursuant to laws in September and November 2014.

- (2) Claimed value: No
(3) Date of initiation: September 2014
(4) Parties:

Plaintiff: CPDC

Defendant: Public Works Bureau of Kaohsiung City Government

- (5) Status:

The Company initiated a petition pursuant to laws in September and November 2014, and the Petition Committee of Kaohsiung City Government revoked the petition. In April 2015 the Company filed an administrative suit against two administrative disposition.

30. An Shun application

(1) Fact at issue:

Summary of J. Y. Interpretation No. 714 indicates that whether polluters' general successors bear the remedial obligation does not belong the range of Soil and Groundwater Pollution Remediation Act. Meanwhile, ex-Taiwan Alkali Corp. was a state-owned enterprise and its affiliated An Shun Factory was commanded and supervised under the Ministry of Economic Affairs, Taiwan Provincial Government, and CPC Corp., etc., and they also dominated operations and obtained profits from it. These foresaid actions should belong to the acts of state, but the government asked a private company to bear the pollution which it had caused. Thus, the Company applied for the confirmation from Tainan City Government that those were actual polluters or potentially responsible for pollution and they should pay for the relevant costs and refund the money the Company had already paid over the years.

(2) Claimed value: No

(3) Date of initiation: December 2014

(4) Parties:

Plaintiff: CPDC

Defendant: Tainan City Government

(5) Status:

In November 2014 Tainan City Government made a rejection, and the Company initiated a petition for remedy. In March 2015 Tainan City Government revoked the preceding disposition and made a new one. Considering the litigation strategy, the Company initiated a petition with the new disposition in April 2015. Environmental Protection Administration of Executive Yuan made a decision not to proceed with the case, because the original disposition had been revoked. New disposition was overruled in July 2015, and the Company filed a 1st instance for remedy in

September 2015.

31. Lawsuit of Business negligent injury from Heng-I Inc.

- (1) Fact at issue: Gas explosion has been occurred from Heng-I Chemical factory next to the Tou-Fen factory. This developed into a business negligent injury lawsuit because of combustion from several workers and as the accident happened in the public drainage location of industrial areas, excessive material has been analyzed by samples which belongs to CPDC. Plaintiff request to make CPDC managers as a defendant and its pending trial by Taiwan Miaoli District Court. In February 2015, injured workers from Heng-I Chemical Inc. applied for joint liability to pay compensation of NT\$6,920,000.
- (2) Claimed value: NT\$6,920,000
- (3) Date of initiation: February 2015
- (4) Parties:
Plaintiff: Injured workers from Heng-I Chemical Inc.
Defendant: CPDC and its manager
- (5) Status:
The case about civil action is now pending trial by Miaoli District Court, while criminal action was rendered the ruling not to prosecute in March 2016.

32. An Shun Dormitory assigned as an archaeology

- (1) Tainan City Government, via its official letter under Jih-Fu-Wen-Tzu-Chu-Tze No. 1031053448A dated November 17th, 2014, designated the Company's "Original Kagakude Negai O Ka Corporation's Dormitories in Tainan Factory" as a municipal archaeology. For disagreement with the preceding administrative disposition, with two units occupied and destroyed dormitories has been found, the Company filed a suit for remedy pursuant to laws.

- (2) Claimed value: N/A
- (3) Date of initiation: December 2014
- (4) Parties:
Plaintiff: CPDC
Defendant: Tainan City Government
- (5) Status: The Company initiated the petition for remedy. In August 2015, a decision was made that the disposition of four lands among An Shun Dormitory were revoked, while the rest parts of disposition were overruled. In disagreement with the decision, the Company filed an administrative appeal in September 2015. However, Tainan City Government on December 18, 2015 reannounced the rulings according to MOEA's petition decision. In disagreement with the reannouncement (abbr. "2rd petition of archaeology assigned"), the Company initiated the petition on February 5, 2016.

33. Civil action against company managers

- (1) Fact at issue:
The Company's manager, Wang, violated the company's regulation during the working period. The Company acquitted Wang after it has been discovered and filed a suit against Wang pursuant to laws. However, Wang claimed that the company made him redundant illegally and requested for severance pay of NT\$188,733.
- (2) Claimed value: NT\$188,733
- (3) Date of initiation: March 2015
- (4) Parties:
Plaintiff: Wang
Defendant: CPDC
- (5) Status:

The Company won the 1st instance, and the judgement was finalized.

Wang was criminally prosecuted for infringement upon the Company's interests. The Company has appointed relevant attorneys to clarify the facts in order to protect company's interests.

34. Application of joint Occupational Accident from an employee of Chung-Yen Engineering Co., Ltd.

(1) Fact at issue: An employee of Chung-Yen Engineering Co., Ltd., Wang, fell during construction of the rust-proof operation of ceiling's pipes, resulting in contusion and fracture in his body. In February 2015, the plaintiff requested to add CPDC to the list of defendants, in addition to the original defendant, Chung-Yen Engineering Co. Ltd.

(2) Claimed value: NT\$3,151,594

(3) Date of initiation: April 2015

(4) Parties:

Plaintiff: Wang

Defendant: Chung-Yen Engineering Co., Ltd. & CPDC

(5) Status:

Pending trial by the civil division of Kaohsiung District Court

§ For the Company's directors, supervisors, and major shareholders:

1. Hong Kong dollars confiscation

(1) Matter at issue:

Because of exceeding the carrying amount of Hong Kong dollars outbound, he violated Article 11 and Article 24, Paragraph 3 of Foreign Exchange Regulation Act, and Article 3 and Article 4 of Regulations for the Declaration

and Registration of Carrying Foreign Currencies by Cross-Border Passengers or Service Crew of a Transportation Vehicle, which he shall make a declaration and registration to the customs.

(2) Claimed value: HK\$919,000

(3) Date of initiation: August 2014

(4) Parties:

Plaintiff: Chairman Ching-Jing Sheen

Defendant: National Immigration Agency of MOI

(5) Status:

The petition was initiated for remedy in August 2014, and it was overruled by the judgement rendered one after another by Taipei High Administrative Court and the Supreme Administrative Court. The case was closed on December 9, 2015.

2. Offenses against reputation

(1) Fact at issue:

On the political talk shows on August 6, 2014 of SET News Channel, one of the guest, Chang, was involved with criminal action of disseminating false statements.

(2) Claimed value: None

(3) Date of initiation: August 2014

(4) Parties:

Complainant: Chairman Ching-Jing Sheen

Defendant: Chang and the general manager of SET News Channel

(5) Status:

Taiwan Taipei Prosecutors Office rendered the ruling not to prosecute. In disagreement with the decision, the Company made an application for sending the case to trial. However,

the application was overruled on March 2, 2016. The case was closed.

§ Against affiliates

1. Offense of gender equity (Chemax International Corporation)

(1) Fact at issue:

Wu, an employee assigned to Mainland China, thought she had maternity leave of 203 days, so she made the application for maternity leave of 203 days pursuant to Mainland China's regulations. Because she had took time off without following the Company's holiday provision, the Company asked her provide a hospitalization certificate before leaves started. Notwithstanding, she firmly refused to submit it. After the period of maternity leave pursuant to Labor Standards Act, the Company requested her to provide the hospitalization and summoned her back to duties. She, however, still ignored the notice, and the Company terminated the labor contract pursuant to laws. Nevertheless, Taipei City Government considered this action as pregnancy discrimination, and asked the Company to issue severance pay.

(2) Claimed value: NT\$300,000

(3) Date of initiation: January 2015

(4) Parties:

Plaintiff: Wu Chia-Hsiu

Defendant: Chemax International Corporation

(5) Status:

About the administrative procedure: The Company initiated the petition in September 2015. The decision was made that the original disposition was revoked and ruled that the entity shall make another appropriate action.

About civil action: Pending trial by Taipei District Court

2. Reinvestment entity – Legal action against declaration of the capacity of Chairman of Praxair Chemax Semiconductor Materials Co., Ltd.

(1) Fact at issue:

The director of Praxair Chemax Semiconductor Materials Co., Ltd. (hereinafter referred to as “PRAXAIR”) delegated by the Company, was elected as the new Chairman at the directors’ meeting of PRAXAIR 2013. However, the Vice Chairman and supervisor appointed by the joint venture shareholder, PARAXAIR INC., failed to keep their promise and stopped the supervisor of PRAXAIR appointed by the Company from auditing the accounts and records pursuant to the Company Law, and filed a legal action declaring non-existence of the new Chairman’s commission of authority.

(2) Claimed value: None

(3) Date of initiation: May 2013

(4) Parties:

a. action of non-existence of the new Chairman’s commission of authority:

Plaintiff: Supervisor Taimur Sharih of PARAXAIR, and Vice Chairman Anne Roby of PARAXAIR

Defendant: New Chairman of PARAXAIR, Lin Ke-Ming

b. action of claims for collection of books:

Plaintiff: Supervisor of PARAXAIR, Yu Chien-Sung

Defendant: General Manager of PARAXAIR, Chen Chun-Liang

c. action of claims for collection of Seal / Signature:

Plaintiff: Chairman of PARAXAIR, Lin Ke-Ming

Defendant: General Manager of PARAXAIR, Chen Chun-Liang, et al.

(5) Status:

Taiwan High Court ruled that the action of existence Chairman's commission of authority did exist. For disagreement with the judgement, the Defendant filed an appeal with Taiwan Supreme Court. The appeal was overruled by the judgement rendered by the Court on December 23, 2015, and this case determined that Lin Ke-Ming was the Chairman of PARAXAIR. Taiwan High Court ruled that the Supervisor of PARAXAIR, Yu Chien-Sung, won the case of action of claims for collection of books. For disagreement with the judgement, the Defendant filed an appeal with Taiwan Supreme Court which is now pending trial. Taiwan Hsinchu District Court stopped the trial on the case of action of claims for collection of Seal / Signature until the Chairman's commission of authority is determined. The Chairman's appointment was confirmed on December 23, 2015, and relevant information was reported for the continuation of the proceedings. Notwithstanding, in order to secure all shareholders' interest and right, the Company is still working hard to settle the dispute peacefully.

3. Reinvestment – PARAXAIR shareholders' meeting

(1) Fact at issue:

The supervisor, Taimur Sharih, appointed by the joint venture shareholder of PARAXAIR invested by the Company, PARAXAIR INC., privately called a temporary shareholders' meeting on August 30, 2013 and submitted the temporary motion at the meeting.

(2) Claimed value: None

(3) Date of initiation: September 2013

(4) Parties:

Plaintiff: CPDC

Defendant: Chairman of PARAXAIR, Lin Ke-Ming, and
Supervisor Taimur Sharih

Participant in the action: Vice Chairman of PARAXAIR,
Anne Roby

(5) Status:

The case is under examination by Miaoli District Court.
Notwithstanding, in order to secure all shareholders'
interests and rights, the Company is still working hard to
settle the dispute peacefully.

4. Reinvestment – PARAXAIR shareholders' meeting

(1) Fact at issue:

The supervisor, Taimur Sharih, appointed by the joint
venture shareholder of PARAXAIR invested by the
Company, PARAXAIR INC., privately called a temporary
shareholders' meeting on January 15, 2015 and submitted
the temporary motion at the meeting.

(2) Claimed value: None

(3) Date of initiation: February 2015

(4) Parties:

Plaintiff: CPDC

Defendant: Chairman of PARAXAIR, Lin Ke-Ming, and
Supervisor Taimur Sharih

(5) Status:

The case is under examination by Miaoli District Court.
Notwithstanding, in order to secure all shareholders'
interests and rights, the Company is still working hard to
settle the dispute peacefully.

5. Reinvestment – Contract disputation with Shanghai Tongye Coal
Chemical Group Co. Ltd

(1) Fact at issue:

Shanghai Tongye Coal Chemical Group Co. Ltd purchased anthracene oils from Weihua (Rudong) Trading Co., Ltd and Weiqiang International Trading (Shanghai) Co., Ltd.

However, the payment of the contract was paid with only 10% of total amount which is equal to deposit premium in May, 2014. In June, 2014, both sides of the companies signed complement action agreement to extend payment terms. However, Shanghai Tongye Coal Chemical Group Co. Ltd still not paid the remainder payment on the due date. Weihua and Weiqiang filed a suit for remedy pursuant to laws.

(2) Claimed value: RMB\$ 3.5 million

(3) Date of initiation: August 2014

(4) Parties:

Plaintiff: Weihua (Rudong) Trading Co., Ltd. & Weiqiang International Trading (Shanghai) Co., Ltd.

Defendant: Shanghai Tongye Coal Chemical Group Co. Ltd

(5) Status:

Subsidiaries of CPDC, Weihua and Weiqiang, filed a civil suit with Yangpu District Court against Shanghai Tongye Coal Chemical Group Co. Ltd for the remainder payment of contract on August 6, 2014. The mediation of both sides was sustained by the Court. However, the Shanghai Tongye Coal Chemical Group Co. Ltd failed to comply with the first-phase payment by the mediation agreement. On September 2, 2014, Weihua and Weiqiang applied for compulsory execution and seized the Coal Tar from Shanghai Tongye Coal Chemical Group Co. Ltd with Yangpu District Court until the Court lifts the seizure for auction to repay the debt. After that, Weihua and Weiqiang continually negotiate and request for specific repayment plan with Shanghai Tongye Coal Chemical Group Co. Ltd.

Authorities concerned is proceeding criminal investigation of relevant people which engage in contract fraud from Shanghai Tongye Coal Chemical Group Co. Ltd.

(XIII) Other major risks and countermeasures: N/A

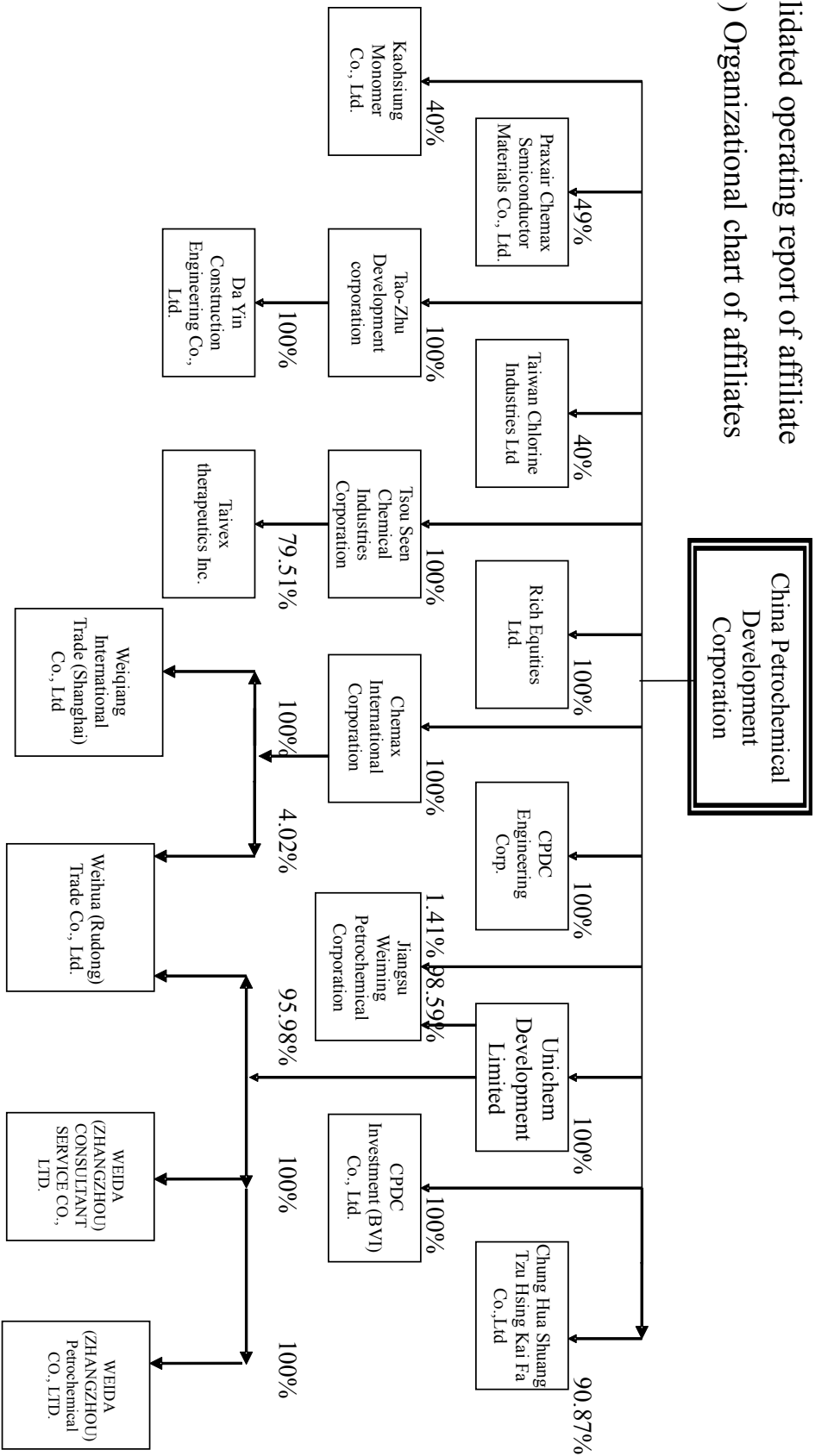
VII. Other important notes

N/A

Eight、Special Note

I. Information about Affiliates

1. Consolidated operating report of affiliate
(1) Organizational chart of affiliates



Note: 1. Data available until December 31, 2015

2. Substantially identified companies constitutes controlling and affiliates relationships as defined in Article 369-2 of the Company Law.

(2) Profiles of affiliates

Unit : NTD Thousand
 Foreign exchange rate : USD1:NTD 33.066
 HKD1:NTD 4.2664
 RMB1:NTD 5.0921

Name	Date of Incorporation	Address	Paid-in Capital	Principle Business
Tao-Zhu Development corporation	1995.10.11	8F, No. 12 Tunghsing Road, Songshan District, Taipei City	NTD 100,000	Research and analysis on land utilization, and planning and consultation services, and lease and sale of factory premises and commercial buildings, et al.
Chemax International Corporation	1995.09.01	8F, No. 12 Tunghsing Road, Songshan District, Taipei City	NTD 160,000	Trading, import and export of petrochemical products, and trading and distribution of chemical engineering, electric machinery and machine & equipment
Weiqiang International Trade (Shanghai) Co., Ltd.	2013.03.21	Suite 401, No., 718, Kuan Ming Road, Pudong New District, Shanghai City	USD 4,000 (Note 3)	Wholesale of chemical raw materials and products (exclusive of hazardous goods), commissioned distribution (exclusive of auction), and import & export and related alternatives
Weihua (Rudong) Trade Co., Ltd.	2012.12.10	No. 9, Kang Cheng Village, Changsha Township, Rudong Township, Chiansu Province	RMB 156,289 (Note 3)	Wholesale of chemical raw materials and products (exclusive of hazardous goods and toxic chemical products), export & import, and import & export of technology, and commissioned distribution
Rich Equities Ltd.	2007.03.21	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 180 (Note 3)	Reinvestment
CPDC Investment (BVI) Co., Ltd.	1998.01.09	Citco Building , Wickhams Cay,P.O Box 662	USD 26,580 (Note3)	Reinvestment
Tsou Seen Chemical Industries Corporation	1998.06.16	No. 1, Chin Ching Road, Tunghai Village, Fanliao Hsiang, Pintung County	NTD 750,000	Manufacturing of phosphoric acid-related chemical products and derivatives, and Storage, transportation, procurement and marketing of fertilizer
Taivex therapeutics Inc.	2010.02.11	8F, No. 12 Tunghsing Road, Songshan District, Taipei City	NTD 307,500	R&D of bio-tech medicines

Name	Date of Incorporation	Address	Paid-in Capital	Principle Business
CPDC Engineering Corp.	1999.05.31	No. 16, 14F, 61, Wufu 3rd Road, Chienching District, Kaohsiung City	NTD 150,000	Machinery engineering
Da Yin Construction Engineering Co., Ltd.	1972.11.24	No. 5, 10F, 51, Fuxing Road, Taoyuan City	NTD 22,500	Civil engineering contractor
Kaohsiung Monomer Co., Ltd.	1976.06.10	No. 1 Xinkung Road, Da-Sheh District, Kaohsiung City	NTD 500,000	Production and sale of methyl methacrylate (MMA)
Taiwan Chlorine Industries Ltd.	1986.12.22	No. 25 Chungchi Street, Hsiaokang District, Kaohsiung City	NTD 160,000	Production and sale of liquid ammonia, liquid caustic soda, hydrochloric acid, hydrogen and sodium hypochlorite
Praxair Chemax Semiconductor Materials Co., Ltd.	1999.02.11	No. 217-1 Sec.2 Tzyh-Chyang Road, Tou-Fen, Miaoli County,	NTD 192,975	Wholesale, retail and international trading of high pressure gas
Unichem Development Limited	2008.05.20	Suite 511, 5/F, Silvercord Tower 1, 30 Cantan Road, Tsim Sha Tsui, Kowloon	USD 94,239 (Note 3)	Reinvestment
WEIDA (ZHANGZHOU) CONSULTANT SERVICE CO., LTD.	2012.11.28	Shop front at No. 06, Block 8, West District, Hsin Rong Hsiao Zone, Hsiang Cheng Ping Tsang Yuan Road, Changchou City	USD 450	Consultation services
Jiangsu Weiming Petrochemical Corporation	2013.05.16	No. 9, Kang Cheng Village, Changsha Township, Rudong Township, Chiangsu Province	RMB 426,000 (Note 3)	Construction of alternative facilities for petrochemical project
Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd.	2011.03.01	16F, No. 12 Tunghsing Road, Songshan District, Taipei City	NTD 2,201,000	Investment in construction of infrastructure, real property trading, international trading, real property lease, and hotel services

Name	Date of Incorporation	Address	Paid-in Capital	Principle Business
WEIDA (ZHANGZHOU) Petrochemical CO., LTD.	2014.12.31	No.1 Gulei Road., Du Xun Town, Zhangpu County, Zhangzhou City, Fujian Province	RMB 6,000 (Note 3)	Wholesale of petrochemical raw material(exclusive of crude oil, crude oil product, hazardous goods, controlled chemical product and toxic chemical products) and consulting service of petrochemicals.

Note 1: All of the affiliates should be disclosed, irrelevant to scale and size.

Note 2: Where each affiliate has established its own plant, and the sales of the products manufactured by the plant exceed 10% of the Company's operating revenue, the name, date of incorporation, address and principle business of the plant shall be included herein.

Note 3: Where the affiliate refers to a foreign company, the name and address may be stated in English, and the date of incorporation may be expressed in the form of MM/DD/YY. The paid-in capital may be expressed in foreign currency (but the exchange rate on the reporting date shall be specified).

(3) Overview of affiliate operation

Currency Unit: NTD Thousand

Name	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating income (Loss)	Profit (loss) (after tax)	EPS (NT\$) (after tax)
Tsou Seen Chemical Industries Corporation	750,000	1,336,231	126,766	1,209,465	1,621,282	237,339	148,816	1.98
Taivex therapeutics Inc.	307,500	109,747	2,348	107,747	0	(41,459)	(40,515)	(1.32)
CDPC Engineering Corp.	150,000	298,571	67,270	231,301	326,228	10,437	7,593	0.51
Tao-Zhu Development corporation	100,000	82,344	50	82,294	0	(312)	(3)	0.00
Da Yin Construction Engineering Co., Ltd.	22,500	25,038	50	24,988	0	(179)	(71)	--
Chemax International Corporation	160,000	317,085	24,723	292,362	530,538	4,000	(9,710)	(0.61)
CPDC Investment (BVI) Co., Ltd.	904,944	1,179,870	0	1,179,870	0	(120)	(11,835)	--
Kaohsiung Monomer Co., Ltd.	500,000	2,750,507	1,111,331	1,639,176	5,131,442	1,201,173	1,014,060	20.28
Taiwan Chlorine Industries Ltd.	160,000	1,299,550	402,082	897,468	2,405,759	671,637	577,516	36.09
Praxair Chemax Semiconductor Materials Co., Ltd.	192,975	1,782,922	465,815	1,317,107	1,727,768	358,698	285,104	14.77
Rich Equities Ltd.	5,996	5,672	0	5,672	0	(58)	(53)	(0.009)
Weiqlang International Trade (Shanghai) Co., Ltd.	119,300	68,493	36,728	31,765	942,428	(32,044)	(30,374)	--
Weihua (Rudong) Trade Co., Ltd.	763,460	1,108,949	458,694	650,225	1,417,843	(38,746)	(38,344)	--

WEIDA (ZHANGZHOU) CONSULTANT SERVICE CO., LTD.	13,171	7,119	(3)	7,116	0	(1,927)	(1,976)	--
Jiangsu Weiming Petrochemical Corporation	2,141,852	2,118,516	3,502	2,115,014	0	(39,778)	(11,745)	--
Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd.	2,201,000	2,131,829	120	2,131,709	0	(4,170)	(3,522)	(0.02)
Unichem Development Limited	2,906,787	2,726,992	54	2,779,645	0	(342)	(52,647)	--
WEIDA (ZHANGZHOU) Petrochemical CO., LTD.	30,648	29,760	52	29,708	0	(843)	(828)	--

Note 1: All of the affiliates should be disclosed, irrelevant of scale and size.

