

**FORMOSA CHEMICALS & FIBRE  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

**FORMOSA CHEMICALS & FIBRE CORPORATION  
AND SUBSIDIARIES**

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## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR21000116

To the Board of Directors and Shareholders of Formosa Chemicals & Fibre Corporation

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries (the “Group”) as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews and the reports of other independent auditors.

### ***Scope of Review***

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Basis for Qualified Conclusion***

As explained in Notes 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using equity method) of NT\$96,956,417 thousand and NT\$96,007,777 thousand, constituting 16% and 20% of the consolidated total assets, and total liabilities of NT\$18,545,661 thousand and NT\$16,777,542 thousand, both constituting 12% of the consolidated total liabilities as at September 30, 2021 and 2020, respectively, and total comprehensive income (including share of profit or loss of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of NT\$353,760 thousand, NT\$1,629,752 thousand, and NT\$6,455,143, NT\$412,548, constituting 2%, 66% and 10%, (1%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews and the reports of other independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2021 and 2020, and of its consolidated financial performance for the three-month and nine-month periods then ended, and of its consolidated cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

***Other matter – reviews of the other independent auditors***

We did not review the financial statements of certain investments accounted for using equity method. The investment balance amounted to NT\$83,685,737 thousand and NT\$67,095,139 thousand, both constituting 14% of consolidated total assets as at September 30, 2021 and 2020, respectively, and share of profit of associates and joint ventures accounted for using the equity method amounted to NT\$3,248,877 thousand, NT\$2,669,151 thousand, NT\$10,907,114 thousand, and (NT\$5,689,245) thousand, constituting 15%, 107%, 17 % and 15% of consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. Those financial statements were reviewed by other independent auditors, whose reports thereon have been furnished to us, and our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the review reports of other independent auditors.

Wu, Han-Chi

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 5, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

	Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 21,927,038	4	\$ 17,127,127	3	\$ 17,561,979	4
1110	Financial assets at fair value through profit or loss - current	6(2)	3,921,389	1	3,888,592	1	3,963,442	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	118,958,629	20	109,489,471	21	85,003,611	17
1136	Current financial assets at amortised cost	6(4)	105,287	-	1,116,878	-	-	-
1150	Notes receivable, net	6(5)	10,417,038	2	10,884,391	2	8,581,609	2
1160	Notes receivable - related parties	6(5) and 7	10,725	-	4,260	-	10,266	-
1170	Accounts receivable, net	6(5)	20,334,557	3	16,661,036	3	12,924,182	3
1180	Accounts receivable - related parties	6(5) and 7	8,116,225	1	5,954,694	1	4,905,143	1
1200	Other receivables	7	3,235,755	1	2,558,805	1	4,181,934	1
1210	Other receivables - related parties	7	3,027,819	-	4,195,598	1	7,381,240	1
130X	Inventory	6(6) and 8	45,780,447	8	33,047,807	6	33,154,437	7
1470	Other current assets	7	13,878,492	2	10,936,356	2	11,128,281	2
11XX	<b>Total current assets</b>		<u>249,713,401</u>	<u>42</u>	<u>215,865,015</u>	<u>41</u>	<u>188,796,124</u>	<u>39</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	72,849,125	12	59,621,608	11	51,554,421	10
1535	Non-current financial assets at amortised cost	6(4) and 8	1,500	-	263,646	-	-	-
1550	Investments accounted for under equity method	6(7)	126,930,979	22	116,029,032	22	107,197,042	22
1600	Property, plant and equipment	6(8), 7 and 8	127,654,017	22	127,268,960	24	126,923,908	26
1755	Right-of-use assets	6(9)	1,514,933	-	1,541,844	-	1,560,778	-
1780	Intangible assets		5,992	-	3,436	-	3,490	-
1840	Deferred income tax assets		2,215,833	-	2,111,162	-	2,807,390	1
1900	Other non-current assets	6(1)	11,710,542	2	9,115,725	2	9,531,815	2
15XX	<b>Total non-current assets</b>		<u>342,882,921</u>	<u>58</u>	<u>315,955,413</u>	<u>59</u>	<u>299,578,844</u>	<u>61</u>
1XXX	<b>Total assets</b>		<u>\$ 592,596,322</u>	<u>100</u>	<u>\$ 531,820,428</u>	<u>100</u>	<u>\$ 488,374,968</u>	<u>100</u>

