

HD **Formosa Plastics invests more cash in Australian iron ore mine joint venture**

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Formosa Plastics Group, the nations largest industrial group, yesterday said it would inject NT\$4.65 billion (US\$136.37 million) into Formosa Resources Corp, which plans to use the funds to develop an iron ore mine in Australia.

The four main units of the group Formosa Plastics Corp, Formosa Petrochemical Corp, Formosa Chemicals & Fibre Corp and Nan Ya Plastics Corp would each invest NT\$1.16 billion into Formosa Resources, the group said.

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Formosa Resources is a subsidiary of the group dedicated to developing coal and iron mines to provide raw materials to Formosa Ha Tinh Steel Corp for a steel mill the company is currently building in Vietnam.

Following the cash injection, the paid-in capital of Formosa Resources would rise to NT\$16.6 billion, the group said.

Formosa Resources set up FMG Iron Bridge Joint Venture in Australia with Australia-based Fortescue Metals Group and China-based Baosteel Group Corp in August last year, with the aim of jointly developing an iron ore mine producing 1.5 million tonnes per year starting next year.

Formosa Resources has a 31 percent stake in FMG Iron Bridge Joint Venture, the group said.

We increased the capital of Formosa Resources because of a scheduled policy change in Australia this year which will require us to have higher capital to borrow from banks, a group official, who declined to be named, said.

Meanwhile, the group said it would set up a Cayman Islands-based investment company, Formosa Group (Cayman) Ltd, with US\$50,000 of capital. Each of the groups four main units would have a 25 percent stake in the investment company, it said.

We will integrate all the groups overseas investment projects under this new company, said another group official, surnamed Lee. We believe this arrangement will make the group more nimble in making investments abroad in the future.

The group also established another Cayman Islands-based company under Formosa Group (Cayman) as the parent company for Formosa Ha Tinh Steel, the group said, adding that Formosa Group (Cayman) would have a 59 percent stake in the parent company of Formosa Ha Tinh Steel.

If we can find new partners for cooperation on technology or business development concerning our Vietnamese steel company, they could invest in the parent company, Lee said.

Asked whether the arrangement would save the group taxes, Lee said any investment income would still be taxed after it had been transferred to the groups four main units, but the group would have the chance to reinvest the income via Formosa Group (Cayman) before transferring it to Taiwan.

CO baois : Shanghai Baosteel Group Corp | forchf : Formosa Chemical & Fiber Corporation | forp : Formosa Plastics Corporation | forpcc : Formosa Petrochemical Corporation | fpgtai : Formosa Plastics Group | nnya : Nan Ya Plastics Corporation

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