Note 2: Where the affiliate refers to a foreign company, the relevant figures shall be stated in NTD at the foreign exchange rate published on December 31, 2015.

Note 3: N/A

Note 4: The figures about Praxair Chemax Semiconductor Materials Co., Ltd., WEIDA (ZHANGZHOU) Petrochemical CO., LTD. and WEIDA (ZHANGZHOU) CONSULTANT SERVICE CO., LTD. were settled by those companies internally.

2. Consolidated financial statement of affiliates

Declaration Form

1. The preparation of our company's affiliates consolidated financial statement in 2015(From January 1st to December 31st) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and "Regulations Governing the Preparation of Financial Reports and Related Terminology by Securities Issuers".
2. Our company declare that no information relevant to our affiliates consolidated financial statement has been falsified or concealed.

Hereby certify

Company name : China Petrochemical Development Corporation

Chairman : CHING-JING SHEEN



Date : March 29th 2016

3. Affiliate Reports : None

II. Private placement of securities for the most recent year and until the date of publication of the annual report

N/A

III. Holding or disposal of the Company's stock by subsidiaries for the most recent year and until the date of publication of the annual report

N/A

IV. Supplementary Disclosure

N/A

V. Conditions that will materially affect shareholders' equity or price of securities as referred to in Paragraph 2.2 of Article 36 of the Securities and Exchange Act

Please see Pages 153~190 of the annual report about legal actions.

Please refer to Chinese annual report Pages 137~143 and Pages 174~180 about the land pollution case and the significant contingent liabilities and unrecognized contractual commitments referred to in the notes to the financial statement.

(English Translation of Financial Report Originally Issued in Chinese)

**CHINA PETROCHEMICAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' AUDIT REPORT**

DECEMBER 31, 2015 AND 2014

**Address: 11th Fl., No.12, Dong Xing Rd., Taipei, Taiwan, R.O.C.
Telephone: 886-2-8787-8187**

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(English Translation of Consolidated Financial Report Originally Issued In Chinese)
INDEPENDENT ACCOUNTANTS' AUDIT REPORT

The Board of Directors and Stockholders
China Petrochemical Development Corporation

We have audited the accompanying consolidated balance sheets of China Petrochemical Development Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We have not audited the financial statements of one of the consolidated subsidiaries, Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd. The total assets of Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd. amounted to \$2,131,829 thousand and \$2,344,737 thousand, representing 2.81% and 3.03% of consolidated total assets as of December 31, 2015 and 2014, respectively, and the total operating revenue thereon of \$0 thousand, representing 0% of consolidated total operating revenue both for the years ended December 31, 2015 and 2014. Moreover, we have not audited certain investments, which were accounted for under the equity method. These investments accounted for under the equity method amounted to \$1,526,175 thousand and \$1,557,754 thousand, representing 2.01% and 2.01% of consolidated total assets as of December 31, 2015 and 2014, respectively. The related shares of investment income from subsidiaries, associates and joint ventures accounted for using equity method amounted to \$219,675 thousand and \$183,150 thousand, representing 154.45% and 51.94% of consolidated net income before income tax for the years ended December 31, 2015 and 2014, respectively. The financial statements of this consolidated subsidiary and those of the investees accounted for under the equity method were audited by other auditors, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts for the said consolidated subsidiary and equity method investees were based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Petrochemical Development Corporation and its subsidiaries as of December 31, 2015 and December 31, 2014, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by the Accounting Research and Development Foundation as endorsed by the Financial Supervisory Commission of the Republic of China.

As described in Notes 6.g and 6.l of the notes to the consolidated financial statements, the Tainan City Government and Environment Protection Administration, the Executive Yuan publicly announced that a portion of the land at the Anshun plant was polluted and designated it as under pollution control. As China Petrochemical Development Corporation (CPDC) never used the land since it took over from its merger with Taiwan Alkali Industrial Corporation (TAIC), CPDC still has a dissenting view on the government perception about the condition of pollution. Aside from cooperating with the government in its control and management procedure, the Company is seeking a way to define its responsibilities. In addition, CPDC submitted for approval a remediation project proposal to the Tainan City Government in accordance with the related regulations and accrued relevant remediation project expenses in June 2008. This remediation project proposal was approved in May 2009. China Petrochemical Development Corporation performed related remediation work according to the remediation project proposal. The first phase of remediation project was completed in September 2014. The management of CPDC is expecting that the second phase of remediation project will be completed in next decade. Likewise, CPDC has accrued relevant remediation project expenses for the second phase of remediation project in December 2014.

We have audited and expressed a modified unqualified opinion on the parent company only financial statements of China Petrochemical Development Corporation for the years ended December 31, 2015 and December 31, 2014.

KPMG
CPA: Melody Chen
CPA: Jeff Chen
Securities and Futures Commission
Ministry of Finance, R.O.C. regulation
(88) Tai-Tsai-Jung (6) No. 18311
Jin-Guan-Jung-Shen No. 1020000737
March 29, 2016

Notes to Readers

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

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 financial statements, the Chinese version shall prevail.

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
ASSETS				
Current assets				
Cash and cash equivalents (Notes 4 and 6 a.)	\$ 8,887,290	12	10,412,190	13
Financial assets at fair value through profit or loss—current (Notes 4 and 6 b.)	1,130,019	1	942,771	1
Available-for-sale financial assets—current (Notes 4 and 6 b.)	176,813	-	185,589	-
Notes and accounts receivable, net (Notes 4 and 6 c.)	1,576,721	2	2,305,182	3
Accounts receivable—related parties, net (Notes 4, 6 c. and 7)	67,116	-	102,484	-
Other receivables (Notes 4 and 6 c.)	128,472	-	103,753	-
Inventories (Notes 4 and 6 d.)	1,918,429	3	2,169,636	3
Prepayments	741,591	1	1,223,573	2
Other current assets	491,951	1	722,946	1
Total current assets	15,118,402	20	18,168,124	23
Non-current assets				
Available-for-sale financial assets—non-current (Notes 4 and 6 b.)	1,175,127	2	1,347,769	2
Financial assets carried at cost—non-current (Notes 4 and 6 b.)	1,459,907	2	1,173,907	2
Investments accounted for using equity method (Notes 4 and 6 c.)	2,911,478	4	2,685,059	3
Property, plant and equipment (Notes 4 and 6 f.)	16,279,497	21	16,980,407	22
Investment property, net (Notes 4 and 6 g.)	38,265,477	50	37,009,324	48
Intangible assets (Notes 4 and 6 h.)	21,451	-	20,169	-
Deferred tax assets (Notes 4 and 6 p.)	516,092	1	9,365	-
Other non-current assets	60,636,401	80	34,291	-
Total non-current assets			59,260,291	77
LIABILITIES AND EQUITY				
Current liabilities				
Short-term loans (Note 6 i.)				
Accounts payable				
Accounts payable—related parties (Note 7)				
Other payables				
Current tax liabilities (Notes 4 and 6 p.)				
Provisions—current (Notes 4, 6 l. and 6 o.)				
Current portion of long-term bank loans (Note 6 i.)				
Other current liabilities, others				
Total current liabilities				
Non-current liabilities				
Financial liabilities at fair value through profit or loss—non-current (Notes 4, 6 b. and 6 k.)				
Bonds payable (Note 6 k.)				
Long-term bank loans (Note 6 i.)				
Provisions—non-current (Notes 4, 6 l. and 6 o.)				
Deferred tax liabilities (Notes 4 and 6 p.)				
Long-term bills payable (Note 6 j.)				
Non-current preferred share liabilities (Notes 4 and 6 m.)				
Other non-current liabilities, others				
Total non-current liabilities				

	December 31, 2015		December 31, 2014	
ASSETS	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6 a.)	\$ 8,887,290	12	10,412,190	13
Financial assets at fair value through profit or loss—current (Notes 4 and 6 b.)	1,130,019	1	942,771	1
Available-for-sale financial assets—current (Notes 4 and 6 b.)	176,813	-	185,589	-
Notes and accounts receivable, net (Notes 4 and 6 c.)	1,576,721	2	2,305,182	3
Accounts receivable—related parties, net (Notes 4, 6 c. and 7)	67,116	-	102,484	-
Other receivables (Notes 4 and 6 c.)	128,472	-	103,753	-
Inventories (Notes 4 and 6 d.)	1,918,429	3	2,169,636	3
Prepayments	741,591	1	1,223,573	2
Other current assets	491,951	1	722,946	1
Total current assets	15,118,402	20	18,168,124	23
Non-current assets				
Available-for-sale financial assets—non-current (Notes 4 and 6 b.)	1,175,127	2	1,347,769	2
Financial assets carried at cost—non-current (Notes 4 and 6 b.)	1,459,907	2	1,173,907	2
Investments accounted for using equity method (Notes 4 and 6 c.)	2,911,478	4	2,685,059	3
Property, plant and equipment (Notes 4 and 6 f.)	16,279,497	21	16,980,407	22
Investment property, net (Notes 4 and 6 g.)	38,263,477	50	37,009,324	48
Intangible assets (Notes 4 and 6 h.)	21,451	-	20,169	-
Deferred tax assets (Notes 4 and 6 p.)	9,372	-	9,365	-
Other non-current assets	516,092	1	34,291	-
Total non-current assets	60,536,401	80	59,260,291	77

	December 31, 2015		December 31, 2014	
LIABILITIES AND EQUITY	Amount	%	Amount	%
Current liabilities				
Short-term loans (Note 6 i.)	\$ 2,009,719	3	2,564,933	3
Accounts payable	1,139,678	2	1,537,757	2
Accounts payable—related parties (Note 7)	6,280	-	9,349	-
Other payables	672,593	1	574,667	1
Current tax liabilities (Notes 4 and 6 p.)	43,133	-	31,279	-
Provisions—current (Notes 4, 6 i. and 6 o.)	310,227	1	626,462	1
Current portion of long-term bank loans (Note 6 i.)	872,500	-	105,000	-
Other current liabilities, others	224,629	-	219,062	-
Total current liabilities	5,278,759	7	5,668,509	7
Non-current liabilities				
Financial liabilities at fair value through profit or loss—non-current (Notes 4, 6 b. and 6 k.)	16,044	-	706,549	1
Bonds payable (Note 6 k.)	4,151,514	5	3,843,671	5
Long-term bank loans (Note 6 i.)	722,500	2	1,595,000	2
Provisions—non-current (Notes 4, 6 l. and 6 o.)	2,427,455	3	2,625,100	4
Deferred tax liabilities (Notes 4 and 6 p.)	8,463,557	11	8,082,362	11
Long-term bills payable (Note 6 i.)	1,128,828	2	998,793	1
Non-current preferred share liabilities (Notes 4 and 6 m.)	-	-	172,270	-
Other non-current liabilities, others	308,128	-	316,870	-
Total non-current liabilities	17,218,026	23	18,340,615	24
Total liabilities	22,496,785	30	24,009,124	31
Equity attributable to shareholders of the parent				
Share Capital	23,199,897	31	23,199,897	30
Common stock (Note 6 q.)	18,141	-	-	-
Capital surplus (Note 6 q.)	1,091,591	2	1,062,727	2
Retained earnings: (Note 6 q.)	29,914,066	39	29,634,282	38
Legal reserve	75,450	-	288,648	-
Special reserve	-	-	-	-
Unappropriated earnings	31,081,107	41	31,005,657	40
Others	(66,811)	-	(31,944)	-
Exchange differences arising on translation of foreign operations (Notes 4 and 6 q.)	(1,190,947)	(2)	(982,649)	(1)
Changes in fair value of available-for-sale financial assets (Notes 4 and 6 q.)	(1,257,758)	(2)	(1,014,593)	(1)
Non-controlling interests	216,631	-	228,330	-
	53,258,018	70	53,419,291	69
Total equity	\$ 75,754,803	100	77,428,415	100

g notes are an integral part of the consolidated
(With KPMG audit report dated March 29, 2011)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	For the Years Ended December 31,			
	2015		2014	
	Amount	%	Amount	%
Operating revenue (Notes 4 and 6 s.)	\$ 26,155,995	100	33,249,482	100
Operating costs (Notes 4 and 6 d.)	26,598,992	102	34,012,188	102
	(442,997)	(2)	(762,706)	(2)
Less: Unrealized (profit) loss on intercompany transactions	(682)	-	931	-
Add: Realized profit (loss) on intercompany transactions	931	-	(474)	-
Gross loss	(442,748)	(2)	(763,163)	(2)
Operating expenses				
Selling expenses	618,840	2	588,044	2
Administrative expenses	515,420	2	627,335	2
Research and development expenses	216,793	1	196,090	1
	1,351,053	5	1,411,469	5
Loss from operations	(1,793,801)	(7)	(2,174,632)	(7)
Non-operating income and expenses				
Other income (Notes 6 u. and 7)	411,153	2	207,653	1
Other gains and losses (Notes 6 k. and 6 u.)	948,711	4	1,841,513	6
Finance costs (Notes 6 m. and 6 u.)	(188,782)	(1)	(83,211)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Notes 4 and 6 e.)	764,950	3	561,268	2
Total non-operating income and expenses	1,936,032	8	2,527,223	9
Income before income tax	142,231	1	352,591	2
Less: Income tax expense (Notes 4 and 6 p.)	59,461	-	58,059	-
Net income	82,770	1	294,532	2
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) gain from defined benefit plans (Note 6 o.)	(15,705)	-	11,774	-
Allocation of income tax to the above items	-	-	-	-
	(15,705)	-	11,774	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(19,570)	-	112,327	-
Changes in fair value of available-for-sale financial assets	(208,563)	(1)	(58,651)	-
Share of other comprehensive loss of associates and joint ventures	(20,169)	-	(39,809)	-
Allocation of income tax to the above items	-	-	-	-
	(248,302)	(1)	13,867	-
Other comprehensive (loss) income for the year, net of income tax	(264,007)	(1)	25,641	-
Total comprehensive (loss) income for the year	\$ (181,237)	-	320,173	2
Net income attributable to :				
Shareholders of the parent	\$ 95,531	1	304,449	2
Non-controlling interests	(12,761)	-	(9,917)	-
	\$ 82,770	1	294,532	2
Comprehensive (loss) income attributable to :				
Shareholders of the parent	\$ (167,715)	-	329,224	2
Non-controlling interests	(13,522)	-	(9,051)	-
	\$ (181,237)	-	320,173	2
Earnings per share (NTD) (Notes 4 and 6 r.)				
Basic earnings per share	\$ 0.04		0.13	
Diluted earnings per share	\$ (0.08)		0.13	

The accompanying notes are an integral part of the consolidated financial statements.
(With KPMG audit report dated March 29, 2016)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent									
	Retained earnings					Others				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Changes in fair value of available-for-sale financial assets	Total	Non-controlling interests	Total Equity
Balance – January 1, 2014	\$ 23,199,897	-	1,823,040	8,430,049	20,463,920	(142,972)	(885,919)	52,888,015	211,103	53,099,118
Appropriation of special reserve in accordance with the Gin Guan Zheng Tsai No. 1030006415 letter	-	-	-	21,224,233	(21,224,233)	-	-	-	-	-
Restated balance – January 1, 2014	23,199,897	-	1,823,040	29,654,282	(760,313)	(142,972)	(885,919)	52,888,015	211,103	53,099,118
Net income for the year ended December 31, 2014	-	-	-	-	304,449	-	-	304,449	(9,917)	294,532
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	10,477	111,028	(96,730)	24,775	866	25,641
Total comprehensive income (loss)	-	-	-	-	314,926	111,028	(96,730)	329,224	(9,051)	320,173
Appropriations and distribution of 2013 earnings :										
Legal reserve used to cover accumulated deficits	-	-	(760,313)	-	760,313	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in subsidiaries	-	-	-	-	(26,278)	-	-	(26,278)	26,278	-
Balance – December 31, 2014	23,199,897	-	1,062,727	29,654,282	288,648	(31,944)	(982,649)	53,190,961	228,330	53,419,291
Net income for the year ended December 31, 2015	-	-	-	-	95,531	-	-	95,531	(12,761)	82,770
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(20,081)	(34,867)	(208,298)	(263,246)	(761)	(264,007)
Total comprehensive income (loss)	-	-	-	-	75,450	(34,867)	(208,298)	(167,715)	(13,522)	(181,237)
Appropriations and distribution of 2014 earnings :										
Legal reserve	-	-	28,864	-	(28,864)	-	-	-	-	-
Special reserve	-	-	-	259,784	(259,784)	-	-	18,141	-	19,964
Redemption of preferred share	-	18,141	-	-	-	-	-	-	1,823	-
Balance – December 31, 2015	\$ 23,199,897	18,141	1,091,591	29,914,066	75,450	(66,811)	(1,190,947)	53,041,387	216,631	52,258,018

The accompanying notes are an integral part of the consolidated financial statements.
(With KPMG audit report dated March 29, 2016)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Income before income tax	\$ 142,231	352,591
Adjustments to reconcile income before income tax to net cash used in operating activities:		
Depreciation expense	1,744,307	2,063,849
Amortization expense	14,344	7,521
Loss on financial liabilities at fair value through profit or loss	(690,505)	507,171
Interest expense	188,782	83,211
Interest income	(177,269)	(60,826)
Shares of gain of subsidiaries and associates accounted for using equity method	(764,950)	(561,268)
Effect of exchange rate changes on bonds payable	160,380	47,916
Loss on disposal of property, plant and equipment	4,879	5,088
Gain on disposal of investments	(5,608)	(61,523)
Evaluation loss (gain) of financial assets	85,718	(357)
Impairment loss on non-financial assets	118,335	1,268,992
Unrealized profit or loss on intercompany transactions	682	931
Realized gain or loss on intercompany transactions	(931)	(474)
Gain arising from adjusting fair value of investment property	(872,962)	(5,172,872)
Unrealized loss- pollution remediation project	-	1,356,000
Amortization of bond issued expense	26,018	1,004
Total adjustments to reconcile income before income tax	(168,780)	(515,637)
Change in operating assets and liabilities :		
Change in operating assets :		
(Increase) decrease in financial assets held for trading	(448,635)	505,171
Decrease (increase) in accounts receivable	728,461	(82,085)
Decrease in receivables—related parties	35,368	27,124
Increase in other receivables	(44,486)	(54,220)
Decrease in inventories	159,949	482,861
Decrease (increase) in prepayments	481,982	(1,032,043)
Decrease (increase) in other current assets	221,068	(393,603)
Total changes in operating assets	1,133,707	(546,795)
Change in operating liabilities :		
Decrease in accounts payable	(398,079)	(494,757)
Decrease in payables—related parties	(3,069)	(11,946)
Increase (decrease) in other payables	180,357	(362,885)
Decrease in provisions	(513,880)	(163,504)
Increase (decrease) in other current liabilities	5,567	(58,309)
Total changes in operating liabilities	(729,104)	(1,091,401)
Total changes in operating assets and liabilities	404,463	(1,638,196)
Total adjustments	235,823	(2,153,833)
Cash provided by (used in) operations	378,054	(1,801,242)
Interest received	197,036	64,608
Interest paid	(66,588)	(79,750)
Income taxes paid	(18,456)	(34,138)
Net cash provided by (used in) operating activities	490,046	(1,850,522)
Cash flows from investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(403,760)	(178,234)
Proceeds from current financial assets at fair value through profit or loss	584,981	22,104
Proceeds from disposal of non-current assets held for sale	500	-
Acquisition of financial assets carried at cost	(286,000)	(30,000)
Acquisition of property, plant and equipment	(1,054,637)	(1,415,905)
Proceeds from disposal of property, plant and equipment	3	-
Increase in other non-current assets	(497,427)	(693)
Dividend received	546,136	408,463
Net cash used in investing activities	(1,110,204)	(1,194,265)
Cash flows from financing activities:		
Decrease in short-term loans	(555,214)	(821,865)
Proceeds from issuance of bonds	-	4,127,904
Increase in long-term bank loans	2,860,000	1,300,000
Repayment of long-term bank loans	(2,965,000)	-
Increase in long-term bills payable	-	399,213
Repayment of preferred share liabilities	(156,509)	-
(Decrease) Increase in other non-current liabilities	(8,742)	204,091
Changes in non-controlling interests	1,823	26,278
Net cash (used in) provided by financing activities	(823,642)	5,235,621
Effect of exchange rate changes on cash and cash equivalents	(81,100)	34,811
Net (decrease) increase in cash and cash equivalents	(1,524,900)	2,225,645
Cash and cash equivalents, beginning of the year	10,412,190	8,186,545
Cash and cash equivalents, end of the year	\$ 8,887,290	10,412,190

The accompanying notes are an integral part of the consolidated financial statements.
(With KPMG audit report dated March 29, 2016)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014
(Amounts expressed in thousands of New Taiwan Dollars,
except for per share information or unless otherwise specified)

1. HISTORICAL HIGHLIGHTS AND SCOPE OF BUSINESS

China Petrochemical Development Corporation (hereinafter referred to as the Company) was founded on July 8, 1969 under the approval of Ministry of Economic Affairs, R.O.C. The registered address is 11th floor, No.12, Dongxing Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.) The Company and its subsidiaries (hereinafter referred to as the “Consolidated Company”) primarily engage in the production of petroleum, alkali-chlorine, phosphoric acid and other petrochemical products and by-products and the storage, transportation, purchase and sale of these products, related chemicals and their raw materials. The primary products are acrylonitrile, caprolactam, acetic acid and nylon.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements for the years ended December 31, 2015 and 2014 were authorized for issue by the Board of Directors on March 29, 2016.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

- a. Impact of the 2013 version of the International Financial Reporting Standard (“IFRS”) endorsed by the Financial Supervisory Commissions R.O.C. (“FSC”).

The Consolidated Company has adopted the 2013 version of the IFRS endorsed by the FSC (excluding IFRS 9 Financial instruments) in preparing consolidated financial statements starting in 2015.

The related new standards, interpretations and amendments issued by the International Accounting Standards Board (“IASB”) were as follows:

New standards and amendments	Effective date per IASB
Amended IFRS 1 “ <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters</i> ”	2010.7.1
Amended IFRS 1 “ <i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ”	2011.7.1
Amended IFRS 1 “ <i>Government Loans</i> ”	2013.1.1
Amended IFRS 7 “ <i>Disclosure — Transfers of Financial Assets</i> ”	2011.7.1
Amended IFRS 7 “ <i>Disclosure — Offsetting Financial Assets and Financial Liabilities</i> ”	2013.1.1
IFRS10 “ <i>Consolidated Financial Statements</i> ”	2013.1.1 (Investment Entities amendments to be adopted on January 1, 2014.)