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**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(11)	\$ 20,070,288	3	\$ 19,055,620	4	\$ 28,894,226	6
2110	Short-term notes and bills payable	6(11)	14,598,048	2	16,096,733	3	16,391,881	3
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	137	-	-	-
2150	Notes payable		197,210	-	225,924	-	192,818	-
2170	Accounts payable		7,652,890	1	5,930,437	1	5,929,608	1
2180	Accounts payable - related parties	7	15,677,399	3	12,208,567	2	8,805,400	2
2200	Other payables	7	8,964,765	2	8,656,243	2	7,877,538	2
2220	Other payables - related parties	7	527,424	-	531,808	-	520,582	-
2230	Current income tax liabilities		5,551,893	1	2,423,121	1	800,178	-
2280	Current lease liabilities		141,475	-	125,986	-	158,749	-
2320	Long-term liabilities, current portion	6(13)(14)	4,550,000	1	2,106,821	-	903,855	-
2399	Other current liabilities		3,955,083	1	6,091,542	1	5,438,584	1
21XX	<b>Total current liabilities</b>		<u>81,886,475</u>	<u>14</u>	<u>73,452,939</u>	<u>14</u>	<u>75,913,419</u>	<u>15</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(13)	47,550,000	8	40,050,000	8	42,100,000	9
2540	Long-term borrowings	6(14)	15,562,973	3	16,241,267	3	17,029,370	4
2570	Deferred income tax liabilities		401,730	-	440,237	-	421,568	-
2580	Non-current lease liabilities		696,577	-	711,804	-	696,804	-
2600	Other non-current liabilities		5,244,507	1	5,471,652	1	5,961,813	1
25XX	<b>Total non-current liabilities</b>		<u>69,455,787</u>	<u>12</u>	<u>62,914,960</u>	<u>12</u>	<u>66,209,555</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>151,342,262</u>	<u>26</u>	<u>136,367,899</u>	<u>26</u>	<u>142,122,974</u>	<u>29</u>
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(16)	58,611,863	10	58,611,863	11	58,611,863	12
Capital surplus								
3200	Capital surplus	6(17)	9,191,985	1	9,167,637	2	9,166,940	2
Retained earnings								
3310	Legal reserve	6(18)	66,313,982	11	64,335,076	12	64,335,076	13
3320	Special reserve		70,032,921	12	66,328,339	13	66,328,339	14
3350	Unappropriated retained earnings		69,162,306	12	53,380,101	10	43,250,336	9
Other equity interest								
3400	Other equity interest	6(19)	114,489,070	19	92,854,794	17	59,325,033	12
3500	Treasury stocks	6(16)	( 323,952)	-	( 323,952)	-	( 323,952)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>387,478,175</u>	<u>65</u>	<u>344,353,858</u>	<u>65</u>	<u>300,693,635</u>	<u>62</u>
36XX	Non-controlling interest		<u>53,775,885</u>	<u>9</u>	<u>51,098,671</u>	<u>9</u>	<u>45,558,359</u>	<u>9</u>
3XXX	<b>Total equity</b>		<u>441,254,060</u>	<u>74</u>	<u>395,452,529</u>	<u>74</u>	<u>346,251,994</u>	<u>71</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 592,596,322</u>	<u>100</u>	<u>\$ 531,820,428</u>	<u>100</u>	<u>\$ 488,374,968</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)  
(REVIEWED, NOT AUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 91,125,938	100	\$ 60,152,510	100	\$ 271,155,846	100	\$ 180,584,409	100
5000	Operating costs	6(6)(15)(25)(26) and 7	( 80,658,008)	( 88)	( 51,556,923)	( 86)	( 226,206,266)	( 83)	( 164,348,016)	( 91)
5900	Net operating margin		10,467,930	12	8,595,587	14	44,949,580	17	16,236,393	9
	Operating expenses	6(15)(25)(26) and 7								
6100	Selling expenses		( 3,310,599)	( 4)	( 2,128,155)	( 4)	( 9,330,867)	( 3)	( 6,399,873)	( 4)
6200	General and administrative expenses		( 1,756,652)	( 2)	( 1,353,159)	( 2)	( 4,465,429)	( 2)	( 4,099,527)	( 2)
6000	Total operating expenses		( 5,067,251)	( 6)	( 3,481,314)	( 6)	( 13,796,296)	( 5)	( 10,499,400)	( 6)
6900	Operating profit		5,400,679	6	5,114,273	8	31,153,284	12	5,736,993	3
	Non-operating income and expenses									
7100	Interest income	6(21)	86,132	-	135,557	-	253,059	-	323,551	-
7010	Other income	6(22) and 7	3,494,060	4	4,313,477	7	4,079,567	1	5,927,089	3
7020	Other gains and losses	6(23)	185,073	-	420,899	1	( 545,097)	-	127,109	-
7050	Finance costs	6(8)(24) and 7	( 263,001)	-	( 309,389)	-	( 762,589)	-	( 1,069,198)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	2,785,540	3	4,460,955	7	10,768,688	4	978,454	1
7000	Total non-operating income and expenses		6,287,804	7	9,021,499	15	13,793,628	5	6,287,005	4
7900	<b>Profit before income tax</b>		11,688,483	13	14,135,772	23	44,946,912	17	12,023,998	7
7950	Income tax expense	6(27)	( 1,297,173)	( 2)	( 608,712)	( 1)	( 6,670,181)	( 3)	( 1,027,252)	( 1)
8000	<b>Profit for the period from continuing operations</b>		10,391,310	11	13,527,060	22	38,276,731	14	10,996,746	6
8100	Loss from discontinued operations	6(10)	-	-	-	-	-	-	( 484)	-
8200	<b>Profit for the period</b>		\$ 10,391,310	11	\$ 13,527,060	22	\$ 38,276,731	14	\$ 10,996,262	6