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New standards and amendments	Effective date per IASB
IFRS 11 “ <i>Joint arrangements</i> ”	2013.1.1
IFRS 12 “ <i>Disclosure of Interests in Other Entities</i> ”	2013.1.1
IFRS 13 “ <i>Fair Value Measurement</i> ”	2013.1.1
Amended IAS 1 “ <i>Presentation of Items of Other Comprehensive Income</i> ”	2012.7.1
Amended IAS 12 “ <i>Deferred Tax: Recovery of Underlying Assets</i> ”	2012.1.1
Amended IAS 19 “ <i>Employee Benefits</i> ”	2013.1.1
Amended IAS 27 “ <i>Separate Financial Statements</i> ”	2013.1.1
Amended IAS 32 “ <i>Offsetting Financial Assets and Financial Liabilities</i> ”	2014.1.1
IFRIC20 – “ <i>Stripping Costs in the Production Phase of a Surface Mine</i> ”	2013.1.1

The Consolidated Company had assessed that the adoption of the 2013 version of the IFRS may not have significant impact on the accompanying consolidated financial statements except for the following:

A. IAS 1 Presentation of Financial Statements

The line items of the other comprehensive income section shall be classified according to their nature, and grouped between those items that will or will not be reclassified to profit and loss in subsequent periods. Allocation of income tax to two groups of items of other comprehensive is also required. The Consolidated Company changed the presentation of comprehensive income statements according to this accounting standard. Also, the comprehensive income statements for comparative periods are restated.

B. IFRS 12 Disclosure of Interests in Other Entities

The Consolidated Company has increased disclosures on its interests in associates in accordance with this standard. Please refer to Note 6 e. for related information.

C. IFRS 13 Fair Value Measurement

This standard defines fair value and provides a framework for measuring fair value and requires disclosures on fair value measurement. The Consolidated Company has increased its disclosures about the measurement of fair value (please refer to Note 6 v.). However, according to the new disclosure requirement, comparison with prior periods is not needed. Also, the Consolidated Company has postponed the adoption of the standard regarding fair value measurement during the transition period of IFRS 13. As the adoption will be postponed until after 2015, the Consolidated Company does not expect any significant influence on financial condition and performance.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b. Impact of IFRS issued by the IASB but not yet endorsed by the FSC

The 2013 version of the IFRS issued by the IASB but not yet endorsed by the FSC were as follows:

New standards and amendments	Effective date per IASB
IFRS 9, 'Financial instruments'	2018.1.1
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Not yet endorsed by IASB
Investment entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28)	2016.1.1
Accounting for acquisitions of interests in joint operations (amendments to IFRS 11)	2016.1.1
IFRS 14 'Regulatory deferral accounts'	2016.1.1
IFRS 15 'Revenue from contracts with customers'	2018.1.1
IFRS16 'Lease'	2019.1.1
Disclosure initiative (amendments to IAS 1)	2016.1.1
Disclosure initiative (amendments to IAS 7)	2017.1.1
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	2017.1.1
Clarification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and 38)	2016.1.1
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	2016.1.1
Services related contributions from employees or third parties (amendments to IAS 19)	2014.7.1
Equity Method in Separate Financial Statements (amendments to IAS 27)	2016.1.1
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	2014.1.1
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	2014.1.1
The Annual Improvements: 2010-2012 and 2011-2013 Cycles	2014.7.1
The Annual Improvements to IFRS: 2012-2014 Cycles	2016.1.1
IFRIC 21, 'Levies'	2014.1.1

As the standards and amendments above have not been endorsed by the FSC, the Consolidated Company is in the process of assessing the impact on the financial position and the results of operations. Related impact will be disclosed following the completion of its assessments.

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CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been applied consistently to all periods presented in these consolidated financial statements, except when otherwise indicated, are as follows:

a. Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

b. Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- (1) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments);
- (2) Available-for-sale financial assets are measured at fair value;
- (3) Derivative financial instruments are measured at fair value;
- (4) The net defined benefit liability (assets) is recognized as the present value of the defined benefit obligation less the fair value of plan assets and the effect of the asset ceiling (please see note 6 o.);
- (5) Investment properties are measured at fair value.

2. Functional and presentation currency

The functional currency of the Consolidated Company is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

c. Basis of Consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Name of investors	Name of subsidiaries	Nature of business	Shareholding ratio		Notes
			2015.12.31	2014.12.31	
The Company	Chemax International Corp. (CIC)	Announcement energy products besides petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading.	100.00%	100.00%	CIC was established on September 1, 1995. As of December 31, 2015 and 2014 CIC's issued capital amounted to \$160,000.
The Company	Tsou Seen Chemical Industries Corporation (TSCIC)	Manufacture of chemical products and their derivatives of phosphoric acid and fertilizer storage, transport, purchase, marketing business.	100.00%	100.00%	TSCIC was established on June 16, 1998. As of December 31, 2015 and 2014, TSCIC's share capital amounted to \$750,000.
The Company	CPDC Engineering Co., Ltd. (CPDC EC)	Water treatment works, plumbing works, apparatus and instrument installation work, refrigeration and air conditioning engineering and tank car repair and other services.	100.00%	100.00%	CPDC EC was established on May 31, 1999. As of December 31, 2015 and 2014, CPDC EC's TSCIC's share capital amounted to \$150,000.
The Company	CPDC Investment (BVI) Co Ltd. (CPDC (BVI))	Holding company	100.00%	100.00%	CPDC (BVI) was established on January 9, 1998, registered in the British Virgin Islands, and is an international investment company. As of December 31, 2015 and 2014, CPDC (BVI)'s issued capital amounted to US\$ 26,580.
The Company	Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. (CHSTH)	Real estate investment and development	90.87%	90.87%	The Company invested in Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. on June 21, 2013. As of December 31, 2015 and 2014, Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd.'s issued capital amounted to \$2,201,000.
The Company	Unichem Development Limited (UDL)	Holding company	100.00%	100.00%	UDL was established on May 20, 2008. As of December 31, 2015 and 2014, UDL's issued capital amounted to US\$94,239 and US\$78,133, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of investors	Name of subsidiaries	Nature of business	Shareholding ratio		Notes
			2015.12.31	2014.12.31	
The Company	Jiangsu Weiming Petrochemical Corporation (Weiming)	Petrochemical supporting facility construction	1.41%	1.84%	Weiming was founded on May 16, 2013. Capital was invested on December 10, 2013. On June 30, 2015, June 26, August 21, December 16 and December 26, 2014, Weiming increased its capital in cash of RMB 100,000, RMB 35,000, RMB 65,000 and RMB 100,000 and RMB 120,000 through UDL, respectively, and the capital certification report was completed on June 30, 2015, June 30, 2014, August 26, December 22 and December 29, 2014. As of December 31, 2015 and 2014, the share capital amounted to RMB 426,000 and RMB 326,000, respectively.
Chemax International Corp.	Weihua (Rudong) Trade Co., Ltd (Weihua)	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading	4.02%	4.02%	On December 10, 2012, Weihua was established. On January 15, 2014, UDL invested RMB 2,856, respectively. In addition, Weihua changed its capital currency from USD to RMB on January 15, 2014. According to the capital certification report issued by local accountant, the ownership percentage in Weihua of UDL was 95.98% as of January 15, 2014. As of December 31, 2015 and 2014, the paid in capital of Weihua amounted to RMB 156,289.
Chemax International Corp.	Weiqiang International Trade (Shanghai) Co., Ltd. (Weiqiang)	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading.	100.00%	100.00%	Weiqiang was established on May 9, 2013. Capital was invested on April 24, 2013. As of December 31, 2015 and 2014, the paid in capital of Weiqiang amounted to US \$4,000.
Tsou Seen Chemical Industries Corporation	Taivex Therapeutics Inc. (Taivex)	Engaged in biotechnology, pharmaceutical research and development and marketing	79.51%	79.51%	re On February 11, 2010, Taivex was established. On August 18, 2010, TSCIC invested in Taivex. On January 15, 2014, Taivex increased its capital in cash of \$150,000. As of December 31, 2015 and 2014, Taivex's share capital amounted to \$307,500.
Unichem Development Limited (UDL)	Jiangsu Weiming Petrochemical Corporation (Weiming)	Petrochemical supporting facility construction	98.59%	98.16%	Weiming was founded on May 16, 2013. Capital was invested on December 10, 2013. On June 30, 2015, June 26, August 21, December 16 and December 26, 2014, Weiming increased its capital in cash of RMB 100,000, RMB 35,000, RMB 65,000 and RMB 100,000 and RMB 120,000 through UDL, respectively, and the capital certification report was completed on June 30, 2015, June 30, 2014, August 26, December 22 and December 29, 2014. As of December 31, 2015 and 2014, the share capital amounted to RMB 426,000 and RMB 326,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of investors	Name of subsidiaries	Nature of business	Shareholding ratio		Notes
			2015.12.31	2014.12.31	
Unichem Development Limited(UDL)	Weihua (Rudong) Trade Co., Ltd (Weihua)	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading	95.98%	95.98%	On December 10, 2012, Weihua was established. On January 15, 2014, UDL invested RMB 2,856, respectively. In addition, Weihua changed its capital currency from USD to RMB on January 15, 2014. According to the capital certification report issued by local accountant, the ownership percentage in Weihua of UDL was 95.98% as of January 15, 2014. As of December 31, 2015 and 2014, the paid in capital of Weihua amounted to RMB 156,289.
Unichem Development Limited(UDL)	Weida (Zhangzhou) Consultant Service Co., Ltd. (Weida)	Consultancy	100.00%	100.00%	Weida was established on November 26, 2012. The capital was invested on March 15, 2013. As of December 31, 2015 and 2014, the paid in capital amounted to US\$450.
Unichem Development Limited(UDL)	Zhangzhou Weida Petrochemical Co., Ltd (Weida PC)	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading	100.00%	100.00%	Weida PC was established on December 23, 2014. The capital was invested on December 31, 2014. As of December 31, 2015 and 2014, the paid in capital amounted to RMB 6,000.

3. Subsidiaries not included in the consolidated financial statements

Name of investors	Name of subsidiaries	Nature of business	Shareholding ratio		Notes
			2015.12.31	2014.12.31	
The Company	Tao Zhu Construction & Development Co., Ltd.	Commissioned to create a vendor to build the housing, commercial buildings and plant rental business, management of land development and playgrounds and other related business investment	100.00%	100.00%	Tao Zhu Construction & Development Co., Ltd. was established on October 11, 1995. As of December 31, 2015 and 2014 and, its actual paid-in capital amounted to \$100,000 and its total assets represented 0.11% and 0.13%, respectively, of the consolidated total assets.
The Company	Rich Equities Ltd.	Holding company	100.00%	100.00%	Rich Equities Ltd. was established on March 21, 2007. As of December 31, 2015 and 2014, its actual paid-in capital amounted to USD\$180 and its total assets represented 0.01% of consolidated total assets.
Tao Zhu Construction & Development Co., Ltd.	Da-ying Construction Ltd.	Engineering, construction contracting business	100.00%	100.00%	Da-ying Construction Ltd. was established on November 24, 1972. As of December 31, 2015 and 2014, its actual paid-in capital amounted to \$22,500 and its total assets represented 0.03% and 0.03% of consolidated total assets, respectively.

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d. Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Consolidated Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are remeasured to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are remeasured using the exchange rate at the date of transaction.

Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and are presented as exchange differences on translation of foreign financial statements in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

e. Classification of current and non-current assets and liabilities

An asset is classified as current when:

1. It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

1. It is expected to be settled during the in its normal operating cycle;
2. It is held primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period (even if under the condition that it completes long-term re-financing or reschedules repayment agreement in the period from the balance sheet date to the date the financial statements are approved); or
4. It does not have an unconditional right to defer settlement for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

f. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash at the known amounts and subject to insignificant risk of value changes. Time deposits that fit the definition above and are used by the Group in the management of its short-term commitments are comprised in cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Company, are listed in cash and cash equivalents in statements of cash flows.

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g. Financial instruments

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

1. Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

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

A financial asset is classified in this category if it is held-for-trading or is designated as such on initial recognition. Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Consolidated Company designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- A. Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- B. Performance of the financial asset is evaluated on a fair value basis.
- C. Hybrid instrument contains one or more embedded derivatives.

At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, under other income of non-operating income and expense. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured at cost deducted by impairment loss, and are measured at amortized cost, and are included in financial assets measured at cost.

(2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary financial assets, are recognized in other

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comprehensive income and presented in the unrealized gains or losses on available for sale financial assets in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other gains and losses of non-operating income and expense. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost deducted by impairment loss, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Consolidated Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income account in statements of comprehensive income.

Interest income from investment in bond security is recognized in profit or loss, under other income of non-operating income and expenses.

(3) Loans and receivables

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

Interest income is recognized in profit or loss, under other income.

(4) Impairment of financial assets

The impairment loss of financial assets not measured at fair value is assessed on the report 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 a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Consolidated Company on terms that the Consolidated 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 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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All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Consolidated Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognized into profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

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 recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Bad debt losses and recoveries of receivables are recognized in profit or loss as administrative expense. Impairment losses and recoveries of financial assets other than receivables are recognized in profit or loss under non-operating revenues and expenses.

(5) Derecognition of financial assets

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

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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 and presented in other equity – unrealized gains or losses from available for sale financial assets is recognized in profit or loss, under other income of non-operating income and expenses.

On partial derecognition of a financial assets, 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 and presented in other equity account as unrealized gains or losses from available for sale financial assets is reclassified to profit or loss, under other gains and losses of non-operating income and expenses.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity instruments

Debt or equity instruments issued by the Consolidated Company are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized based on amount of consideration received less the direct issuance cost.

Compound financial instruments issued by the Consolidated Company comprise convertible bonds payable that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under other gains and losses of non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

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

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. A financial liability is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. Financial liabilities, other than the ones classified as held-for-trading, are designated as at fair value through profit or loss at initial recognition under one of the following situations:

- A. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;
- B. Performance of the financial liabilities is evaluated on a fair value basis;
- C. A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, under other gains and losses of non-operating income and expenses.

Financial liabilities at fair value through profit or loss are measured at cost if it is a short sale of unquoted equity investment whose fair value cannot be reliably measured and that the short seller is obligated to deliver the equity instrument.

The Consolidated Company issues and designates financial guarantee contracts and loan commitments as at fair value through profit or loss. Any gains and losses are recognized in profit or loss, under other gains and losses of non-operating income and expenses.

(3) Other financial liabilities

At initial recognition, financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which comprise of loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, under other gains and losses of non-operating income and expenses.

(4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation 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, under other gains and losses of non-operating income and expenses.

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(5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Consolidated Company has the 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.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

i. Investments in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The Consolidated Company's share of the profit or loss and other comprehensive income of investments accounted for using equity method are included, after adjustments to align the said investees' accounting policies with those of the Consolidated Company, in the consolidated financial statements from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Consolidated Company and an associate are eliminated to the extent of the Consolidated Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Consolidated Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Consolidated Company has an obligation or has made payments on behalf of the investee.

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j. Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently via cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life and residual value which are the same as those adopted for property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs. Investment property is subsequently measured at fair value, with any change therein recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

k. Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss account as other gains and losses.

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2. Reclassification to investment property

An item of property, plant and equipment is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

3. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

4. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and is allocated using the straight line method over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Land improvement	2~10 years
Buildings and constructions	2~60 years
Machine equipment	2~17 years
Transportation equipment	2~5 years
Other equipment	2~13 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

1. Intangible assets

1. Goodwill

(1) Initial recognition

The goodwill generated from the Consolidated Company is accounted for as an intangible asset. Please refer to Note 6 h. for details of the accounting policy on the initial recognition of goodwill.

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(2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment. In terms of investment under equity method, the carrying amount of goodwill is included in the investment amount. In addition, the impairment loss of such investment is not distributed to goodwill or any asset and is recognized as part of the carrying amount of the investment.

2. Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from development phase are recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they are recognized in profit or loss as incurred.

- (1) The technical feasibility of the intangible asset is completed so that it will be available for use or sale;
- (2) It intends to complete the intangible asset and use or sell it;
- (3) It has ability to use or sell the intangible asset;
- (4) The intangible asset is more likely than not generate future economic benefits;
- (5) It has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (6) The expenditure attributable to the intangible asset during its development can be measured reliably.

3. Other intangible asset

Other intangible assets that are acquired by the Consolidated Company are measured at cost less accumulated amortization and any accumulated impairment losses.

4. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

5. Amortization

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual values.

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Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with indefinite useful life, from the date that they are made available for use. The estimated useful lives for the current and comparative periods are as follows:

Technology	5~13 years
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The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Such change is accounted for as a change in accounting estimate.

m. Impairment — non-derivative financial assets

The Consolidated Company evaluates the impairment losses and estimates the recoverable amounts of the impaired assets on each reporting date in terms of inventories, deferred tax assets, assets arising from employee benefits and non-financial assets other than non-current assets held for sale. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Consolidated Company determines the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized immediately in profit or loss.

The Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Consolidated Company estimates the recoverable amount of that asset.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the Consolidated Company recognizes the impairment loss and the impairment loss is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

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n. Provisions

A provision is recognized if, as a result of a past event, the Consolidated Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

1. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

2. Site dismantling

The estimated obligation on the dismantling, relocation or restoration of property, plant and equipment is recognized as decommissioning cost and liability of property, plant and equipment. The relevant costs of assets are adjusted by subsequent price variation for dismantling and restoration. Depreciation is provided per the remaining useful life of the adjusted cost.

3. Site restoration

In accordance with the Consolidated Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognized when the land is contaminated.

o. Preferred shares liability

Compound financial instruments issued by the Consolidated Company comprise preferred share capital whose components are classified as a financial liability and an equity on initial recognition based on the substance of the agreements and the definition of financial liabilities and equity instruments. The preferred shares contain an option which allows the holders of preferred shares to exchange fixed amount of Consolidated Company's equity instrument for fixed amount of cash or other financial assets; therefore, the option is accounted for as an equity instrument.

The liability component of a compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity conversion option. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method before the conversion date or maturity date.

Effective interest method refers to the method which determines the amortized costs of debt instruments and attributes interests to relevant periods. Effective interest rate refers to the rate which is applied to discount future cash inflows or outflows (including all the charges, reward points, transaction cost and all other premium and discount which form an integral part of the overall effective interest rate) and the discounted amount will equal to the initial carrying amount.

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p. Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For an export transaction, usually it is via free on board shipping point, and the risk transfer occurs upon loading the goods onto the relevant carrier at the port; however, for an import transaction, risk transfer occurs upon receipt by the customer.

2. Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost; survey of work performed; or completion of a physical proportion of the contract work. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

4. Commissions

When the Consolidated Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Consolidated Company, and is recognized in proportion to the stage of completion of the transaction.

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5. Rental income

Rental income from investment property is recognized in non-operating incomes and expenses on a straight-line basis over the lease term.

q. Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on (market yields of high quality corporate bonds or government bonds) bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

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The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognized.

3. Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

r. Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date, or the actual legislated tax rate; as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

1. Assets and liabilities that are initially recognized but not related to the business combination, and have no effect on net income or taxable gains (losses) during the transaction.
2. Temporary differences arising from equity investments on subsidiaries or joint ventures, where there is a high probability that such temporary differences will not reverse.
3. Initial recognition of goodwill.

Deferred taxes are measured based on the statutory tax rate on the reporting date; or the actual legislated tax rate, during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if, and only if, the following criteria are met:

1. if the Consolidated Company has the legal right to settle tax assets and liabilities on a net basis; and

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2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

- (1) levied by the same taxing authority; or
- (2) levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry-forward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

s. Business combination

For those business acquisitions occurring after 1 January 2012 (inclusive), goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date), amount of any non-controlling interest in the acquiree, and net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value). If the residual is a negative balance, the Consolidated Company re-assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain on a bargain purchase thereafter. If the business combination is achieved in stages, the Consolidated Company measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

In a business combination achieved in stages, the Consolidated Company re-measures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Consolidated Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income is recognized on the same basis as would be required if the Consolidated Company had disposed directly of the previously held equity interest. If the disposal of the equity interest requires a reclassification to profit or loss, such an amount is reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Consolidated Company retrospectively adjusts the provisional amounts recognized at the acquisition date, or recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed one year from the acquisition date.

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All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

t. Earnings per share

The Consolidated Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee bonus.

u. Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of stand-alone financial information.

5. MAJOR SOURCES OF SIGNIFICANT ACCOUNTING ASSUMPTIONS, JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with the IFRS as 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 management continuously reviews the estimates and basic assumptions. Changes in accounting estimates are recognized in the period of change.

The accounting policy and disclosure of the Consolidated Company, includes evaluates the financial and non-financial assets (liability) carried at fair value. The financial department of the Consolidated Company is in charge in verified the resource of fair value, including the resource is acquired from an active market, the resource is reliable, the resource is consistency with other reference data, and the resource is respective the carry out amount. In addition, the financial department of the Consolidated Company should adjust the evaluate model periodically, provide retroactively test of the evaluated model, and renew the inputs of the evaluated model periodically, to ensure the result of evaluation is reasonable. The faire value of investment property is evaluated by independent appraisers.

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While measuring the assets and liabilities, the Consolidated Company should use the inputs based on observable market data. The different levels according to different analysis method of financial instruments carried at fair value have been defined as follows:

- A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

6. EXPLANATION TO SIGNIFICANT ACCOUNTS

a. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	\$ 1,329	1,322
Checking and demand deposits	2,508,452	3,828,875
Time deposits	5,617,570	4,832,042
Cash equivalents	759,939	1,749,951
Cash and cash equivalents	\$ 8,887,290	10,412,190

Time deposits which are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, that are readily convertible to cash at the known amounts and subject to insignificant risk of value changes, are reported as cash equivalents.

Please refer to Note 6 v. for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Consolidated Company.

b. Financial assets

1. The components of financial assets were as follows:

	December 31, 2015	December 31, 2014
Financial assets at fair value through profit or loss— current		
Financial assets held for trading—current	\$ 597,172	108,105
Financial assets reported at fair value through profit or loss—current	532,847	834,666
Sub-total	1,130,019	942,771
Available-for-sale financial assets— current	176,813	185,589
Available-for-sale financial assets— non-current	1,175,127	1,347,769
Financial assets carried at cost— non-current	1,459,907	1,173,907
Total	\$ 3,941,866	3,650,036
Financial liabilities at fair value through profit or loss—non-current	\$ 16,044	706,549

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In 2008, a subsidiary, Tsou Seen Chemical Industries Corporation (TSCIC) has acquired for \$160,000 the 16,000 private common shares of Taiwan Tea Corporation (TTC). On 10 June, 2009, the board of directors of TTC has approved to decrease TTC's capital to cover its accumulated deficit so that TSCIC's investment in these private common shares has been reduced to \$141,512, divided into 10,640 private common shares. On 24 July 2014, the Board of Directors of TSCIC approved the reclassification of the subsidiary's investment of \$141,512 in TTC, from financial assets carried at cost – non-current to financial assets at fair value through profit or loss – current. As of December 31, 2015 and 2014, the fair value of assets held for trading amounted to \$156,940 and \$194,712, respectively. The unrealized loss of \$37,772 and unrealized gain of \$53,200 was recognized in 2015 and 2014, respectively.

The convertible bond issued by the Company was treated as a compound financial instrument, for which the liability and equity components were accounted for separately. The call and put option embedded in bonds payable were separated from bonds payable, and were recognized as "Financial liabilities at fair value through profit or loss." For the years ended December 31, 2015 and 2014, the Company recognized a gain (loss) on financial liability reported at fair value through profit or loss of \$690,505 and (\$507,171), respectively.

Please refer to Note 6 u. for the gain or loss on financial assets recognized at fair value through profit or loss and other comprehensive income.

As of December 31, 2015, and 2014, the Consolidated Company provided as collateral portion of its financial assets, please refer to Note 8 for details of the related assets pledged as collateral.

2. Derivative instruments not used for hedging:

The Consolidated Company uses derivative financial instruments to hedge certain foreign exchange and interest risk the Consolidated Company is exposed to arising from its operating, financing and investing activities. The Consolidated Company held the following derivative financial instruments presented as held-for-trading financial assets on and December 31, 2015:

Forward exchange contracts :

31 December 2015			
	Amount		
	(in thousands)	Currency	Maturity dates
Forward exchange purchased			
Contract1	USD 5,688	RMB to USD	2016.01.08
Contract2	USD 2,199	RMB to USD	2016.02.19

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3. Sensitivity analysis—equity price risk:

If the equity price changes, and if it is based on the same basis for both years and assumes that all other variables remain the same, the impact to comprehensive income will be as follows:

Equity price at reporting date	For the Years Ended December 31,			
	2015		2014	
	After-tax other comprehensive income	After-tax Profit (loss)	After-tax other comprehensive income	After-tax Profit (loss)
Increase 1%	\$ 13,519	11,300	15,334	9,428
Decrease 1%	\$ (13,519)	(11,300)	(15,334)	(9,428)

c. Notes and accounts receivable, net

	December 31, 2015	December 31, 2014
Notes receivable	\$ 391,089	28,721
Accounts receivable	1,716,967	2,834,978
Other receivables	134,617	110,036
Less : Allowance for doubtful receivables	(470,364)	(462,316)
Net book value	<u>\$ 1,772,309</u>	<u>2,511,419</u>

Movements of the allowance for doubtful receivables for the years ended December 31, 2015 and 2014 were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance – January 1, 2015	\$ 367,375	94,941	462,316
Impairment loss of accounts receivable	10,272	-	10,272
Foreign exchange gain (loss)	(2,853)	629	(2,224)
Balance – December 31, 2015	<u>\$ 374,794</u>	<u>95,570</u>	<u>470,364</u>
Balance – January 1, 2014	\$ 237,590	95,605	333,195
Impairment loss of accounts receivable	129,785	-	129,785
Reversal of impairment loss	-	(664)	(664)
Balance – December 31, 2014	<u>\$ 367,375</u>	<u>94,941</u>	<u>462,316</u>

The consolidated subsidiaries, Weihua (Rudong) Trade Co., Ltd. and Weiqiang International Trade (Shanghai) Co., Ltd., filed civil complaints against Shanghai Tongye Coal Chemical Group Co. Ltd. to claim for the delay of payment of their accounts receivable from Shanghai Tongye Coal Chemical Group Co. Ltd. However, both of these consolidated subsidiaries have recognized impairment loss of RMB 0 and RMB 2,063 in 2015, respectively; RMB 19,274 and RMB 6,213 in 2014, respectively, on the said accounts receivable.

Please refer to Note 9 p. for further details relating to litigation and evaluation of collectability.

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d. Inventories

	December 31, 2015	December 31, 2014
Finished goods	\$ 311,569	440,118
Work-in-process	342,274	492,634
Raw materials	1,185,765	1,013,252
Fuel	30,620	44,243
Merchandise inventory	48,201	179,389
Total	\$ 1,918,429	2,169,636

For the years ended December 31, 2015 and 2014, the components of cost of goods sold were as follows:

	For the Years Ended December 31 2015	2014
Cost of goods sold	\$ 25,414,281	32,717,305
Loss on inventory market price decline and obsolescence	91,258	54,242
(Loss) gain on physical inventories, net	(39,696)	41,941
Unallocated fixed production overheads from idle facilities	1,151,346	1,198,936
Revenue from sale of scraps	(18,197)	(236)
Net amount	\$ 26,598,992	34,012,188

As of December 31, 2015 and 2014, the aforesaid inventories were not pledged as collateral.

e. Investments accounted for using equity method

1. The Consolidated Company's financial information for equity-accounted investees at reporting date was as follows:

	December 31, 2015	December 31, 2014
Subsidiaries	\$ 87,930	87,719
Associates	2,823,548	2,597,340
Total	\$ 2,911,478	2,685,059

2. The Consolidated Company's financial information for equity-accounted investees which considered insignificant individually:

	December 31, 2015	December 31, 2014
Carrying value of insignificant subsidiaries	\$ 87,930	87,719
Carrying value of insignificant associates	\$ 6,465,093	5,971,153

	For the Years Ended December 31 2015	2014
Attribution to the Consolidated Company		
Net income	\$ 764,950	561,268
Other comprehensive income	(20,169)	(39,809)
Total comprehensive income	\$ 744,781	521,459

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3. Share of profit (loss) of subsidiaries and associates for the years ended December 31, 2015 and 2014 was as follows:

	For the Years Ended December 31	
	2015	2014
Share of profit (loss) of subsidiaries and associates	\$ 764,950	561,268

4. The financial information of subsidiaries and associates in which the Consolidated Company has equity investments was as follows (before adjustment for the Consolidated Company's proportionate share):

	December 31, 2015	December 31, 2014
Total assets	\$ 8,682,597	8,334,113
Total liabilities	(2,120,341)	(2,275,241)
	\$ 6,562,256	6,058,872

	For the Years Ended December 31	
	2015	2014
Revenue	\$ 9,537,220	11,106,422
Net income	\$ 1,853,211	1,366,896

The Consolidated Company does not guarantee any contingent liabilities of an associate jointly with other investors. Likewise, the Consolidated Company does not guarantee alone any other contingent liabilities of an associate.

There are no significant restrictions to the ability of associates to transfer capital to the Company.

5. The director appointed by the Company to the board of Praxair Chemax Semiconductor Materials Co., Ltd (PCSM), an equity-accounted investee of the Company, was elected unanimously by the board as the chairman at the PCSM's board meeting on January 30, 2012. However, the newly elected COB was unable to exercise his power because the joint venture shareholder, Praxair Inc., denied the result of the election shortly afterwards. Moreover, PCSM's supervisor assigned by the Company was obstructed from examining PCSM's accounting books under the authority given by Taiwan's Company Act. On behalf of PCSM, the newly elected COB and supervisor filed both civil and criminal actions of "Submission of accounting books", "Returning of company's seals" and "Embezzlement and breach of fiduciary duty" against PCSM's vice COB and general manager appointed by Praxair Inc. PCSM's vice COB claimed that she had legally delegated the power of COB and filed a civil complaint, "Non-existence of PCSM's chairmanship" against the new COB and requested the court to dissolve PCSM under the Joint-venture agreement. PCSM's supervisor assigned by Praxair Inc. also illegally convened the extraordinary shareholders' meetings in the year of 2013 and 2014 for the purpose of dissolving PCSM. Therefore, the Company filed civil action for the 'annulment of the Resolution in illegal extraordinary shareholders' meeting. Up to now, the lost defendants in the civil case, "Submission of accounting books" filed by PCSM's supervisor assigned by the Company appealed to the Supreme Court. The civil filing "Order of Dissolution", claimant Praxair Inc. was rejected by the both district court and interlocutory appeal court and now the decision is final. The civil complaint

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“ Non-existence of PCSM ‘s chairmanship “ filed by PCSM’s vice COB against the new COB was overruled by Taiwan high court and now is appealed to the Supreme Court by PCSM’s vice COB. Other lawsuits are still on trial in district court and prosecution office. In consideration of the best interest of the shareholders, the Company is striving to find the best solutions to resolve all conflicts mentioned above among Praxair, PCSM and the Company.

6. Collateral

As of December 31, 2015 and 2014, the Consolidated Company provided as collateral portion of its investments in aforesaid equity-accounted investees, please refer to Note 8 for details of the related assets pledged as collateral.

f. Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2015 and 2014 were as follows:

		Land	Land	Buildings	Machinery and equipment	Vehicles	Other facilities	Construction in progress	Accumulated impairment	Total
		Land	improvements							
Cost or deemed cost:										
Balance as of January 1, 2015	\$	5,730,777	267,889	2,354,137	40,491,025	66,868	174,307	863,011	-	49,948,014
Additions	-	-	-	207,107	313,852	4,155	11,492	527,958	-	1,064,564
Disposal	-	-	-	(2,568)	(104,078)	(279)	(2,008)	-	-	(108,933)
Reclassification	-	-	-	25,374	413,838	1,751	(18,251)	(422,712)	-	-
Effect of movements in exchange rate	-	-	-	(7,789)	(11,837)	(242)	(396)	-	-	(20,264)
Balance as of December 31, 2015	\$	<u>5,730,777</u>	<u>267,889</u>	<u>2,576,261</u>	<u>41,102,800</u>	<u>72,253</u>	<u>165,144</u>	<u>968,257</u>	<u>-</u>	<u>50,883,381</u>
Balance as of January 1, 2014	\$	5,730,777	266,699	2,350,498	38,617,868	66,260	186,604	1,696,615	-	48,915,321
Additions	-	-	1,190	-	1,100	4,177	1,045	1,447,886	-	1,455,398
Disposals	-	-	-	(1,237)	(412,152)	(5,178)	(15,904)	-	-	(434,471)
Reclassification	-	-	-	4,876	2,284,155	1,257	2,530	(2,292,818)	-	-
Effect of movements in exchange rate	-	-	-	-	54	352	32	11,328	-	11,766
Balance as of December 31, 2014	\$	<u>5,730,777</u>	<u>267,889</u>	<u>2,354,137</u>	<u>40,491,025</u>	<u>66,868</u>	<u>174,307</u>	<u>863,011</u>	<u>-</u>	<u>49,948,014</u>
Depreciation and impairment loss:										
Balance as of January 1, 2015	\$	-	206,577	878,312	29,555,091	46,301	123,333	-	2,157,993	32,967,607
Depreciation for the period	-	-	5,206	72,309	1,649,479	5,545	11,768	-	-	1,744,307
Disposals	-	-	-	(2,568)	(99,203)	(275)	(2,008)	-	-	(104,054)
Reclassification	-	-	(5,410)	21,270	-	-	(15,860)	-	-	-
Gain on reversal of impairment	-	-	-	-	-	-	-	-	(3,662)	(3,662)
Effect of movements in exchange rate	-	-	-	(50)	(162)	(86)	(16)	-	-	(314)
Balance as of December 31, 2015	\$	<u>-</u>	<u>206,373</u>	<u>969,273</u>	<u>31,105,205</u>	<u>51,485</u>	<u>117,217</u>	<u>-</u>	<u>2,154,331</u>	<u>34,603,884</u>
Balance as of January 1, 2014	\$	-	195,675	810,418	27,993,607	46,471	128,833	-	943,243	30,118,247
Depreciation for the period	-	-	10,902	68,865	1,969,081	4,912	10,089	-	-	2,063,849
Disposals	-	-	-	(971)	(407,611)	(5,170)	(15,599)	-	-	(429,351)
Impairment loss	-	-	-	-	-	-	-	-	1,214,750	1,214,750
Effect of movements in exchange rate	-	-	-	-	14	88	10	-	-	112
Balance as of December 31, 2014	\$	<u>-</u>	<u>206,577</u>	<u>878,312</u>	<u>29,555,091</u>	<u>46,301</u>	<u>123,333</u>	<u>-</u>	<u>2,157,993</u>	<u>32,967,607</u>
Carrying amounts:										
Balance as of December 31, 2015	\$	<u>5,730,777</u>	<u>61,516</u>	<u>1,606,988</u>	<u>9,997,595</u>	<u>20,768</u>	<u>47,927</u>	<u>968,257</u>	<u>(2,154,331)</u>	<u>16,279,497</u>
Balance as of January 1, 2014	\$	<u>5,730,777</u>	<u>71,024</u>	<u>1,540,080</u>	<u>10,624,261</u>	<u>19,789</u>	<u>57,771</u>	<u>1,696,615</u>	<u>(943,243)</u>	<u>18,797,074</u>
Balance as of December 31, 2014	\$	<u>5,730,777</u>	<u>61,312</u>	<u>1,475,825</u>	<u>10,935,934</u>	<u>20,567</u>	<u>50,974</u>	<u>836,011</u>	<u>(2,157,993)</u>	<u>16,980,407</u>

Please refer to Note 6 u. for the amount of capitalized borrowing costs.

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As of December 31, 2015 and 2014, the Consolidated Company provided as collateral portion of its property, plant and equipment, please refer to Note 8 for details of the related assets pledged as collateral.

On November 26, 2013, the plan to invest in China was approved during the meeting of the board of directors of the Company. On March 25, 2014, the Investment Commission, MOEA approved the investment of the Company in JIANGSU WEIMING Petrochemical Corporation in China with a total amount of RMB1,212,000 (equivalent to \$5,900,000) mainly to establish a manufacturing operations for petrochemical products (including hydrotreating crude benzol, cyclohexanone and nylon 6, etc).

g. Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance as of January 1, 2015	\$ 37,001,680	7,644	37,009,324
Net gains and losses due to fair value adjustments	1,212,208	41,945	1,254,153
Balance as of December 31, 2015	<u><u>\$ 38,213,888</u></u>	<u><u>49,589</u></u>	<u><u>38,263,477</u></u>
Balance as of January 1, 2014	\$ 31,833,786	9,109	31,842,895
Net gains and losses due to fair value adjustments	5,167,894	(1,465)	5,166,429
Balance as of December 31, 2014	<u><u>\$ 37,001,680</u></u>	<u><u>7,644</u></u>	<u><u>37,009,324</u></u>
Carrying amounts:			
Balance as of December 31, 2015	<u><u>\$ 38,213,888</u></u>	<u><u>49,589</u></u>	<u><u>38,263,477</u></u>
Balance as of January 1, 2014	<u><u>\$ 31,833,786</u></u>	<u><u>9,109</u></u>	<u><u>31,842,895</u></u>
Balance as of December 31, 2014	<u><u>\$ 37,001,680</u></u>	<u><u>7,644</u></u>	<u><u>37,009,324</u></u>

1. Evaluation by income approach

The fair value of some investment properties of the Consolidated Company was determined using the income approach. Under this income approach, the key terms of the rental contracts for these investment properties and certain other factors were considered as follows:

December 31, 2015

<u>Subject</u>	<u>Qianjin Dist., Kaohsiung City</u>
Important contract terms	None.
The range of rental in the area where the investment property is located	\$350 ~ \$500(NT dollars)
The rental range of similar investment property	\$388 ~ \$432(NT dollars)
The current status of the investment property	Unused
Past earnings	\$0 ~ \$0
Income capitalization rate	3.700%
Discount rate	2.485%
Outsourcing or self-valuation	Outsourcing
Evaluation office	Euro-Asia Real Estate Appraisers Firm
Appraiser name	Shi-yuan, Chou
Evaluation date	December 14 , 2015
Outsourcing fair value	\$7,445

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December 31, 2014

Subject	Qianjin Dist., Kaohsiung City
Important contract terms	None.
The range of rental in the area where the investment property is located	\$350 ~ \$450(NT dollars)
The rental range of similar investment property	\$344 ~ \$400(NT dollars)
The current status of the investment property	Unused
Past earnings	\$0 ~ \$0
Income capitalization rate	3.300%
Discount rate	2.625%
Outsourcing or self-valuation	Outsourcing
Evaluation office	Euro-Asia Real Estate Appraisers Firm
Appraiser name	Shu-hung, Lin
Evaluation date	November 18, 2014
Outsourcing fair value	\$7,395

According to the Regulations on Real Estate Appraisal No. 34 announced by the ROC Ministry of Interior, the income approach includes collecting data in respect of potential gross income, total expenses, and capitalization rate or discount rate, etc. for purposes of estimating effective gross income, estimating total expenses, calculating net operating income, determining capitalization rate or discount rate, and calculating the income value. Data in respect of potential gross income, total expenses, net operating income, capitalization rate or discount rate, and calculating the income value, over the last three years, of the subject property and comparable properties with same or similar characteristics are also gathered when income approach is applied. When specified prior years data are collected, those data are comprehensively evaluated to check their usefulness and reasonableness. The data could also be adjusted according to their consistency, stability, and status of growth. Certain data are also checked and compared when calculating for potential gross income and effective gross income, including potential gross income and effective gross income of the subject property in previous years; potential gross income and effective gross income in the same industry or of the substitutable comparable properties; potentially planned income, at present or in the future. When estimating total expenses of the subject property, including land value tax or land rent, house tax, insurance premium, management fee, repair costs, etc, the estimation is based on the expenses or number in accounting reports from identical or similar properties. The total expenses include operating expenditures for revenue-generating properties. When the appraisal is intended for real estate securitization, the total expenses in the discounted cash flow method are estimated based upon the trust plan.

2. Evaluation through land development analysis

As the Consolidated Company's investment property is undeveloped, the income approach cannot be used for purposes of the evaluation. Consequently, the investment property was evaluated using the land development analysis, under which, the following factors were considered:

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December 31, 2015

Subject	Annan Dist., Tainan City	Qianzhen Dist., Kaohsiung City	Others
Estimate total sales price	\$ 7,385,000	168,885,082	2,732,480
Rate of return	20%	20% ~ 40%	10% ~ 15%
Capital interest rate	1.61%	4.64% ~ 8.84%	1.77% ~ 2.28%
Evaluation office	CCIS Real Estate Joint Appraisers Firm	Euro-Asia Real Estate Appraisers Firm	Euro-Asia Real Estate Appraisers Firm, Colliers International Taiwan, and CCIS Real Estate Joint Appraisers Firm
Appraiser name	Jing-sheng, Huang	Shih-yuan, Chou	Shih-yuan, Chou, Jian-hui, Gu and Jing-sheng, Huang
Evaluation date	January 4, 2016	December 30, 2015	Dec. 8, Dec. 10, Dec. 18 and Dec. 29, 2015
Outsourcing fair value	\$ 4,789,107	32,019,107	1,447,818

December 31, 2014

Subject	Annan Dist., Tainan City	Qianzhen Dist., Kaohsiung City	Others
Estimated total sales price	\$ 3,549,934	168,885,082	2,730,962
Rate of return	22%	20% ~ 40%	15% ~ 25%
Capital interest rate	2.04%	4.32% ~ 9.20%	1.36% ~ 3.18%
Evaluation office	Euro-Asia Real Estate Appraisers Firm	Euro-Asia Real Estate Appraisers Firm	Euro-Asia Real Estate Appraisers Firm
Appraiser name	Shu-hung, Lin	Shih-yuan, Chou	Shu-hung, Lin and Meng-wei, Chi
Evaluation date	November 17, 2014	November 18, 2014	November 14, 2014 ~ November 19, 2014
Outsourcing fair value	\$ 3,580,651	31,993,898	1,427,380

The land development analysis included procedures such as identifying the content of land development and estimating the required period of development ; investigating individual cost and related expenses, collecting current market prices, etc.; on-site survey and investigating and analyzing the degree of development in the local environment; estimating the marketable area of land or building after construction or building; estimating the total sales price of properties after completion of construction or building; estimating individual cost and related expenses; deciding an appropriate rate of return and an overall capital interest rate; calculating land development analysis value.

As of December 31, 2015, and 2014, the Consolidated Company provided as collateral portion of its investment property, please refer to Note 8 for details of the related assets pledged as collateral.

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In the era of pre-Taiwan Alkali Industrial Corporation (TAIC), TAIC had leased the lands located in Tainan and Chiayi area to the local peasants and fishermen, and the surviving tenants shall continue paying the rent to the Company according to the agreements. In the circumstance of the resumption for self- business use or the sale of the lands, the leases shall be terminated under the contractual agreements and Land Laws. If there is any redemption in some cases, the Company will recognize and evaluate the possible expenses and costs case by case.

The Company has terminated the some agreements with partial peasants and fishermen at the first quarter of 2014 by paying the redemption in the amount of \$50,425.

The An-Shun area located in An-Nan District, Tainan City:

1. The land where the An-Shun Alkali plants located was originally established by Japanese company Kanegafuchi Soda “in 1938 under Japanese Colonial Rule.
 2. After retrocession of Taiwan, Taiwan government established a state-run company, Taiwan Alkali Industrial Corporation (TAIC) and operated at the An-Shun Site. From 1964 to 1979, the authority concerned of Taiwan government granted the state-own company start to establish and produce Pentachlorophenol, a type of chemical used as herbicide and disinfectant, and sodium Pentachlorophenol under the state granted investment plan and budget.
 3. In early 1982, the plant discontinued its operation under the mandate from Ministry of Economic Affairs, Administration Yuan.
 4. In April, 1983, TAIC was merged with the state-run China Petrochemical Development Corp., a state-own subsidiary of China Petroleum Company under the mandate from Ministry of Economic Affairs, Administration Yuan. CPDC had to receive all abundant factories and the used land from An-Shun area of TAIC.
 5. Following the said merger, the Company itself has never had any act of production, operation, development, use and neither initiated any other to cause pollution. Partial area has been detected dioxin and mercury contamination in soil. In April 2002 and March , 2004 , the Tainan City Government and the Environment Protection Administration, Executive Yuan publicly announced some partial sections are 「 Soil Polluted Control Site 」 and 「 Soil Contaminated Sites 」 under Soil and Groundwater Pollution Remediation Act enacted in the year of 2000.
 6. Tainan City Government and related government authority cited Article 75 of Taiwan’s Company Law in notifying that the Company as the surviving company after the mandatory merger with TAIC should be responsible for rights and obligations of TAIC, and so are the treatment projects and remediation plan. As the Company never used the land after the mandatory merger from Ministry of Economic Affairs, Administration Yuan (MOEA), the Company still has filed series of legal action to object to the government perception about the” Polluter “and the condition of pollution.
- (1) The Company filed a plea of State Compensation claim to Ministry of Economic Affairs, Administration Yuan (MOEA), but MOEA refused.

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- (2) ① In January 2006, the Company filed a complaint against MOEA in the Taiwan Taipei District Court in the amount of \$10,077 to reimbursement for compensation.
- ② In February, 2008, the complaint was dismissed by the Supreme Court. Upon the application of Constitution Interpretation by the Company, J.Y. No.714 Interpretation of the Grand Justice was issued in November, 2013, in which Soil and Groundwater Pollution Remediation Act (SGPR Act)does not violate the principle of prohibition against retroactive law, or the principle of proportionality the retroactive rule; however, the holding didn't mention whether the successor of the Polluter entity should be responsible for the treatment projects and remediation plan under SGPR Act or not was not in the scope of the regulation. The Company has filed series of complaint on those issues according to this Constitutional Interpretation.
7. (1) On February 27, 2008, the Tainan City Government submitted an order with the docket # Nan Si Fu Huan Swei Zin 09722004430 , demanding the Company to pay \$88,786 to the Tainan City Government and Environmental Protection Administration of the Executive Yuan to reimbursement for investigation assessment measures and necessary response measures. If the Company failed to pay fees by the deadline, it would be transferred to the court for compulsory execution with, an overdue fine, which shall be assessed at a rate of 100% of the overdue amount. Based on the accounting principle of conservatism, the Company, as a concerned landowner recorded this fine as a non-operating cost in 2007 and paid the said fine by the end of July 2008.
- (2) In July 2008, the Company filed a complaint for administrative remedy in the Kaohsiung High Administrative Court because it objected to the government perception about the penalty and the actual status of pollution. In January 2010, the Kaohsiung High Administrative Court demanded the Company to pay \$88,430. In March 2010, the Company appealed to the Supreme Administrative Court. In September 2011, the Supreme Administrative Court remanded this Company's appeal back to the Kaohsiung Administrative High Court. Thereafter, the Kaohsiung Administrative High Court had decided to reduce the penalty to \$76,066. In December 2013, both parties appealed for the decision disfavoring to them. This case is still examined in the Supreme Administrative Court. On August 11, 2014, the Company received a refund of \$356 from Tainan City Government.
8. Both in January and February of 2008, the Tainan City Government submitted an order with the docket # Nan Si Fu Huan Swei Zin 09722000130, requiring the Company to submit a remediation plan for soil and underground water at Soil underground water remediation site of An-Shun site .
- (1) To comply with the Law, the Company submitted a remediation plan proposal to the Tainan City Government and accrued relevant remediation plan for approval before June 30, 2008. As the Company's project was officially approved in May, 2009 and the amendment was approved on July 2, 2012, the Company has implemented the plan after approval and finished the first stage in September, 2014. The following 10 years, the second remediation stage is launching .The Company submitted the second

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amendment of the remediation plan to the Tainan City Government for approval. On December 24, 2014, Tainan City Government notified the Company its approval and now is under public tender reviewing. On the date of April 14th in the year of 2015, Tainan City Government notified the Company to submit the final provision of the remediation plan for approval.

- (2) The aforementioned remediation costs of the Company were evaluated and recognized based on the situation in the year of 2008 for the total amount of \$1,647,200. Until September, 2014, the Company has spent \$16Millionsfor the first stage. The estimate cost based on the situation of December, 2014 is \$1,356,000 for the subsequence of the second remediation stage.
Further evaluation and adjustment should be made thereon if there will be any change in internal or external factors that will cause a significant difference in the overall remediation costs.
- (3) In January, 2012, Tainan City Government made three orders that the Company had to pay a fine of \$200,000 separately as the Company allegedly did not implement the remediation project and violated the Soil and Groundwater Pollution Remediation Act. In August 2012, the Company filed a complaint in the Kaohsiung High Administrative Court. In February, 2014, the Kaohsiung High Administrative Court made a decision to repeal the two orders in the fine of \$200,000 2-hour environment seminar and related administrative order being imposed on the Company by Tainan City Government. Both the Company and the Tainan City Government appealed to the Supreme Administrative Court. In June 2013, the Supreme Administrative Court dismissed both parties' appeal. This case was closed. On September 10, 2014, the Tainan City Government has refunded the amount of penalty earlier paid by the Company. Such refund has been recorded in the Company's books.
- (4) On May 28, 2012, Tainan City Government issued an administrative order to require the Company to install the fences in buffer zones and erect notification sign, and submit buffer zones management plan within certain period according to Soil and Ground water Pollution Remediation Act. In June 2012, the Company filed a petition for administrative remedy with the petition review committee of the Tainan City Government. As the aforesaid appeal was rejected by such petition review committee, the Company filed an administrative complaint with the Kaohsiung High Administrative Court and the Supreme Administrative Court. The Company's complaint and appeal were overruled by both Kaohsiung High Administrative Court and the Supreme Administrative Court in April, 2014 and June, 2015. The Company filled a retrial which was dismissed by the Supreme Administrative Court later. Now the Company has filed a retrial for the final the decision to the Supreme Administrative Court.

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- (5) On February 12, 2014, Tainan City Government ordered the Company to pay a fine of \$200,000 before March 24, 2014 with the reason that the Company did not implement the remediation project and violated the Soil and Groundwater Pollution Remediation Act. In March 2014, the Company filed an administrative appeal which was rejected by the Environmental Protection Administration of Executive Yuan in June, 2014. In July, 2014, the Company filed an administrative lawsuit. The Company filed an administrative complaint and an appeal which were both overruled the Tainan Summary Administrative Court and Kaohsiung High Administrative Court in April 2015 and August 2015. Then The Company filed a retrial for the final decision to the Kaohsiung High Administrative Court.
- (6) On June 13, 2014, Tainan City Government ordered the Company to pay a fine of \$1,000 before July 23, 2014 with the reason that the Company did not implement the remediation project and violated the Soil and Groundwater Pollution Remediation Act. In July, 2014, the Company filed a petition for administrative appeal with the on the evidence that facts disputed. As the aforesaid appeal was rejected by such petition review committee in November 2014, the Company filed an administrative complaint with the Kaohsiung High Administrative Court in January 2015. Kaohsiung High Administrative Court partly rescind the order, the Company thereafter filed an appeal on November 10th, 2015. As the court upheld the Order of Improvements within Limited Period but dismissed the fine in the amount of \$1 and the compulsory attendance of environmental educational seminar in favor of the Company. The Company has filed a appeal to the part of unfavorable ruling on the date of 10th, April, 2015.
- (7) On August 28, 2014, Tainan City Government ordered the Company to pay a fine of \$600 before October 6, 2014 with the reason that the Company allegedly did not complete all the progress behind the schedule defined in the remediation project by March 31, 2014 so that it violated the Soil and Groundwater Pollution Remediation Act. Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in September, 2014, which was rejected by the Environmental Protection Administration of Executive Yuan. In February 2015, the Company filed a complaint in Kaohsiung High Administrative Court.
- (8) On October 15, 2014, Tainan City Government ordered (letter No.1030485131) the Company to pay a fine of \$1,000 before November 20, 2014 and to complete all the progress behind the schedule defined in the remediation project by November 13, 2014. Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in November, 2014 to the Environmental Protection Administration of Executive Yuan. In April 2015, the Environmental Protection Administration of Executive Yuan withdraws its order (letter No.1030485131). In May 2015, the Company received a refund of the previous paid fine in the amount of \$1,000 from Tainan City Government. The case was closed.

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- (9) On March 6, 2015, Tainan City Government ordered (letter No.1040225873) the Company to pay a fine of \$1,000 before April 7, 2014 and to complete the Thermal Treatment of Contaminated Soil progress behind the schedule defined in the remediation project by March 31, 2015. Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in April, 2015 to the Environmental Protection Administration of Executive Yuan. In July 2015, the Environmental Protection Administration of Executive Yuan withdraw its order (letter No.1040225873). In May 2015, the Company received a refund of the previous paid fine in the amount of \$1,000 from Tainan City Government. The case was closed.
- (10) On June 12, 2015, Tainan City Government ordered (the letter of No.10406004) the Company to pay a fine of \$1,000 before July 27, 2015 in violation of Article 22, Section 1 and Article 38, Section 2.3 of the Soil and Groundwater Pollution Remediation Act under the fact of the Company in fail of implementing the schedule defined in the remediation project by March 31, 2014. Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in August, 2015 to the Environmental Protection Administration of Executive Yuan but was rejected in November 2015. The Company filed an administrative complaint to the Kaohsiung High Administrative Court which is now at trial.
- (11) On June 26, 2015, Tainan City Government ordered the Company to pay a fine of \$1,000 before August 10, 2015 in violation of Article 22, Section 1 and Article 38, Section 2.3 of the Soil and Groundwater Pollution Remediation Act under the fact of the Company in fail of implementing the Thermal Treatment of Contaminated Soil progress behind the schedule and demanded the Company to complete the schedule defined in the remediation project in 15 days by the time the Company received the order (letter No.104060005). Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in July, 2015 to the Environmental Protection Administration of Executive Yuan. In October 2015, Tainan City Government withdraw its order, and the Company received a refund of \$1,000 from Tainan City Government in November 2015. The case was closed.
- (12) On July 16, 2015, Tainan City Government ordered (the letter of No.104070007) the Company to pay a fine of \$1,000 before August 31, 2015 in violation of Article 22, Section 1 and Article 38, Section 2.3 of the Soil and Groundwater Pollution Remediation Act under the fact of the Company in fail of implementing the schedule defined in the remediation project by March 31, 2014. Due to the order based on the evidence that facts disputed, the Company filed an administrative appeal in August, 2015 to the Environmental Protection Administration of Executive Yuan. The Environmental Protection Administration of Executive Yuan withdraw its order, and ordered Tainan City Government to make a new legal order to this case within 2 months. Thereafter, Tainan City Government ordered the Company to pay a fine of \$200, and the Company paid the fine on March 7, 2016. The case was closed.

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9. (1) Wu et al. who lived in the An-Nan area filed a civil complaint against the Ministry of Economic Affairs, Tainan City Government, Environmental Protection Bureau of Tainan City and the Company for civil and state compensation in 2008 and 2009, respectively. Wu et al. who consumed fish and shellfish grown in nearby water ponds claimed that the TAIC should be liable for their poor health due to the existence of the polluting waste, mercury and dioxin produced by the TAIC from 1942 to 1983. Also, the Ministry of Economic Affairs, the major employer of the Company, who failed to administrate and supervise TAIC should be liable for the compensation. Moreover, Wu et al. claimed that the Tainan City Government and Environmental Protection Bureau of Tainan City which failed to initiate any waste disposal action for the pollution produced by TAIC should also be among those parties who are negligent. Also, they have indicated the Company, which did not take any action to clean and prevent the pollution after the mandate merger with the TAIC by the order from the MOEA should also be liable for the compensation. Therefore, Wu et al. requested the defendants including MOEA, Tainan City Government, Environmental Protection Bureau of Tainan City and the Company to pay the medical expenses and compensation for psychological injury in the amount of \$370,800, with imputed interest at the rate of 5 % from the first day the complaint is rendered to the defendant to the day the payments of such expenses are made. On January, 2010, the Tainan District Court dismissed the complaints of 17 out of 299 plaintiffs because failing to pay the court fees and expense.
- (2) In May 2010, Chen formally filed another civil complaint in the Tainan District Court requiring the Company to pay for the expenses for medical and health examination, and compensation for psychological injury in the amount of \$2,300. Due to the land pollution and this case is jointly being heard by the Tainan District Court with the above-mentioned case of Wu et al. The Court upheld that the Company should compensate the plaintiffs with Ministry of Economic Affairs jointly in the amount of \$160,000. Now the Company filed an appeal.
10. Others
- (1) On May 22, 2009, the Tainan City Government ordered the Company to reimburse the expenses of \$17,962 for the remediation project of An-Shun plant before January 31, 2010. The Company accrued the expense by the end of 2009 and paid them in January, 2010. However, the Company filed a complaint for administrative appeal in January, 2010. In March 2011, the complaint was rejected so that the Company filed a complaint for administrative litigation in the Kaohsiung High Administration Court. In September 2012, the court reduced the total payment of expense to \$17,867. After appealing in Supreme Court, it was remanded to Kaohsiung High Administration Court in September, 2013. On August 11, 2014, the Tainan City Government refunded the partial fine for Revocation already paid by the Company of \$95. On October 7th, 2015, Kaohsiung High Administration Court decided to reduce the partial of the penalty, and the Company appealed for the unfavorable part which is now on trial.

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- (2) In September, 2011, Tainan City Government issued its order in its letter No. 1000700466 to the Company to reimburse the expenses in the amount of \$16,095 for the remediation project of An-Shun plant. In March, 2012, it also ordered the Company through its letter No. 1010242670 to pay before April 30, 2012. Accord to the law, Tainan City Government demanded the Company to pay the aforesaid expenses. In April, 2012, the Company filed a administrative appeal but it was rejected later. In November, 2012, the Company filed a complaint for administration litigation in the Kaohsiung High Administrative Court whose decision of reducing the expenses to be made by the Company to the Tainan City Government amounted to \$119. In September 2014, the Company and the Tainan City Government both appealed, and the Supreme Administrative Court overruled the decision and retuned this case for a retrial in Kaohsiung High Administration Court in November 2015.
- (3) In May, 2013, Tainan City Government issued its letter No. 1020383681B to order the Company to reimburse the expenses in the amount of \$26,530 for the remediation project of An-Shun plant before June 30, 2013. According to the law, Tainan City Government demanded the Company to pay the aforesaid expenses. In July, 2013, the Company thus filed an administrative appeal, but it was rejected later. In March 2014, the Company filed a complaint for administration litigation, which is still on trial at the Kaohsiung High Administrative Court.
- (4) In February, 2014, Tainan City Government determined the Company as the “Polluter according to the court verdict No. 1953 , 2007 and ordered the Company to to reimburse the expenses for the monitoring and management incurred by the Tainan City Government in the amount of \$27,444 in the year of 2011. On March 26, 2014, the Company paid those expenses within the prescribed period in accordance with the regulations. In March 2014, the Company filed a administrative appeal but was rejected later. In September 2014, the Company filed an administration complaint, which is still on trial in the Kaohsiung High Administrative Court. The presiding judge ordered both Parties for the trial procedure of the settlement.
11. (1) Since the Company still has objection to the government perception about the liability of polluted land in An-Shun area of Tainan City, it is still seeking possible administrative and legal remedy by all means.
- (2) Based on the Constitution Interpretation by the Company, J.Y. No.714 Interpretation of the Grand Justice, it didn’t mention whether the successor of the Polluter entity should be liable for the treatment projects and remediation plan under SGPR Act or not was not in the scope of the regulation. Considering TAIC was a state-run company, whose An-Shun plant was under the control, supervision and operation of MOEA, Taiwan Providence Government, CPC which gained profits and vested interest. This should be an Act of the State .It is not legitimate that the private entity has to succeed a state’s liability. Thus, The Company filed a plead to the Tainan City Government to determine those above-mentioned concerned authorities are de-facto polluter or potential polluter who should reimburse all expenses and fine paid by the Company. In November, 2004, the Tainan City Government issued a refusal of determination .The Company filed an administrative appeal in December 2014. The Tainan City Government submitted another order to withdraw its refusal and replace its new decision which is the refusal of the Company’s pleading. For the

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economics of litigation, the Company continues the previous administrative appeal in December 2014 and filed another administrative appeal to the new decision in April, 2015. The administrative appeal was entertained by the Environment Protection Administration in August 2015. The Company has thus filed an administrative complaint against the decision to Kaohsiung High Administrative Court.

- (3) As of December 31, 2015, the accruals for the accumulated relevant remediation project expenses incurred amounted to \$3,344,437.

Land of Chian Jen Training Center:

1. A portion of the land located at Chian Jen Training Center was originally used as a chemical factory of Japanese Asahi Denka Co., Ltd. (ADK) under Japanese Colonial Rule.
2. After retrocession of Taiwan, the Taiwan government took over and established the state-owned Taiwan Alkali Industrial Corporation (TAIC) continuing producing. In compliance with Taiwan government policy, which China Tian Jin Chemical Corp. transferred chemical equipment to TAIC by the end of 1948 and expanded its business operation.
3. In April 1983, MOEA ordered the Company (state-run), the subsidiary of Chinese Petroleum Corp. to merge with TAIC (state-run). After taking over TAIC's land and factory, the Company changed its factory name to "Chian Jen plan, CPDC" and kept operating. In cooperation with the government's environmental policy, it ceased producing in the year of 1988. Due to the termination of its production, the Company progressed the work of conducting contamination, inspection and clean-up. The finish of clean-up by the waste disposal designated by the Company was done in 1992.
4. Because some inspected soils were found out the polluting mercury after the clean-up, Kaohsiung City Government declared the land as "Soil Polluted Control Site" in August 2006. In November 2007, the Company submitted a pollution remediation plan to the Kaohsiung City Government for reviewing and evaluated relating remediation expense. The Company's pollution remediation plan of "Soil Polluted Control Site" was officially adopted and approved in July 2009. On July 30th, 2014, the Company has completed the soil remediation and self-inspection, and submitted a report of the completion of remediation to the Kaohsiung City Government. Kaohsiung City Government verified the completion of remediation from April 20th to 24th, 2015, and released the above mentioned land from "Soil Polluted Control Site" in the letter No.10439456701 on September 21st, 2015.

The aforementioned remediation expense of the Company was evaluated and recognized under the current situation. However, if there is any change caused by internal or external future factors, which may cause a significant difference from the currently recognized remediation expense, the overall remediation expenses will be revaluated and adjusted.

As of December 31st, 2015, the relevant remediation expenses accrued and recognized amounted up to \$1,077,561.

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5. Other portion of the land of Chian Jen Training Center, originally owned by TAIC, was leased to Taiwan Vcm Corp. (TVC Kaohsiung plant) to produce vcm and est. since 1970. In 1991, TVC returned the land to the Company after removing its plants and equipments. Kaohsiung City Government inspected that the groundwater in the land was polluted by vcm and other chemicals producing by the TVC's factories and the land was declared as "Pollution Control Area" in October, 2006. According to "Soil and Groundwater Pollution Remediation Law", the Kaohsiung City Government determined that Taiwan Vcm Corp. was the polluter causing groundwater pollution and approved the pollution remediation plan submitted by the Taiwan Vcm Corp in September 2009. On December 20, 2012, the Company filed a lawsuit to reimburse the expense paid by the Company, on behalf of Taiwan Vcm Corp. The Shihlin District Court's ruling was in favor of the Company and demanded TVC should reimburse the Company in the amount of \$14,885 with the yearly interest of 5% from July 3, 2002 and 35% of litigation fees. Both Parties reached a settlement on January 26, 2015 and the case was settled. The Company received the court's final verdict on February, 2015 and the case was closed.

The Kaohsiung plant of Chinese Petroleum Corporation of Taiwan was closed in 2015. If the condition has not changed by that time, it will seriously affect the procurement of raw materials of acetic acid product of the Dashe factory of the Company, and the Company may be forced to cease the operations of the Dashe factory. The board of directors' had to pass a major resolution to shutdown the Company's acetic acid plant in Dashe during their meeting on November 20, 2012.

Land in Tai Jian New Village :

1. The Company signed an agreement with the residents in the neighborhood that the Company provided its land in Xin-jia section, Fongshan Dist., Kaohsiung City for public facilities without any consideration under the premise that all the residents in the neighborhood comply with the agreement made between the residents and the Company in 1986.
2. Later on, upon inspection, the said residents were noted to have built illegal constructions on provided land which was a breach of the said agreement. As the residents did not remove the illegally built buildings and return the land to the Company after certain communication between the Company and the residents, the Company thus filed a civil lawsuit in February 2013 which requires for the removal of the illegal construction and return of the land. This lawsuit was dismissed in the Taiwan Kaohsiung District Court. In September 2014, the Company filed an appeal, which is still on trial in the Kaohsiung High Court.

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h. Intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon or the years ended December 31, 2015 and 2014 were as follows:

	Goodwill	Computer software	Patents and trademark	Total
Costs :				
Balance as of January 1, 2015	\$ 5,444	-	56,700	62,144
Acquisition in 2015	-	3,602	317	3,919
Balance as of December 31, 2015	<u>\$ 5,444</u>	<u>3,602</u>	<u>57,017</u>	<u>66,063</u>
Balance as of January 1, 2014	<u>\$ 5,444</u>	<u>-</u>	<u>56,700</u>	<u>62,144</u>
Balance as of December 31, 2014	<u>\$ 5,444</u>	<u>-</u>	<u>56,700</u>	<u>62,144</u>
Amortization and Impairment Loss:				
Balance as of January 1, 2015	\$ -	-	41,975	41,975
Amortization for the period	-	834	1,803	2,637
Balance as of December 31, 2015	<u>\$ -</u>	<u>834</u>	<u>43,778</u>	<u>44,612</u>
Balance as of January 1, 2014	<u>\$ -</u>	<u>-</u>	<u>40,172</u>	<u>40,172</u>
Amortization for the period	-	-	1,803	1,803
Balance as of December 31, 2014	<u>\$ -</u>	<u>-</u>	<u>41,975</u>	<u>41,975</u>
Carrying value:				
Balance as of December 31, 2015	<u>\$ 5,444</u>	<u>2,768</u>	<u>13,239</u>	<u>21,451</u>
Balance as of December 31, 2014	<u>\$ 5,444</u>	<u>-</u>	<u>16,528</u>	<u>21,972</u>
Balance as of January 1, 2014	<u>\$ 5,444</u>	<u>-</u>	<u>14,725</u>	<u>20,169</u>

As of December 31, 2015 and 2014, the aforesaid intangible assets were not pledged as collateral.

i. Short-term and long-term loans

December 31, 2015				
	Currency	Interest Rate Range	Year of Expiration	Amount
Secured bank loans	NTD	1.51~1.69%	2016	\$ 872,500
Secured bank loans	NTD	1.58~1.81%	2017	722,500
Unsecured bank loans	NTD	1.489~2.066%	2016	1,090,000
Letter of credit loans	NTD	1.7~2.064%	2016	919,719
Total				<u>\$ 3,604,719</u>
Current				\$ 2,882,219
Non-current				722,500
Total				<u>\$ 3,604,719</u>

December 31, 2014				
	Currency	Interest Rate Range	Year of Expiration	Amount
Secured bank loans	NTD	1.6%	2015	\$ 105,000
Unsecured bank loans	NTD	1.6~1.99%	2017	1,595,000
O/A loans	NTD	1.6%	2015	200,000
Letter of credit loans	NTD	1.538%	2015	200,000
Letter of credit loans	USD	0.99~1.70%	2015	2,164,933
Total				<u>\$ 4,264,933</u>
Current				\$ 2,669,933
Non-current				1,595,000
Total				<u>\$ 4,264,933</u>

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The Company signed a contract for secured bank credit facilities totaling \$1,700,000 in order to meet funding requirement. As of December 31, 2015 and 2014, the total amounts of both the above credit facilities were used. The long-term bank loans-current portion is \$872,500 and \$105,000. Please refer to Note 8 for details of the related assets pledged as collateral.

As of December 31, 2015 and 2014, the Company was granted by banks short-term credit lines of \$5,418,000, and \$5,917,225, of which \$2,117,349 and \$963,058, respectively, were unused.

As of December 31, 2015 and 2014, the subsidiaries' short-term credit lines of \$ 130,000, US\$ 16,489, RMB\$ 213,753 and \$ 130,000, US\$ 18,228, respectively, were unused. Please refer to Note 8 for details of the related assets pledged as collateral.

j. Long-term bills payable

The components of long-term bills payable were as follows:

December 31, 2015			
	Acceptance institution	Period	Amount
Bills payable	China Bills Finance Corporation	2015.11.27~2016.02.25	\$ 350,000
Bills payable	Mega Bills Finance Co., Ltd.	2015.12.25~2016.02.23	250,000
Bills payable	Taching Bills Finance Co., Ltd.	2015.12.07~2016.03.07	250,000
Bills payable	Taching Bills Finance Co., Ltd.	2015.11.16~2016.02.15	80,000
Bills payable	International Bills Finance Co., Ltd.	2015.11.05~2016.02.03	50,000
Bills payable	International Bills Finance Co., Ltd.	2015.12.14~2016.03.11	150,000
			1,130,000
Less: Discount on long-term bills payable			(1,172)
Total			\$ 1,128,828

December 31, 2014			
	Acceptance institution	Period	Amount
Bills payable	China Bills Finance Corporation	2014.12.04~2015.03.04	\$ 300,000
Bills payable	China Bills Finance Corporation	2014.12.22~2015.03.04	100,000
Bills payable	Mega Bills Finance Co., Ltd.	2014.11.26~2015.01.23	300,000
Bills payable	Taching Bills Finance Co., Ltd.	2014.12.12~2015.03.12	300,000
			1,000,000
Less: Discount on long-term bills payable			(1,172)
Total			\$ 998,793

The Company had revolving commercial promissory note agreements with bills finance companies in order to meet its business requirement. The interest rates for the year ended December 31, 2015 and 2014 ranged from 0.54%~1.16% and 0.68%~1.16%, respectively.

Please refer to Note 8 for details of the related assets pledged as collateral.

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k. Bonds payable

	December 31, 2015	December 31, 2014
Total amount of convertible bonds issued	\$ 4,127,904	4,127,904
The amount of unamortized discount bonds payable	(271,246)	(334,881)
Interest payable refund from bonds conversion	86,560	2,732
Valuation adjustment of interest payable from bonds payable	208,296	47,916
Ending balance of bonds payable	<u>\$ 4,151,514</u>	<u>3,843,671</u>
Embedded derivative-call option、put option and Conversion Right	<u>\$ 16,044</u>	<u>706,549</u>
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Gain(loss) on fair value measurement of embedded derivatives such as buy back right, sell back right and Conversion Right	<u>(690,505)</u>	<u>507,171</u>
Interest expense	<u>121,445</u>	<u>4,181</u>
Amortization of issuance cost	<u>26,018</u>	<u>1,004</u>

The Company issued Credit Enhanced Zero Coupon Convertible Bonds with aggregate principal amount of US\$132,000, which are due in 2019. These bonds bear effective interest rate of 3.2082%. On conversion of the Bonds, the conversion price is \$10.80 (NT dollars) per share with a fixed exchange rate of NT\$31.222 = US\$1.00. If there is any conversion price adjustment which is defined in the issuance terms, the conversion price is adjusted according to a definite formula. The bonds bear no conditions. Unless previously redeemed, repurchased and cancelled, or converted, the Bonds will mature, and will be redeemed on December 17, 2019 at 109.10% of the unpaid principal amount thereof.

The Company redeem in whole or in part early when:

1. The Company may redeem the Bonds, in whole or in part, at the early redemption amount on the date of redemption if the Market Price (translated into US Dollars at the Prevailing Rate) for 20 out of 30 consecutive Trading Days, the last of which occurs not more than five trading days prior to the date on which notice of such redemption is given, is at least 125% of the quotient of the Early Redemption Amount divided by the Conversion Ratio
2. If more than 90% in principal amount of the Bonds originally outstanding has been redeemed, repurchased and cancelled or converted, the Company can redeem the remaining outstanding bonds.
3. If, as a result of certain changes relating to the tax laws in the ROC or such other jurisdiction in which the Company are then organized or resident for tax purposes, the Company becomes obligated to pay Additional Amounts. The Bonds, may be redeemed at the option of the Company, in whole but not in part, at the Early Redemption Amount Bondholders may elect not to have their Bonds redeemed but with no entitlement to any Additional Amounts or reimbursement of additional tax.

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4. Upon the occurrence of an LC Redemption Event and to the extent permitted by applicable law, the Company shall redeem all and not some only of the outstanding Bonds at the Early Redemption Amount to such date, subject to the right of each holder of the Bonds to elect that such holder's Bonds shall not be redeemed, but shall remain outstanding without the benefit of the Letters of Credit.

Except for the following circumstances, a Bondholder should not request the Company in whole or in part to redeem the bond before maturity date

1. Unless the Bonds have been previously redeemed, repurchased and cancelled, or converted, each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase, in whole or in part (being US\$200,000 in principal amount and integral multiples thereof), of such Bondholder's Bonds on December 17, 2017 at 105.37% of their principal amount
2. In the event that the Common Shares cease to be listed or admitted to trading on the TWSE, each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase, in whole or in part.
3. Upon the occurrence of an LC Redemption Event and to the extent permitted by applicable law, each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase, in whole or in part.

Payments of (i) the principal of and premium on the Bonds at maturity or upon redemption or repurchase; or (ii) the principal of and premium and default interest (if any) on the Bonds in the case of an Event of Default will have the benefit of irrevocable standby letters of credit (the "Letters of Credit") issued severally but not jointly by CTBC Bank Co., Ltd. and Taiwan Cooperative Bank, Ltd. in accordance with their respective committed percentage to the total principal amount of the Bonds.

During the period when Bonds are outstanding, the Company is required to comply with the following financial covenants:

1. Current ratio (current assets/current liabilities): should not be less than 120%.
2. Debt ratio ((total liabilities + contingent liabilities)/tangible net assets): should not be higher than 70%.
3. Interest coverage ratio (EBITDA/interest expense): should not be less than 3%.
4. Tangible net assets (stockholders' equity (including minority shareholders) - intangible assets): should not be less than \$25,000,000.

As of December 31, 2015, the Company was in compliance with the loan covenants mentioned above.

Please refer to Note 8 for details of the related assets pledged as collateral.

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1. Provisions

	Decommissioning	Remediation project	Employee benefits	Total
Balance as of January 1, 2015	\$ 1,218,945	1,826,359	206,258	3,251,562
Provisions made during the period	-	-	40,468	40,468
Provisions paid during the period	-	(526,115)	(28,233)	(554,348)
Balance as of December 31, 2015	\$ 1,218,945	1,300,244	218,493	2,737,682
Current	\$ -	300,585	9,642	310,227
Non-current	1,218,945	999,659	208,851	2,427,455
	\$ 1,218,945	1,300,244	218,493	2,737,682
Balance as of January 1, 2014	\$ 1,218,945	1,010,100	217,580	2,446,625
Provisions made during the period	-	1,356,000	24,192	1,380,192
Provisions paid during the period	-	(539,741)	(35,514)	(575,255)
Balance as of December 31, 2014	\$ 1,218,945	1,826,359	206,258	3,251,562
Current	\$ -	614,788	11,674	626,462
Non-current	1,218,945	1,211,571	194,584	2,625,100
	\$ 1,218,945	1,826,359	206,258	3,251,562

1. The Environmental Bureau of Kaohsiung City Government inspected the partial soils of the Company's land located at Chian Jen Training Center and found out the polluting mercury after the clean-up, therefore, in November 2007, the Company submitted a pollution remediation plan to the Kaohsiung City Government for reviewing and evaluated relating remediation expense of \$740,000. The Company's pollution remediation plan of "Soil Polluted Control Site" was officially adopted and approved in July 2009(Note 6 g). The Company further added the relevant remediation expenses of \$207,600 on November 30, 2012.
2. To comply with the Order of the Tainan City Government, The Company submitted a remediation plan proposal and accrued relevant remediation plan for approval before June 30, 2008 and evaluated the relating remediation expense of \$ 1,647,200. As the proposal was officially approved in May, 2009 and the amendment plan was approved on July 2, 2012, the Company has implemented the plan after approval and finished the first stage in September, 2014. The following 10 years for the second remediation stage is launching .The Company submitted the second amendment plan of the remediation plan to the Tainan City Government for approval. On December 24, 2014, Tainan City Government notified the Company its approval and now is under public tender reviewing.

The aforementioned remediation costs of the Company were recognized in the total amount of \$ 1,647,200 for the first stage before September, 2014. With the launch of the subsequence of the second remediation stage, the Company estimated the cost based on the situation of December, 2014 is \$1,356,000. (Note 6 g for more details)

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3. (1) The Company's four parcels of land at Dongshan section, Shulin district, New Taipei City were the original location of TAIC's Shulin plants, but then sold to the Taiwan Chinese Petroleum Corporation(CPC). On August 16, 2010, the Environmental Protection Department of New Taipei City Government has declared that such land as "Soil Pollution Control Site". In the No. 1000010000 letter, dated March 2011 which was issued by the Environmental Protection Department of New Taipei City Government, it addressed that the Company as the surviving entity, the rights and obligations of TAIC ceasing to exist after merger shall be assumed by the Company. The Company was therefore identified as the polluter and was required to submit a remedial measuring plan.
- (2) In the Letter No. 1001001329 dated August 2011 which was issued by the Environmental Protection Department of New Taipei City Government, the Company was required to complete its investigation and propose a pollution control plan to the Environmental Protection Department of New Taipei City Government for approval and then adopt its implementation. Following the said merger with Taiwan Alkali Company under the government's mandatory order, the Company itself has neither act of production, operation, development, use nor initiated act to cause pollution. The Company objected with the identification of being "the polluter" and filed a complaint for administration remedy in August 2011. According to the relevant provisions of the Financial Accounting Standards in the year of 2011, the Company estimated and accrued relevant remediation expenses in the amount of \$273,750.

m. Non-current preferred share liabilities

On April 2, 2012, one of the subsidiaries, Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd., decided to issue 20,000 thousand preferred shares through cash, with par value of \$10 (NT dollars) per share, totaling \$200,000. The aforesaid preferred shares were classified in its financial statements as preferred share liabilities of \$154,682 and capital surplus-share option of \$45,318. A resolution was passed during the boarding meeting held on April 2, 2015, and a resolution of shareholders' meeting held on April 28, 2015, Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd. reduced its capital, with May 5, 2015 as the date of capital deduction. Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. redeem its preferred share at par value, 10 dollars, and recognized \$18,141 as capital surplus, please refer to note 6 q. As of December 31, 2015 and 2014, the preferred share liabilities were measured at amortized cost as \$0 and \$172,270, respectively. As of the period from January 1 to May 5, and January 1 to December 31, 2014, the amortization cost was \$2,376 and \$6,722, respectively, which was charged to profit or loss under finance costs of the statements of comprehensive income, please refer to Note 6 u. for details.

The key issuance terms were as follows:

1. Unilaterally redeemable by Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. at the price equal to or higher than the par value.
2. Convertible to common stock during the period to be decided by Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. or under the agreement between Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd. and preferred shareholders.

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3. The preferred shareholders have the priority over the distribution of residual property up to their original subscription amounts upon the dissolution or liquidation of the Company. The rest then is appropriated proportionally to other shareholders.
4. No dividends and earnings are to be distributed to preferred shareholders. Also, they do not bear rights to receive stock dividend when there is capital increase through capital surplus.
5. With the right to vote in shareholders' meeting.

The convertible preferred shares consist of liability component and equity component. The equity component is included as part of non-controlling interests in balance sheets. The initial effective interest rate is 4%.

n. Operating lease

The Consolidated Company leases out some of its property, plant and equipment under operating leases, please refer to Note 6 g. and 6 h. The details of future minimum lease receivable in non-cancellable lease period were as follows:

	December 31, 2015	December 31, 2014
Less than one year	\$ 15,502	13,345
Between one and five years	37,877	45,134
Over five years	46,548	49,996
	<u><u>\$ 99,927</u></u>	<u><u>108,475</u></u>

For the years then ended December 31, 2015 and 2014, the income from the rental of property, plant and equipment amounted to \$17,456 and \$16,706, respectively.

o. Employee benefits

1. Defined benefit plans

The Consolidated Company's defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2015	December 31, 2014
Present value of funded defined benefit obligation	\$ 915,866	1,002,812
Fair value of plan assets	(707,015)	(808,228)
Net defined benefit liabilities	<u><u>\$ 208,851</u></u>	<u><u>194,584</u></u>

The Consolidated Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provides pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

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(1) Composition of plan assets

The Company and its subsidiaries in Taiwan set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Labor Pension Fund Supervisory Committee. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

As of December 31, 2015, the balance of the Consolidated Company's contributions to the pension funds in Bank of Taiwan was \$707,172. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Defined benefit obligation, January 1	\$ 1,002,812	1,085,903
Benefits paid from plan assets	(158,779)	(121,675)
Current service costs and interest	41,833	47,304
Service costs	6,093	-
Settlements	-	(3,497)
Re-measurements of the net defined benefit liability (assets)	23,907	(5,223)
Defined benefit obligation, December 31	\$ 915,866	1,002,812

(3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit assets for the year ended December 31, 2015 and 2014 were as follows:

	2015	2014
Fair value of plan assets, January 1	\$ 808,228	879,997
Employer contributions	28,372	31,961
Benefits paid by the plan	(151,453)	(121,664)
Expected return on plan assets	13,663	-
Settlements	-	(3,497)
Re-measurements of the net defined benefit liability	8,205	21,431
Fair value of plan assets, December 31	\$ 707,015	808,228

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(4) Expenses recognized in profit or loss

The Consolidated Company's pension expenses recognized in profit or loss for the years ended December 31, 2015 and 2014 were as follows:

	For the Years Ended December 31	
	2015	2014
Current service cost	\$ 25,044	29,129
Service cost	6,093	-
Net interest on net defined benefit liability	3,125	3295
	\$ 34,262	32,424
Operating costs	\$ 26,253	29,618
Selling expenses	320	159
Administrative expenses	7,795	2,385
Research and development expenses	178	211
Loss on work stoppages	37	51
	\$ 34,583	32,424
Actual return on plan assets	\$ 21,284	21,431

The defined benefits plans included additional expenses paid to those who met the criteria of special preferential plan of the Company, the expenses thereon for the years ended December 31, 2015 and 2014 amounted to \$321 and \$0, respectively.

(5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Consolidated Company's net defined benefit liability recognized in other comprehensive income was as follows:

	For the Years Ended December 31	
	2015	2014
Accumulated balance, January 1	\$ (85,221)	(96,995)
Recognized during this year	(15,705)	11,774
Accumulated balance, December 31	\$ (100,926)	(85,221)

(6) Actuarial assumptions

The following are the key actuarial assumptions at the reporting date:

	For the Years Ended December 31	
	2015	2014
Discount rate	1.375~1.75%	1.50~2.00%
Future salary increases	0.3~2%	0.50~1.50%

Base on the actuarial report, the Consolidated Company is expected to make a contribution payment of \$25,907 to the defined benefit plans for the one year period after the reporting date. The weighted-average duration of the defined benefit plans is between 6.94 to 12.92 years.

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(7) Sensitivity analysis

In determining the present value of the defined benefit obligation, the Consolidated Company's management makes judgments and estimates in determining certain actuarial assumptions on the balance sheet date, which includes employee turnover rate and future salary changes. Changes in actuarial assumptions may have significant impact on the amount of defined benefit obligation.

As of December 31, 2015 and 2014, the changes in the principal actuarial assumptions will impact the present value of defined benefit obligation as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2015		
Discount rate	\$ (17,310)	18,037
Increase in future wage	17,650	(17,021)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

2. Defined contribution plans

The Consolidated Company contributes an amount at the rate of 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in R.O.C. in accordance with the provisions of the Labor Pension Act. The Company's contributions to the Bureau of the Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2015 and 2014 amounted to \$31,554 and \$29,456, respectively.

3. Short-term compensated absences liabilities

As of December 31, 2015 and 2014, the Consolidated Company's short-term compensated absences liabilities amounted to \$9,642 and \$11,674, respectively.

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p. Income Tax

The components of income tax expense for the years ended December 31, 2015 and 2014 were as follows:

	For the Years Ended December 31,	
	2015	2014
Current income tax expense		
Currently incurred	\$ (63,781)	(63,846)
Adjustment to prior year's income tax charged to current income tax	4,320	608
	<u>(59,461)</u>	<u>(63,238)</u>
Deferred tax expense		
The origination and reversal of temporary differences	294,990	340,570
Unrecognized changes of deductible temporary differences	(294,990)	(335,391)
	<u>-</u>	<u>5,179</u>
Income tax expense	\$ (59,461)	(58,059)

For the years ended December 31, 2015 and 2014, income tax expenses recognized under other comprehensive income were both \$0.

Income tax calculated on pre-tax financial income was reconciled with income tax expense for the years ended December 31, 2015 and 2014 as follows:

	For the Years Ended December 31,	
	2015	2014
Profit before income tax	\$ 142,231	352,591
Income tax on pre-tax financial income calculated at the domestic rate	(51,274)	(96,637)
Changes of unrecognized temporary differences	1,097	905
Unrecognized deferred tax assets	(294,990)	(335,391)
Changes of permanent differences	304,442	387,507
Prior years income tax adjustment	4,320	608
10% surtax on undistributed earnings	(18,389)	(8,032)
Tax-free income	(4,667)	(7,019)
Total	\$ (59,461)	(58,059)

1. Unrecognized deferred tax assets and (liabilities)

	December 31, 2015	December 31, 2014
Decommissioning liabilities	\$ 39,747	28,450
Remediation project	241,261	484,918
Extraordinary loss	1,058,983	1,341,441
Allowance for doubtful receivables	319,484	319,484
Property, plant and equipment, investment property	1,341,357	1,651,837
Pension	1,156	137
Tax loss	8,172,275	5,709,621
Others	309,755	121,699
	\$ 11,484,018	9,657,587

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The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority. Tax loss ratified by Tax Administration could be carried forward for ten consecutive years in accordance with Income Tax Act. The Consolidated Company did not recognize aforesaid tax loss as deferred tax assets because it is not expecting enough taxable profit in the near future.

As of December 31, 2015, the expiration years of tax loss unrecognized as deferred tax assets were as follows:

(1) The Company

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2012	\$ 426,187	2013-2022
2013	2,525,639	2014-2023
2014	2,311,155	2015-2024
2015(estmated)	2,424,996	2016-2025

(2) Taivex Therapeutics Inc.

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2010	\$ 14,389	2011-2020
2011	16,878	2012-2021
2012	29,656	2013-2022
2013	50,227	2014-2023
2014	27,419	2015-2024
2015(estmated)	40,515	2016-2025

(3) Chung Hua Shuang Tzu Hsing Kai Fa Co.,Ltd.

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2011	\$ 107	2012-2021
2012	2,461	2013-2022
2013	14,143	2014-2023
2014	44,139	2015-2024

(4) Weihua (Rudong) Trade Co., Ltd

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2012	\$ 95	2013-2017
2013	16,391	2014-2018
2014	89,309	2015-2019
2015	38,063	2016-2020

(5) Weiqiang International Trade (Shanghai) Co., Ltd.

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2013	20,796	2014-2018
2014	42,903	2015-2019
2015	30,374	2016-2020

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(6) Weida (zhangzhou) Consultant Service Co., Ltd.

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2013	3,822	2014-2018
2014	1,391	2015-2019
2015	1,905	2016-2020

(7) Juangsu Weiming Petrochemical Corporation

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2013	2,958	2014-2018
2014	38,827	2015-2019
2015	11,745	2016-2020

(8) Weida(zhangzhou) Petrochemical Corporation

<u>Year incurred</u>	<u>Amount</u>	<u>Effective Period</u>
2015	836	2016-2020

2. Deferred tax liabilities:

	Reserve for Land Revaluation Increment Tax	Defined benefit plans	Total
Balance, January 1, 2015	\$ 8,081,062	1,300	8,082,362
Recognized in profit or loss	381,191	4	381,195
Balance, December 31, 2015	\$ 8,462,253	1,304	8,463,557
Balance, January 1, 2014	\$ 8,087,522	1,294	8,088,816
Recognized in profit or loss	(6,460)	6	(6,454)
Balance, December 31, 2014	\$ 8,081,062	1,300	8,082,362

3. Deferred tax assets:

	Taxable Loss	Defined benefit plans	Investments in subsidiaries	Total
Balance, January 1, 2015	\$ 9,358	7	-	9,365
Recognized in profit or loss	-	7	-	7
Balance, December 31, 2015	\$ 9,358	14	-	9,372
Balance, January 1, 2014	\$ -	25	4,179	4,204
Recognized in profit or loss	9,358	(18)	(4,179)	5,161
Balance, December 31, 2014	\$ 9,358	7	-	9,365

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4. Stockholders' imputation tax credit account and tax rate:

	December 31, 2015	December 31, 2014
Undistributed earnings arising from earnings generated from January 1, 1998 when corporate and personal income taxes were integrated.	<u>\$ 75,450</u>	<u>288,648</u>
Stockholders' imputation tax credit account	<u>\$ 868,335</u>	<u>742,926</u>

The undistributed earnings stated above, including comparative information, were in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China.

	For the Years Ended December 31	
	2015(Expect)	2014(Actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	<u>- %</u>	<u>- %</u>

The aforesaid imputation tax related information was prepared in accordance with Decree No.10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C. on October 17, 2013.

q. Capital and reserves

As of December 31, 2015 and 2014, all the authorized capital of the Company consisted of \$23,199,897, respectively, with par value of \$10 (NT dollars) per share, and its outstanding capital consisted of 2,319,990 thousand shares

	(In thousands of shares)	
	Common Stock	
	2015	2014
Ending balance, December 31(equal to January 1)	<u>2,319,990</u>	<u>2,319,990</u>

1. Capital Surplus

	December 31,2015	December 31,2014
Other	<u>18,141</u>	<u>-</u>

In accordance with the ROC Company Act, as amended in January 2012, capital surplus cannot be used to distribute cash dividends or be used to increase capital unless it offsets the deficit first. The realized capital surplus includes those arising from donation and the excess of the issuance price over the par value of capital stock issued. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, if capital surplus is capitalized in batches, the combined amount of capital surplus capitalized in batches in any one year cannot exceed 10 % of paid-in capital.

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2. Retained earnings

Based on the Company's Articles of Incorporation, the net income, after paying for corporate income tax, offsetting against any deficit, and appropriating 10% of the balance as legal reserve, appropriating or reversing special reserve, if any, is further appropriated as follows:

- (1) 2% as directors' and supervisors' compensation;
- (2) 3% as employee bonus; and
- (3) 95% as stockholders' dividend, of which, 50% to 100% shall be appropriated as stock dividends and the remainder shall be appropriated as cash dividends. If the ratio of total liabilities to total assets is over 50%, stock dividends will be distributed first.

In accordance with Articles of Incorporation, as amended in June 24, 2011 and the Company's annual shareholder meeting, the net income, after paying for corporate income tax, offsetting the deficit, and appropriating for legal reserve, capital surplus and special reserve, if any, should be distributed at the rate of 2% as remuneration to the Directors and Supervisors, and 3% as employees' bonuses. With respect to any balance herein together with the undistributed accumulative profits in previous years, the Board of Directors shall prepare an allotment proposal and submit to the shareholder meeting for approval according to the following policy.

The Company distributes dividends depending on the level of earnings of each year, funding needs, industrial environment, and status of competition, long-term operating plan and interests of shareholders. Under such circumstances, the Company may appropriate for special reserve either in whole or in part to assure financial stability and sustainability. The Company may distribute dividends in cash or stock. In the case that the distribution is made in the form of by stock dividend, the ratio for the stock dividend shall not exceed 50% of the total distribution unless the ratio of the Company's total liabilities to total assets is equivalent or above 50% or otherwise prescribed in relevant laws and regulations.

In accordance with the Amended Company Act 2015, the employment bonus and the compensation for the board is no longer consider distribution of earnings, the Consolidated Company will revise the memorandum of the company before the deadline.

(1) Legal reserve

In accordance with the Amended Company Act 2012, 10 percent of net income is set aside as legal reserve, until it is equal to share capital. If the Company experiences profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by cash, of up to 25 percent of the actual share capital.

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(2) Special reserve

By adopting the exemptions allowed under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), unrealized asset revaluation gains in shareholders' equity of \$5,281,790 was reclassified to retained earnings. The net increase in retained earnings due to the first-time adoption of IFRSs amounted to \$4,235,076. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a special reserve is appropriated from the distribution of retained earnings as a result of an increase in retained earnings due to the first-time adoption of IFRSs. When the related assets are used, disposed of, or reclassified, this special reserve is reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$4,235,076 on December 31, 2015 and 2014.

In 2014, the Consolidated Company changed the subsequent measurement of investment properties from cost model to fair value model. In accordance with Ruling No. 1030006415 issued by the Financial Supervisory Commission on 18 March 2014, on the first-time adoption of fair value model for the subsequent measurement of investment properties, the Consolidated Company shall set aside an equal amount of special reserve when the fair value increment of investment properties is transferred to retained earnings. The Consolidated Company appropriated to the special reserve an amount of \$21,224,233 as of December 31, 2013. The carrying amount of such special reserve amounted to \$21,224,233 as of December 31, 2015 and 2014.

For every year the Company distributes earnings, a special reserve is appropriated in the following order:

- ① Each year, a special reserve is appropriated from current year's net income and prior years' undistributed earnings for the same amount as the net increase in the fair value of investment property using the fair value model. A special reserve is also appropriated for the same amount as the cumulated net increase in the fair value for the year when the undistributed earnings are not distributed. When the investment property is disposed of, this special reserve is reverted proportionately to distributable earnings. As of December 12, 2015, the Company appropriated to the special reserve an amount of 259,784.
- ② In accordance with Ruling No. 1010047490 issued by the Financial Supervisory Commission on 21 November 2012, a special reserve is appropriated by the parent company for the difference between market value and book value of parent company shares being held by a subsidiary times the percentage of the parent company's equity investment in the said subsidiary, if the stock price of the parent company is lower than the its value. If the market value recovers subsequently, this special reserve is reverted proportionately to distributable earnings.

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③ In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings is appropriated as a special reserve during earnings distribution. Such appropriation of special reserve is based on the difference between the total net amount of contra accounts in the shareholders' equity and the carrying amount of special reserve. Similarly, a portion of undistributed prior period earnings (which does not qualify for earnings distribution) is likewise appropriated as a special reserve on account of cumulative changes to other shareholders' equity pertaining to prior periods. The subsequent reversals of the contra accounts in the shareholders' equity shall qualify for additional earnings distributions.

(3) Earnings Distribution

For the years ended December 31, 2014, the actual employee bonuses were amounted to \$0, and the actual directors' and supervisors' remuneration were amounted to \$0, respectively.

There was no difference between actual result of earnings distribution of 2014 and those estimated and accrued in the financial statement.

On June 26, 2014, the Company's shareholders' meeting made a resolution, that used legal reserve to cover accumulated deficits amounted to \$760,313.

3. Other equity accounts

	Exchange differences on translation of foreign financial statements	Available-for-sale investments
Balance, January 1, 2015	\$ (31,944)	(982,649)
Exchange differences on foreign operation	(19,573)	-
Exchange difference on associates accounted for using equity method	(15,294)	-
Unrealized gain for available-for-sale financial assets	-	(190,654)
Unrealized gain for available-for-sale financial assets for subsidiary accounted for using equity method	-	(17,149)
Unrealized gain for available-for-sale financial assets for affiliated companies accounted for using equity method	-	(495)
Balance, December 31, 2015	<u>\$ (66,811)</u>	<u>(1,190,947)</u>
Balance, January 1, 2014	\$ (142,972)	(885,919)
Exchange differences on foreign operation	112,327	-
Exchange difference on associates accounted for using equity method	(1,299)	-
Unrealized gain for available-for-sale financial assets	-	(59,515)
Unrealized gain for available-for-sale financial assets for subsidiary accounted for using equity method	-	(37,014)
Unrealized gain for available-for-sale financial assets for affiliated companies accounted for using equity method	-	(201)
Balance, December 31, 2014	<u>\$ (31,944)</u>	<u>(982,649)</u>

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r. Earnings per share

The basic earnings per share and diluted earnings per shares for the years ended December 31, 2015 and 2014 were calculated as follows:

	For the Years Ended December 31	
	2015	2014
Basic earnings per share (NT dollars)		
Profit attributable to ordinary shareholders	\$ 95,531	304,449
Weighted-average number of ordinary shares	2,319,990	2,319,990
	<u>\$ 0.04</u>	<u>0.13</u>
Diluted earnings per share (NT dollars)		
Profit attributable to ordinary shareholders (basic)	\$ 95,605	304,449
After-tax effect of convertible bonds' interest expense and other profit and other expenses	(317,609)	-
Profit attributable to ordinary shareholders (diluted)	<u>\$ (222,004)</u>	<u>304,449</u>
Weighted-average number of ordinary shares (basic)	2,319,990	2,319,990
Effect of convertible bonds	381,602	-
Effect of potentially dilutive ordinary shares of Employee stock bonus	380	-
Weighted-average number of ordinary shares (diluted)	<u>2,701,972</u>	<u>2,319,990</u>
	<u>(0.08)</u>	<u>0.13</u>

The weighted-average number of ordinary shares (diluted) excluded the 381,602 thousand shares from the conversion of convertible bonds for the years ended December 31, 2014, which are not potentially dilutive.

s. Revenue

	For the Years Ended December 31	
	2015	2014
Sales of goods	<u>\$ 26,155,995</u>	<u>33,249,482</u>

t. Remuneration of employees and directors

Based on the amended Company's Articles of Incorporation which have been approved by the Board of Directors but have not been approved by the shareholders' meeting, remuneration of employees and directors are appropriated at the rate at least 3% and no more than 2% of profit before tax, respectively. The Company should offset prior years' accumulated deficit before any appropriation of profit.

For the year ended December 31, 2015, remuneration of employees and directors of \$3,017 and \$2,011, respectively, were estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before remuneration of employees and directors for the year ended December 31, 2015. These benefits were charged to profit or loss under operating costs or operating expenses for the year ended December 31, 2015. Management is expecting that the differences, if any, between the amounts which are yet to be approved in the shareholders' meeting and those recognized in the financial statements will be treated as changes in accounting estimates and charged to profit or loss.

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u. Non-operating income and expense

1. Other income

	For the Years Ended December 31	
	2015	2014
Interest income		
Repurchase agreement	\$ 6,112	11,872
Imputed interests of security deposits	9	13
Bank deposits	169,233	48,713
Interest income from indemnity	1,915	-
Discount income of vendor early payment	-	228
Dividends income	74,608	60,714
Rental income	17,456	16,706
Other income	141,820	69,407
	\$ 411,153	207,653

2. Other gains and losses

	For the Years Ended December 31	
	2015	2014
Foreign exchange gains (losses)	\$ (191,262)	11,729
Gain on disposal of investments	5,608	61,523
Gain(Loss) on disposal of property, plant and equipment	(4,879)	(5,088)
Gain on evaluation of investment property	872,962	5,172,872
Asset impairment loss	(30,739)	(1,214,750)
Net gains (losses) on evaluation of financial assets (liabilities) measured at fair value through profit or loss	(85,718)	357
Embedded Derivatives- Gain(loss) on fair value	690,505	(507,171)
Measurement of buy back right 、sell back right and Conversion Right		
Gain on reversal of impairment loss	3,693	-
Extraordinary losses-Expense of pollution remediation	-	(1,356,000)
Bank fees	(135,323)	(48,885)
Other losses	(176,136)	(273,074)
	\$ 948,711	1,841,513

3. Finance costs

	For the Years Ended December 31	
	2015	2014
Interest expenses		
Bank loans	\$ 56,312	67,515
Imputed interests of security deposits	21	21
Capitalized interest	-	(3,156)
Amortization of bonds payable, discount	37,617	-
Interest compensation of bonds payable	83,828	-
Others	11,004	18,831
	\$ 188,782	83,211

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v. Financial Instruments

1. Categories of financial instruments

(1) Financial assets

	December 31, 2015	December 31, 2014
Financial assets at fair value through profit or loss	\$ 1,130,019	942,771
Available-for-sale financial assets	1,351,940	1,533,358
Financial assets carried at cost	1,459,907	1,173,907
Cash and cash equivalents	8,887,290	10,412,190
Notes receivable, accounts receivable and other receivables	1,772,309	2,511,419
Other assets	89,827	366,141
Total	\$ 14,691,292	16,939,786

(2) Financial liabilities

	December 31, 2015	December 31, 2014
Financial liabilities at fair value through profit or loss	\$ 16,044	706,549
Short-term loans	2,009,719	2,564,933
Long-term bank loans-current portion	872,500	105,000
Payables	1,673,782	1,963,452
Long-term bank loans	722,500	1,595,000
Long-term bills payable	1,128,828	998,793
Bonds Payable	4,151,514	3,843,671
Other liabilities	507,831	514,679
Total	\$ 11,082,718	12,292,077

2. Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure. As of December 31, 2015 and 2014, the maximum exposures to credit risk amounted to \$14,691,292 and \$16,939,786 respectively.

The sales of the Consolidated Company are significantly concentrated in a small number of customers. For the years ended December 31, 2015 and 2014, 77% and 74%, respectively, of the total amount of accounts receivable is composed of 7 customers and 9 customers, respectively. Under the Consolidated Company's credit policy, customers are requested to provide the Consolidated Company certain financial information like audited financial report, or other related documents for purposes of evaluating their credit worthiness. Credits are granted to these customers according to the result the Consolidated Company's credit evaluation.

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(2) Impairment losses

Aging analysis of the receivables on the reporting date was as follows:

	December 31, 2015		December 31, 2014	
	Total amount	Impairment	Total amount	Impairment
Not past due	\$ 1,855,309	(95,570)	2,561,154	(101,224)
Over 0~30	345	-	-	-
Over 31~120 days	149,429	(137,204)	-	-
Over 121~365 days	-	-	174,991	(123,502)
Past due more than 1 year	237,590	(237,590)	237,590	(237,590)
	\$ 2,242,673	(470,364)	2,973,735	(462,316)

3. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2015							
Non-derivative financial liabilities							
Accounts payable	\$ 1,145,958	1,145,958	1,145,958	-	-	-	-
Other payables	527,824	827,824	827,824	-	-	-	-
Other financial liabilities—current	203,981	203,981	203,981	-	-	-	-
Other non-current liabilities—other	303,850	303,850	-	-	303,850	-	-
Fixed-rate loans	3,604,719	3,622,199	2,463,536	429,571	729,092	-	-
Long-term bills payable	1,128,828	1,130,000	200,000	350,000	580,000	-	-
Bonds Payable	4,151,514	4,730,794	-	-	-	4,730,794	-
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss (convertible bonds-conversion right .et)	16,044	16,044	-	-	-	16,044	-
	\$ 11,082,718	11,980,650	4,841,299	779,571	12,292,077	13,038,391	-
December 31, 2014							
Non-derivative financial liabilities							
Accounts payable	\$ 1,547,106	1,547,106	1,547,106	-	-	-	-
Other payables	416,346	416,346	416,346	-	-	-	-
Other financial liabilities—current	202,087	202,087	202,087	-	-	-	-
Other non-current liabilities—Other	312,592	312,592	254,853	50,765	4,447	-	2,527
Floating-rate loans	200,000	201,525	201,525	-	-	-	-
Fixed-rate loans	4,064,933	4,096,366	3,378,600	106,215	484,696	126,855	-
Long-term bills payable	998,793	1,000,000	300,000	700,000	-	-	-
Bonds Payable	3,843,671	4,555,820	-	-	-	4,555,820	-
Financial liabilities at fair value through profit or loss (convertible bonds-conversion right .et)	706,549	706,549	-	-	-	706,549	-
	\$ 12,292,077	13,038,391	6,300,517	856,980	489,143	5,389,224	2,527

The Consolidated Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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4. Currency risk

(1) Currency risk exposure

The Consolidated Company's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2015			December 31, 2014		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 23,011	32.850	755,884	22,174	31.635	701,474
JPY	314,230	0.270	85,722	-	-	-
HKD	4,069	4.236	17,237	-	-	-
RMB	741,668	4.980	3,693,507	1,088,257	5.092	5,541,405
<u>Long-term share investment using equity method</u>						
USD	36,833	32.850	1,178,825	37,251	31.635	1,178,454
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 137,420	32.850	4,514,234	222,823	31.635	7,049,006
RMB	-	-	-	2,015	5.092	10,260

(2) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables and payables that are denominated in foreign currency. A 1% of appreciation of the NTD against the USD, EUR, HKD, RMB and YEN as of December 31, 2015 and 2014 would have increased (decreased) net income after tax by \$316 and \$6,776; as of December 31, 2015 and 2014, other comprehensive income would have increased \$11,788 and decreased \$11,785. The two period analysis is based on the same criteria.

5. Interest rate analysis

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For financial instruments bearing floating-rate, the sensitivity analysis assumes the floating-rate liabilities are outstanding for the whole year on the reporting date. The Consolidated Company's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases by 1%, the Consolidated Company's net income will decrease by \$0 and \$2,000 for the years ended December 31, 2015 and 2014, respectively, assuming all other variable factors remain constant. This is due mainly to the Consolidated Company's borrowings bearing floating interest rate.

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6. Fair value

- (1) The Consolidated Company considers the carrying amounts of its financial assets and financial liabilities measured at amortized cost to be a reasonable approximation of fair value.
- (2) Valuation techniques and assumptions used in fair value determination

The Consolidated Company uses the following methods in determining the fair value of its financial assets and liabilities:

- A. The fair value of financial assets and liabilities traded in active markets such as stocks from listed entities is based on quoted market prices.
- B. Derivative instrument is quoted prices in active markets. When it cannot get quoted prices in active markets ,non-option derivatives uses discounted cash flow analysis to calculate the fair value on duration of yield curve; option derivatives uses option pricing models to calculate the fair value.
- C. For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(3) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

a. Fair value of financial instruments

The fair value of financial assets and liabilities were as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value and those fair value cannot be reliably measured or inputs are unobservable in active markets):

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
December 31, 2015					
Financial Assets					
Cash and cash equivalent	\$ 8,887,290	-	-	-	-
Current financial assets at fair value through profit or loss	1,130,019	1,127,524	-	2,495	1,130,019
Current available-for-sale financial assets	1,351,940	1,351,940	-	-	1,351,940
Current financial assets at cost	1,459,907	-	-	-	-
Note receivables, accounts receivable and other accounts receivable	1,772,309	-	-	-	-
Other assets	89,827	-	-	-	-
Non-financial Assets					
Investment property	38,263,477	-	-	38,263,477	38,263,477
	<u>\$ 52,954,769</u>	<u>2,479,464</u>	<u>-</u>	<u>38,265,972</u>	<u>40,745,436</u>
Financial Liabilities					
Current financial liabilities at fair value through profit of loss	\$ 16,044	-	16,044	-	16,044
Short-term loans	2,009,719	-	-	-	-
Long-term liabilities , current portion	872,500	-	-	-	-
Long-term loans	722,500	-	-	-	-
Long-term accounts payable	1,673,782	-	-	-	-
Long-term notes payable	1,128,828	-	-	-	-
Bonds payable	4,151,514	-	-	-	-
Other liabilities	507,831	-	-	-	-
	<u>\$ 11,082,718</u>	<u>-</u>	<u>16,044</u>	<u>-</u>	<u>16,044</u>
December 31, 2014					
Financial Assets					
Cash and cash equivalent	\$ 10,412,190	-	-	-	-
Financial assets reported at fair value through profit or loss	942,771	767,097	-	175,674	942,771
Available-for-sale financial assets	1,533,358	1,533,358	-	-	1,533,358
Current financial assets at cost	1,173,907	-	-	-	-
Note receivables, accounts receivable and other accounts receivable	2,511,419	-	-	-	-
Other assets	366,141	-	-	-	-
Non financial assets					
Investment property	37,009,324	-	-	37,009,034	37,009,324
	<u>\$ 53,949,110</u>	<u>2,300,455</u>	<u>-</u>	<u>37,184,998</u>	<u>39,485,453</u>
Financial liabilities					
Financial liabilities reported at fair through profit or loss	\$ 706,549	-	706,549	-	706,549
Long-term loans	2,564,933	-	-	-	-
Long-term liabilities, current portion	105,000	-	-	-	-
Long-term loans	1,595,000	-	-	-	-
Long-term accounts payable	1,963,452	-	-	-	-
Long-term notes payable	998,793	-	-	-	-
Bonds payable	3,843,671	-	-	-	-
Current preference share liabilities	172,270	-	-	-	-
Other liabilities	514,679	-	-	-	-
	<u>\$ 12,464,347</u>	<u>-</u>	<u>706,549</u>	<u>-</u>	<u>706,549</u>

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- b. Valuation techniques for financial instruments which is not measured at fair value:

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

- (i) Financial assets measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

- c. Valuation techniques for financial instruments measured at fair value:

- (i) Non-derivative financial instruments

Financial instruments trade in active market is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

Measurements of fair value of financial instruments without active market are based on valuation technique or quote price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique which include model calculation with observable market data at the balance sheet date.

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by the forward currency rate.

- (ii) Derivative financial instruments

It is based on the valuation model accepted by the most market users, ex: Discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

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Fair value of structure financial instruments is based on appropriated valuation model, ex: Black-Scholes model, or other valuation model, ex: Monte Carlo simulation.

- d. There have been no transfers from each level for the years ended December 31, 2015 and 2014.
- e. Statements of changes in fair value measurements of financial assets in Level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Investment Property	Financial assets reported at fair value through profit or loss	
		Designated at initial recognition	Derivative financial assets
January 1, 2015	\$ 37,009,324	175,674	-
Gain on Revaluation of investment property	872,962	-	-
Effects on deferred income tax liabilities	381,191	-	-
Purchase	-	403,760	-
Disposal	-	(579,464)	-
Total gain and losses recognized in profit or loss	-	-	2,495
December 31, 2015	<u>\$ 38,263,477</u>	<u>-</u>	<u>2,495</u>
January 1, 2014	\$ 31,842,895	10,969	-
Purchase	-	178,234	-
Disposal	-	(13,529)	-
Gain on Revaluation of investment property	5,172,872	-	-
Effects on deferred income tax liabilities	(6,443)	-	-
December 31, 2014	<u>\$ 37,009,324</u>	<u>175,674</u>	<u>-</u>

w. Financial risk management

1. Overview

The nature and the extent of the Consolidated Company's risks arising from financial instruments, which include credit risk, liquidity risk and market risk, are discussed below. Also, the Consolidated Company's objectives, policies and procedures of measuring and managing risks are discussed below. For more quantitative information about the financial instruments, please refer to other related notes of the notes to the financial statements.

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2. Risk management framework

The Board of Directors has overall responsibility for the oversight of the risk management framework in order to develop and monitor the Consolidated Company's risk management policies and to report regularly on its activities.

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

3. Credit Risk

Credit risk means the potential loss of the Consolidated Company if the clients or counterparties involved in that transaction defaults. The primary potential credit risk is from cash and accounts receivable.

(1) Accounts receivable and other receivables

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

The Consolidated Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. The Consolidated Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

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The Consolidated Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component which the loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

(2) Bank deposits

The credit risk exposure in the bank deposits is measured and monitored by the Consolidated Company's finance department. As the Consolidated Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Consolidated Company do not have compliance issues and significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. The management believes that the Consolidated Company do not have significant liquidity risk.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Consolidated Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

(1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Consolidated Company's entities, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD and RMB.

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The Consolidated Company's currency risk is not hedged as some of the currencies of the Consolidated Company's foreign currency receivables and payables are the same, producing a natural hedge effect.

(2) Interest rate risk

The Consolidated Company's Interest rate risk comes from long-term and short-term bank loans. The long-term bond issued by our company is fixed-rate loan, so there is no risk caused by the fluctuations of interest rates and fair value interest rate. The long-term and short-term bank loans calculated in floating-rate were made our company suffered cash flow interest rate risk, but most of risk were covered by cash and cash equivalents holding in floating-rate.

(3) Other market price risk

The Consolidated Company does not enter into any commodity contracts other than to meet the Consolidated Company's expected usage and sales requirements; such contracts are not settled on the net basis.

x. Capital management

The Consolidated Company meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Consolidated Company and other entities in the similar industry use the debt-to-equity ratio to manage capital. This ratio is determined using the total net debt and divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest plus net debt.

The Consolidated Company's debt to equity ratios at the end of the reporting period as of December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
Total liabilities	\$ 22,496,785	24,009,124
Less: cash and cash equivalents	(8,887,290)	(10,412,190)
Net debt	\$ 13,609,495	13,596,934
Total equity	\$ 53,258,018	53,419,291
Total liabilities and equity	\$ 66,867,513	67,016,225
Debt to equity ratio	20.35%	20.29%

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7. RELATED PARTY TRANSACTIONS

- a. The ultimate parent company

The Company is the ultimate parent company.

- b. Significant Transactions with related parties

1. Sale of Goods and Services to Related Parties

	For the Year Ended December 31	
	2015	2014
Associates	\$ 768,150	1,035,459
Other related parties	-	15,422
	\$ 768,150	1,050,881

The terms for related party sale transactions were the same as those of other unrelated customers.

2. Purchase of Goods from Related Parties

	For the Year Ended December 31	
	2015	2014
Associates	\$ 197,254	245,051

The terms for related party purchase transactions were the same as those of other unrelated vendors.

3. Receivables

Accounts	Types of related parties	December 31, 2015	December 31, 2014
Accounts receivable	Associates	\$ 67,116	102,484
Other receivables	Associates	11,424	15,891
		\$ 78,540	118,375

4. Payables

Accounts	Types of related parties	December 31, 2015	December 31, 2014
Accounts payable	Associates	\$ 6,280	9,349
Other payables	Associates	4,740	4,434
		\$ 11,020	13,783

5. Rental income

	For the Year Ended December 31	
	2015	2014
Associates	\$ 15,433	14,664
Other related parties	26	-
	\$ 15,459	14,664

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Please refer to Note 6 g. for lease of land and buildings to related parties.

The refundable deposit from related party at December 31, 2015 and 2014 all amounted to \$1,500.

6. Other revenues

	For the Year Ended December 31	
	2015	2014
Associates	\$ 30,472	34,028
Other related parties	713	503
	\$ 31,185	34,531

Other revenues were income from handling charges derived from related party and compensation as directors, supervisors, etc.

7. On January 15, 1998, the Company signed a one year contract with an associate, under which, the associate provides security service for all of the Company's offices and factories. This agreement is renewable to allow for an extension of the service period. The security service fees paid were \$19,717 and \$19,469 in 2015 and 2014, respectively. The unpaid fees were recognized as other payables.
8. The Company had contracts with one of other related parties, for mechanical engineering services projects and paid commission on the basis of actual construction. As of December 31, 2015 and 2014, the construction project in-progress amounted to \$13,500 and \$242,810, respectively. As of December 31, 2015 and 2014, the unpaid fee amounted to \$13,500 and 46,685, respectively.
9. In 2015 and 2014, the Company recognized service costs of \$2,880 and \$2,220, respectively, for the services provided by related parties. As of December 31, 2015 and 2014, all payments are paid.

c. Key management personnel compensation

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	\$ 72,999	64,588
Post-employment benefits	2,601	2,732
	\$ 75,600	67,320

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8. PLEDGED ASSETS

The pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2015	December 31, 2014
Time deposits	Guarantee for purchases, collateral for long-term and short-term financial credit	\$ 57,979	342,446
Property, plant and equipment	Collateral for long-term and short-term financial credit, United guarantee amount of convertible Bond, lawsuits	2,026,694	2,046,671
Investment property	United guarantee amount of convertible Bond	8,065,355	8,065,355
Investments accounted for using equity method	Long-term bills payable	655,671	537,585
Available-for-sale financial assets – non-current	Long-term bills payable	852,580	444,400
Financial assets reported at fair value through profit or loss	Long-term bills payable	357,210	452,760
		<u>\$ 12,015,489</u>	<u>11,889,217</u>

As of December 31, 2015 and 2014, shares of a subsidiary of the Consolidated Company were pledged as collateral for long-term bills payable, equal to 4,000 thousand shares.

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. As of December 31, 2015 and 2014, the Consolidated Company had the following unused letters of credit:

	December 31, 2015	December 31, 2014
USD	\$ 19,595	3,997,682
EUR	117	7,973
NTD	792,000	1,267,434
SGD	-	180

- b. As of December 31, 2015 and 2014, the Consolidated Company had issued guaranty notes for bank loans, issued Euro-Convertible Bond (ECB), sales and purchases, and development plan aggregating, to \$6,600,955, US\$197,500 and \$6,637,660, US\$ 186,000, and RMB\$ 26,724 respectively.
- c. At December 31, 2015 and 2014, the Consolidated Company had contracts for various construction projects in-progress amounting to \$2,727,357 and \$2,265,324, respectively. As of December 31, 2015 and 2014, the remaining future obligations under these contracts amounted to \$2,310,939 and \$1,267,166, respectively.
- d. As of December 31, 2015 and 2014, the Company signed an agreement to purchase raw materials such as benzene, hydrogen and methylbenzene from Chinese Petroleum Corporation (CPC). Under this contract, the Company may purchase specified monthly volume of these raw materials at current month prices announced by the Chinese Petroleum Corporation with prepayment or domestic letter of credit.

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- e. In both December 2013 and February 2014, the Company signed a land lease with Port of Kaohsiung Taiwan International Ports Corporation for 3 parcels of lands where are located in backline of the dock S12-S15 of Petrochemical Transportation Center under the second phase construction plan of Intercontinental Terminal in Port of Kaohsiung . The Company planned to invest and build the transportation and storage facility of petrochemical materials for the use of import and export. According to the aforementioned agreement, the Port of Kaohsiung of Taiwan International Ports Corporation (TIPC) shall deliver these lands to the Company before December 2017, and the lease term shall be 25 years after the lands are 6. The Company has the renewal option.

From the time Port of Kaohsiung Taiwan International Ports Corporation perform its contractual obligation to deliver the leased lands to the Company, the Company is obligated to pay the rent of \$1,650, \$2,565, and \$1,493 for each land per year. Moreover, from the seventh months of the third year after the leased lands delivered to the Company, the Company is obligated to pay management fee in the amount of \$10,654, \$24,605, and \$12,329 for each land per year. In December 2013 and February 2014, the Company rendered the certificate of deposit in the amount of \$5,000 and \$13,000 as security bond. Due to the adjustment of the investment plan in August 2015, the Company has to downscale the operation plan by terminating the lease of one parcel of land so that a security bond of \$8,000 was forfeited by TIPC.

- f. 1. In September, 2005, The Company was ordered by Revenue Service office in Kaohsiung city to change the levy level of the land value tax's rate from the year of 2000. As the Company questioned the statutes adopted by the Revenue Service office in deciding the said tax, the Company filed an administration appeal for tax reinvestigation under Article 35 of the Tax Collection Law. The Supreme Administrative Court dismissed the case. By the end of 2010, the Company has paid all of the administrative remedy tax.
2. According to Article 24 of Tax Collection Law, the Revenue Service office in Kaohsiung city ordered its prohibition on the disposition of part of the Company's said land, but its prohibition was removed in January, 2011.
3. The Company has been prohibited to use 34 parcels of its said land in Chian Jen District, Kaohsiung City because those parcels of the land were declared as Soil Contaminated Site and Soil Polluted Control site by Kaohsiung City Government under the Soil and Groundwater Pollution Remediation Act. The Company applied for land tax exemption and reexamination of the year 2009, 2010, 2011, 2012, 2013 and 2014 according to Article 12 of Land Tax Reduction and Exemption Regulations. The application was rejected for the reason of not conforming to the regulation by Revenue Service office in Kaohsiung city. However, the Company filed a complaint for administrative remedy for those levy of land value taxes. The cases of the levy years 2009, 2010, 2012 were rejected, while other cases are still on trial at the Supreme Administrative Court and Kaohsiung High Administrative Court.

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- g. Following their inspection of the soil after the clean up, the Environmental Protection Administration still found certain polluting mercury and chemical material produced by the former lessee, so that the Kaohsiung City Government has declared portion of the land at Chian Jen Training Center as "Pollution Control Area" in 2006. The Company proceeded with the remediation work and submitted its remediation plan in accordance with the related regulations to the Kaohsiung City Government for review. In July 2009, this remediation plan was officially approved by the Kaohsiung City Government. In addition, the Kaohsiung City Government ordered Taiwan Vcm Corp. to submit a remediation plan as a polluter in September 2009. The Company filed a lawsuit to reimburse the expenses paid by the Company, on behalf of Taiwan Vcm Corp. The Shihlin District Court's ruling was in favor of the Company and demanded TVC should reimburse the Company in the amount of \$14,885 with yearly interest of 5% from July 3, 2002 and 35% of litigation fees. Both parties reached a settlement on January 26, 2015 and received the court's final verdict in February 2016. The case was closed. The possible impact of the said land pollution is in Note 6 h for more details.
- h. The Tainan City Government and the Environmental Protection Administration declared the land at An-Shun site as Soil Pollution Control site and Soil Pollution Contaminated Site. In cooperation with the control and management procedure of the concerning authority, the Company is seeking a legitimate solution for both administrative and legal remedy. On June 30, 2008, the Company submitted a remediation project proposal to the Tainan City Government for reviewing under the current law but the Tainan City Government noted that the remediation project proposal did not conform to the Soil and Groundwater Pollution Remediation Act. The Company was requested to provide a revised project proposal before October 18, 2008. Therefore, the Company re-submitted a revised version of remediation project proposal to the Tainan City Government before October 18, 2008 for further reviewing. The remediation project proposal was approved by the Tainan City Government in May, 2009. The Company applied a first reversion of the approved remediation project was approved on July 2, 2012. The first stage of remediation has completed in September 2014. For the following 10 years of the second stage, the Tainan City Government has replied its "approval" for the second reversion of the remediation project in an official notification on December 24, 2014 and now it is under public reviewing under the law. The possible impact of the said land's pollution is discussed further in Note 6 g.
- i. 1. The Company's four parcels of land # 540,541,543, Dongshan section, and #489 Weiwang section of Shulin Dist., New Taipei City were the original location of TAIC's Shulin plant land. TAIC was established in 1962, and closed in 1975 and subsequently sold to the Chinese Petroleum Corporation (CPC). On August 16, 2010, the Environmental Protection Department, New Taipei City Government has declared that such land as "Soil Pollution Control Site".
2. In April 1983, MOEA, Executive Yuan demanded the Company, which was a subsidiary of the state-owned enterprises, CPC to merge with TAIC. In the No. 1000010000 letter dated March 2011 which was issued by the Environmental Protection Department, New Taipei City Government, it addressed that the Company as the surviving entity, the rights and obligations of TAIC ceasing to exist after merger shall be assumed by the Company under the Article 75 of the Companies Act. The Company was therefore legally identified as the polluter and was required to submit a remedial measuring plan.

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3. Under the No. 1001001329 an administrative ruling dated August 2011 which was issued by the Environmental Protection Department, New Taipei City Government, the Company was required to complete its investigation and propose a pollution control plan to the Environmental Protection Department, New Taipei City Government for approval and adopt its implementation. Following the said merger with Taiwan Alkali Company, from the government's mandate, the Company itself has never had any act of production, operation, development, use and neither initiated any other to cause pollution. The Company objected with the identification of being "the polluter" and filed a complaint for administration remedy in August 2011. In August 2012, the decision of Taipei High Administration Court was in favor of the Company, but the Environmental Protection Department, New Taipei City Government appealed to the Supreme Administrative Court, which ruled to remand to Taipei High Administration Court. The Taipei High Administration Court dismissed the Company's complaint and the Complaint filed an interlocutory appeal relief in December 2013, but was also rejected by the Supreme Administrative Court in January, 2015. On February 6, 2015, the Company filed a case for retrial. The Environmental Protection Department, New Taipei City Government also ordered the Company to complete the investigation and the draft of pollution contrail plan for its reviewing before February 26, 2013. In compliance with the law, the Company submitted it Soil Pollution Control Plan for TAIC Shulin Plant (Partial Site) to the Environmental Protection Department, New Taipei City Government. Moreover, the Company filed a claim of ceasing the plan execution before the court clarifies an administrative ruling. The claim was dismissed by the Supreme Administrative Court.

In 2011, according to the relevant provisions of the Financial Accounting Standards of Republic of China, the Company estimated and accrued relevant remediation expenses of \$273,750. The aforementioned remediation costs of the Company were evaluated and recognized based on the current situation. Further evaluation and adjustment should be made thereon if there will be any change in internal or external factors that will cause a significant difference in the overall remediation costs.

- j. Due to Business Today's false report, the Company filed libel complaints in prosecutor's office and filed a private prosecution in district court against Business Today. After investigation by the prosecution office, while the private prosecution was dismissed by the Taipei District Court in September 2012 for first instance. The case was settled.
- k. On May 28, 2012, Tainan City Government issued an administrative ruling to require the Company to complete the fences in buffer zones and erection of notification sign, and submit buffer zones management plan within certain period according to Soil and Groundwater Pollution Remediation Act. In June 2012, the Company submitted a motion to object and filed an administrative remedy with the Environmental Protection Administration. In June 2012, the aforesaid remedy was rejected by the Environmental Protection Administration. In April 2014 and June 2015, the Company's administrative complaint and appeal against Tainan City Government were overruled by Kaohsiung Administrative High Court and the Supreme Administrative Court. After that, the Company filed a retrial, which was dismissed by the Supreme Administrative Court. Though the Company appealed for the retrial decision, the Supreme Administrative Court dismissed the case on December 2015. This case was closed.

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l. Tai Jian New Village case

Under the Company's agreement with the Residents Service Committee of Tai Jian New Village (the Committee), the Company's land, located at Xin-jia section, Fongshan Dist., Kaohsiung City was intended for public use without any consideration. Now the land was occupied by the residents of 1st Floor with illegal constructions. In compliance of the duty of fiduciary and the Company's principle of asset management, the Company had communicated with the Committee and the residents of 1st Floor but to no avail. Therefore, the Company filed a lawsuit against the Committee to ask for the removal of the illegal construction and for the return of the Company's land due to breach of contract, but was rejected by Taiwan Kaohsiung District Court. The Company appealed this lawsuit to the Kaohsiung High Court and this case is still on trial.

m. Dashe Public safety case

On May 12, 2014, a technician of the Company was sent to the hospital for emergency aid because he exposed himself to acrylonitrile during the filling operations in warehouse of Dashe plant, and passed away the next day unfortunately. On June 10, 2014, the Company reached an amicable settlement with the technician's family who accepted the compensation according to the Company's compensation policy and the Labor Law. In return, the technician's family promised that they will not file any lawsuits against the Company on this matter. On December 3, 2014, the on-site managers agreed to Deferred Prosecution for one year. After the Prosecution Office of Kaohsiung High Court rescinded the original decision and remanded the case to the Prosecution Office of Kaohsiung District Court for further procedural investigation in May 2015, a Deferred Prosecution for one year was remained in August 2015. This case was closed.

n. Pipeline-cutoff caused by the 2014 Kaohsiung gas explosions

On July 31, 2014, a series of gas explosion occurred in Kaohsiung City, following reports of gas leaks earlier that night. Although such gas explosion did not cause any damage to the propylene supply pipelines of the Company, the Kaohsiung City Government ordered to-prohibit the use of all petrochemical pipelines in the area where the gas explosion happened commencing from August 5, 2014, and required to vest out all the petrochemical raw materials in the pipelines. The order of prohibition issued by the Kaohsiung City Government for using those pipelines resulted in a decrease in the Company's operating revenue by \$36,000 because the production capacity of acrylonitrile decreased slightly in the week after the explosion in order to vest out the propylene in the pipelines where the explosion occurred. To overcome such losses, the Company then increased the frequency of the delivery of propylene by using the propylene tank cars for transporting it so that stock volume of propylene is sufficient for production. Furthermore, in order to cooperate with the disaster relief operations and public safety under the order by Kaohsiung City Government, the Company vested out the propylene pipelines of the Company with all propylene raw materials and the clearing operation resulted in damaged to propylene pipelines and disposal loss of \$11,000.

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On August 18, 2014, Kaohsiung City Government required the Company to cooperate with the removal of the pipelines in the disaster area, which is prohibited to use. The Water Resources Bureau, Kaohsiung City Government executed the compulsory cut-off of the Company's pipelines. In September 2014, the Company filed for an administrative appeal to rescind the order and claim those pipelines belonging to the Company. The Company has filed several complaints against Kaohsiung City Government in the Kaohsiung Administration High Court.

- o. The Annulment of the license of construction work of roads and the underground pipelines in Kaohsiung City

Due to 2014 Kaohsiung gas explosions, The Water Resources Bureau, Kaohsiung City Government repealed the permits of road construction and permit #950129 issuing date December 15, 1990 and permit #059976 issuing date April 13, 1991 to petrochemical supply pipeline of the vendor of the Company, Taiwan Chinese Petroleum Corporation. Even if the Kaohsiung explosion was caused by some poor pipelines belonging to the other company. In September and November of 2014, the Company as an interested party, filed two administrative petitions which were rejected by the Petition Review Committee of Kaohsiung City Government. To protect the best interest, the Company filed a complaint against Kaohsiung City Government in Kaohsiung High Administration Court in April 2015.

- p. The Contract Fraud by Shanghai Tongye Coal Chemical Group Co. Ltd.

The consolidated subsidiaries, Weihua (Rudong) Trade Co., Ltd. and Weiqiang International Trade (Shanghai) Co., Ltd., filed civil complaints at the Shanghai YangPu District Court to claim for payment of the contract arrears from Shanghai Tongye Coal Chemical Group Co. Ltd. On August 18, 2014, these subsidiaries signed a compromise settlement agreement with Shanghai Tongye Coal Chemical Group Co. Ltd., under which, Shanghai Tongye Coal Chemical Group Co. Ltd. has committed to pay the first installment payment on September 1, 2014 but failed to comply. Therefore, these consolidated subsidiaries applied to take the enforcement action to seal coal tar stock of Shanghai Tongye Coal Chemical Group Co. Ltd. The above enforcement action sealed the coal tar at the amount of 5,216ton and had then sold out 4,777ton. These consolidated subsidiaries still continuously negotiate with Shanghai Tongye Coal Chemical Group Co. Ltd. of its unrealized claims towards Shanghai Tongye Coal Chemical Group Co. Ltd. Both consolidated subsidiaries have recognized the impairment of account receivable for the losses of RMB\$19,274 and RMB \$8,276. Furthermore, the consolidated subsidiaries also reported the crime of fraud case against Shanghai Tongye Coal Chemical Group Co. Ltd. to the police and this case is still under investigation by the prosecutor.

- q. Trade secret thefts

Due to the Company's ex-executives and ex-employees in probe over trade secret thefts and the crime of business occupation, the Company filed several criminal charges in prosecutor's office to protect the best interest of the Company. The case is now under the investigation of Miaoli District Prosecutors Office.

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r. Accusation of Negligence

On January 28, 2013, a chemical explosion occurred at the factory site of Heng-I Chemical Inc. where is next to the Company's ToFu Site. The injured workers of Heng-I filed a complaint of negligence in injury against Heng-I and the Company. Due to the incidence happening at the public drain of the Industrial park, one injured worker accused that some chemical substance in the waste water in the public drains discharged by Heng-I and the Company were higher than the government's standard, thus filed a complaint against the Company's managing officials of both companies. After Miaoli Prosecution Officer issued a non-prosecutorial disposition to this criminal complaint, the injured worker applied for reconsideration of the ruling and the Prosecution office of Taichung High Court returned to the Miaoli Prosecution Officer for investigation. In February 2015, the injured worker filed a civil lawsuit against the Company and the relating the Company's managing officials for seeking the negligent compensation in the amount of \$6,920 in Maioli Dist. Court. In September 2015, both parties agreed to cease the case trial, but now the trail resumes in February 2016.

s. Executive Officers Seeking for Pension Reimbursement

Since two executive officers of the Company quitted office without delivering over to their successors all rolls and whit from July 1, 2013, the Company's board submitted a letter of removal on October 1, 2013 after their failure of commerce of the contract of mandate. The two executive officers demanded the Company to reimburse their pension in claiming their qualification of labor under the Labor law. After the failure of mediation, they filed civil complaints in Taipei and Kaohsiung district court in January 2014. In August 2015, Taipei District Court affirmed that the executive officer's contract between both Parties was terminated, also decreed that this case was applicable to the Company's internal Retirement Regulation which is abolished so the Company shall pay \$4,572 to the plaintiff for retirement fund. The Company appealed to Taiwan High Court. As to the case in Kaohsiung District Court, the court was in favor of the Company in September, 2015 by ruling that the contract of mandate between both parties was not legally terminated so the plaintiff's request of retirement was not effective. Therefore the complaint of retirement fund was overruled but the plaintiff can get the amount of \$35 for unpaid reimburse .But the plaintiff filed an appeal to the Taiwan Kaohsiung High Court.

t. An-Shun Dorm designated as Cultural Heritage

The Company owns the old Tainan Factories Dorms established by Japanese company Kanegafuchi Soda designated as municipal Cultural Heritage by Tainan City Government in the order of 1031053448A on November 17, 2014. The Company filed an objection against this administration order and filed an appeal. In August 2015, the Ministry of Culture made a decision of excluding the Company's 4 parcels of land from being designated .However, The Company still filed a complaint for the rest of lands to Kaohsiung High Administrative Court for administrative remedy.

On December 17th of 2015, Tainan City Government issued a new ordered according to the decision of the above-mentioned administrative appeal by the Ministry of Culture to designate the Company's rest of parcels of land as municipal Cultural Heritage again. The Company still has objection to the new order by filing an administrative petition.

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- u. The consolidated subsidiaries, China Twin Star Development Co. Ltd. and BES Engineering Inc. jointly applied the public tender for the Joint Development Investment Plan for C1- DI Zone in Taipei City. The Department of Rapid Transit System of Taipei City Government unexpectedly notified the said company the tender cancel in the unreasonable reviewing decision that the said company cannot provide a banks' credit guarantee in full amount of development fund within 30 days. China Twin Star Development Co. Ltd filed an administration appeal and a complaint in Taipei Administration High Court.

- v. Occupying the Company's real property located in An-Shun Dorm Cultural Heritage

The Company owns the old Tainan Factories Dorms established by Japanese company Kanegafuchi Soda designated as municipal Cultural Heritage by Tainan City Government. On January 27, 2015, the defendant, Wu Ming, placed his own goods at the Company's land at the Dorm area, located at No.15, Aly. 3, Ln. 661, Beishanwei 2nd Rd., Annan Dist., Tainan City .The Company filed a criminal charge of Occupying Real Property Offense to the Prosecutors Office of Tainan District Court. This case is still under criminal investigation.

- w. Damage of Property and Occupying the Company's real property located in An-Shun Dorm Cultural Heritage

The Company owns the old Tainan Factories Dorms established by Japanese company Kanegafuchi Soda designated as municipal Cultural Heritage by Tainan City Government. On January 18, 2015, the defendant, HONG,YUE-QIN, tore down the internal structure of the Company's building, located at No.48, Aly. 15, Ln. 661, Beishanwei 2nd Rd., Annan Dist., Tainan City. The Company filed a criminal charge of Damage of property y and Occupying the real property to the Prosecutors Office of Tainan District Court. After the Prosecutors Office filed the criminal complaint , , the District Court ordered a two-year suspended sentence to Ms. Hong for a 6-month imprisonment on December 15, 2015.

- x. The Landlocked Land of Tofu Site

The Plaintiff, WANG,WEN-CHENG files a civil complaint against the Defendant, Ancestor Worship Property and Organization for Miaoli HUANG,CHANG-YUAN for the landlocked land next to the east side of the Company's ToFu Site's dorms for legal servitude of passage. The Defendant claimed that the Plaintiff can have access to the Company's land for legal servitude of passage; therefore, the Plaintiff filed a motion to order the Company as codefendant on January 18, 2016 and the Court granted it.

- y. The Jointly Liability of Worker Compensation for the Subcontractor's Employee with an Occupational Injury

Wang of Chung Yen Engineering Co., Ltd., the Company's subcontractor, got injured when working at the Company's Dashe site for roof painting. In February 2015, Wang filed a civil complaint against Chung Yen Engineering Co., Ltd. and claimed the Company as codefendant for jointly liability of worker's compensation in the occupational accident. The Company received the civil complaint in April 2015 and this case is now at trial at Kaohsiung District Court.

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z. Issue Against Labor Standard Act

After the labor inspection to the Company's Siaogang site in January 2013, the Labor Affairs Bureau of Kaohsiung City Government found out the issue that one worker's basic wage along with overtime pay was not included overtime allowance, meal allowance, shift disturbance and nightshift allowance. On May 2013, the Company was received a letter No.10233232500 in a fine of \$20,000 under the reason that the Company's calculation standard for Worker's basic wage against Labor Standard Act. Because the changing of the Company's calculation standard of overtime pay, it will bring a major influence of the Company's cost of salary expense. After filing an administration appeal but being overruled by the Kaohsiung City Government, the Company filed a complaint in Kaohsiung Administration High Court. The Company filed a retrial in August 2015, and was dismissed by the Kaohsiung Administration High Court in January 2016. The Company will file a appeal for retrial.

aa. the Dismissal Dispute with The Company's ex manager

The Company's ex manager used her Company's email to send the information of patent and trade secrets of Company and its subsidiaries to her private e-mail. These conducts violated the Company's Working Regulation. The Company fired her and filed a criminal charge to the prosecutor's office after finding out her misconducts. This ex-manager further claimed this was an illegal dismissal and filed a civil complaint against Company for the severance pay in the amount of \$189, but later increased her claim the severance pay in the amount of \$225 and the recovery of her monthly payment from December 30, 2014. Taipei District Court overruled all her claims in favor of the Company.

ab. The Embezzlement of Ex-executive

The Company filed a complaint of Business Misappropriation against its ex-executive for embezzling the Company's Property. After returning the Company's property, the ex-executive received a non-prosecution order in September 2015. This case was closed.

ac. Chemax's Administrative Petition the accusation in violating the Act of Gender Equality in Employment

Wu, the employee of the Company's subsidiaries, Chemax International Corporation (Chemax),, was dispatched to work in Mainland China. Wu was in violation of Chemax's regulation by absenting from duty for over 3 days without taking any leave; the Company then terminated her employee contract. Wu claimed that Chemax violated the Act of Gender Equality in Employment and filed the labor dispute mediation to the Taipei City Government. After the mediation failed, Taipei City Government held that Chemax violated the Act of Gender Equality in Employment and ordered Chemax to pay the fine of \$300 on August 27, 2015. Chemax International Corporation filed an administrative petition to the Ministry of Labor.

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ad. Wu seeking for the severance pay to (Chemax),

Due to the Taipei City Government's order that Chemax in violation of the Act of Gender Equality in Employment, Wu, the employee of Chemax filed a claim against Chemax for the severance pay to Taipei District Court.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS:

On March 29, 2016, the board of director has approved the proposal of increase capital. The Consolidated Company shall arise its capital by cash in response to the market status and the financial needs. With the regulation of issuing no more than 450,000,000 ordinary shares, the Consolidated Company can choose to issue TDR or ordinary shares.

12. OTHER

a. The nature of operating costs and expenses were as follows:

By function By nature	For the year ended December 31,2015				For the year ended December 31,2014			
	Operating cost	Operating expense	Non-Operating expense	Total	Operating cost	Operating expense	Non-Operating expense	Total
Employee benefit								
Salary	813,244	301,297	798	1,115,339	816,893	274,067	931	1,091,891
Health and labor insurance	89,283	29,381	89	118,753	88,369	25,395	125	113,889
Pension	49,041	17,058	38	66,137	50,063	11,767	50	61,880
Others	23,098	7,503	22	30,623	22,680	5,805	31	28,516
Depreciation	1,619,884	106,415	18,008	1,744,307	1,895,221	102,749	65,879	2,063,849
Depletion	-	-	-	-	-	-	-	-
Amortization	3,373	10,971	-	14,344	3,990	3,531	-	7,521

13. SEGMENT INFORMATION

a. General Information

The Consolidated Company identifies Arylonitrile & acetic acid department and Caprolactam department as reportable segments based on factors such as product types, manufacturing procedure, customer types, and operating activities.

The reportable segments of the Consolidated Company are independent business units which offer different products and services. Each business unit needs different technologies, resources and marketing strategies, thus should administer separately. The operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment.

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Non-operating income and loss, income tax expense and non-recurring gain or loss is not allocated to reportable segments. In addition, not all of the profit or loss of the reportable segments include significant non-cash items other than depreciation and amortization. Total reportable segments' profit or loss is reconciled with the continuing operations' profit or loss before tax.

- b. Information for each segment's revenue / expense, asset, liability, measurement basis , and adjustment

There was no material inconsistency between the accounting policies adopted for the operating segment and the accounting policies described in Note 4. The Consolidated Company use the operating profit as the measurement for segment profit and the basis of performance assessment. Operating segments' profit and loss and total assets exclude operating expenses and assets of the corporate management.

	Acrylonitrile & Acetic Acid	Caprolactam	Other	Adjustment and eliminations	Total
For the Year Ended December 31, 2015					
Revenue					
Revenues from external customers	\$ 9,002,967	12,821,522	4,331,506	-	26,155,995
Revenues from transactions with other operating segments of the same entity	-	-	241,959	(241,959)	-
Total segment revenue	<u>\$ 9,002,967</u>	<u>12,821,522</u>	<u>4,573,465</u>	<u>(241,959)</u>	<u>26,155,995</u>
Depreciation and amortization	<u>\$ 126,382</u>	<u>1,594,679</u>	<u>37,590</u>	<u>-</u>	<u>1,758,651</u>
Reported segment profit or loss	<u>\$ 324,526</u>	<u>(1,595,383)</u>	<u>1,413,088</u>	<u>-</u>	<u>142,231</u>
Assets					
Capital expenditure of non-current assets	<u>\$ 80,130</u>	<u>120,166</u>	<u>854,341</u>	<u>-</u>	<u>1,054,637</u>
Segment assets	<u>\$ 5,072,786</u>	<u>15,280,545</u>	<u>55,401,472</u>	<u>-</u>	<u>75,754,803</u>
Segment liabilities	<u>\$ 2,469,405</u>	<u>4,232,768</u>	<u>15,794,612</u>	<u>-</u>	<u>22,496,785</u>
For the Year Ended December 31, 2014					
Revenue					
Revenues from external customers	\$ 13,073,328	17,380,752	2,795,402	-	33,249,482
Revenues from transactions with other operating segments of the same entity	-	-	479,068	(479,068)	-
Total segment revenue	<u>\$ 13,073,328</u>	<u>17,380,752</u>	<u>3,274,470</u>	<u>(479,068)</u>	<u>33,249,482</u>
Depreciation and amortization	<u>\$ 190,752</u>	<u>1,776,546</u>	<u>104,072</u>	<u>-</u>	<u>2,071,370</u>
Reported segment profit or loss	<u>\$ 932,933</u>	<u>(3,710,052)</u>	<u>3,129,711</u>	<u>-</u>	<u>352,592</u>
Assets					
Capital expenditure of non-current assets	<u>\$ 111,893</u>	<u>335,341</u>	<u>968,671</u>	<u>-</u>	<u>1,415,905</u>
Segment assets	<u>\$ 5,965,102</u>	<u>20,319,934</u>	<u>51,143,379</u>	<u>-</u>	<u>77,428,415</u>
Segment liabilities	<u>\$ 2,660,510</u>	<u>4,857,629</u>	<u>16,490,985</u>	<u>-</u>	<u>24,009,124</u>

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c. Geographical Areas

The Consolidated Company's noncurrent assets located overseas are immaterial. Revenues from domestic and overseas customers for 2015 and 2014 were as follows:

Region	For the Years Ended December 31	
	2015	2014
Operating revenue from domestic sales	\$ 19,573,965	26,974,691
Asia	6,581,827	6,246,034
Other (individual area under 10%)	203	28,757
Total operating revenue	\$ 26,155,995	33,249,482

d. Major Customers

Customers generating over 10% of total revenue for 2015 and 2014 were as follows:

Customers	For the Years Ended December 31	
	2015	2014
1001	\$ 3,310,221	4,821,216
1019	2,797,495	4,614,078
1018	2,686,440	4,059,158