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**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)  
(REVIEWED, NOT AUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (net)</b>	6(19)(27)								
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	\$ 9,944,180	11	(\$ 10,686,442)	( 17)	\$ 24,218,903	9	(\$ 40,448,352)	( 22)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	1,731,619	2	( 487,944)	( 1)	1,853,440	1	( 6,221,652)	( 4)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss	11,675,799	13	( 11,174,386)	( 18)	26,072,343	10	( 46,670,004)	( 26)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361	Financial statements translation differences of foreign operations	47,082	-	362,990	1	( 1,348,189)	( 1)	( 2,075,555)	( 1)
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	( 19,092)	-	( 417,957)	( 1)	( 437,879)	-	( 679,238)	-
8399	Income tax relating to the components of other comprehensive income	21,908	-	186,284	-	235,168	-	591,659	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss	49,898	-	131,317	-	( 1,550,900)	( 1)	( 2,163,134)	( 1)
8300	<b>Total other comprehensive income (loss) for the period</b>	<u>\$ 11,725,697</u>	<u>13</u>	<u>(\$ 11,043,069)</u>	<u>( 18)</u>	<u>\$ 24,521,443</u>	<u>9</u>	<u>(\$ 48,833,138)</u>	<u>( 27)</u>
8500	<b>Total comprehensive income (loss) for the period</b>	<u>\$ 22,117,007</u>	<u>24</u>	<u>\$ 2,483,991</u>	<u>4</u>	<u>\$ 62,798,174</u>	<u>23</u>	<u>(\$ 37,836,876)</u>	<u>( 21)</u>
Profit attributable to:									
8610	Owners of the parent	\$ 9,517,505	10	\$ 13,246,826	22	\$ 34,794,804	13	\$ 9,779,725	5
8620	Non-controlling interest	873,805	1	280,234	-	3,481,927	1	1,216,537	1
		<u>\$ 10,391,310</u>	<u>11</u>	<u>\$ 13,527,060</u>	<u>22</u>	<u>\$ 38,276,731</u>	<u>14</u>	<u>\$ 10,996,262</u>	<u>6</u>
Total comprehensive income (loss) attributable to:									
8710	Owners of the parent	\$ 22,216,825	24	\$ 4,454,136	7	\$ 57,752,935	21	(\$ 33,572,217)	( 19)
8720	Non-controlling interest	( 99,818)	-	( 1,970,145)	( 3)	5,045,239	2	( 4,264,659)	( 2)
		<u>\$ 22,117,007</u>	<u>24</u>	<u>\$ 2,483,991</u>	<u>4</u>	<u>\$ 62,798,174</u>	<u>23</u>	<u>(\$ 37,836,876)</u>	<u>( 21)</u>
				Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
<b>Basic earnings per share</b>									
9710	Profit for the period from continuing operations	\$ 1.99	\$ 1.77	\$ 2.42	\$ 2.31	\$ 7.68	\$ 6.54	\$ 2.06	\$ 1.88
9720	Loss for the period from discontinued operations	-	-	-	-	-	-	( 0.00)	( 0.00)
	Non-controlling interest	0.28	0.14	0.14	0.05	1.91	0.59	0.37	0.21
9750	<b>Profit attributable to common shareholders of the parent</b>	<u>\$ 1.71</u>	<u>\$ 1.63</u>	<u>\$ 2.28</u>	<u>\$ 0.26</u>	<u>\$ 6.49</u>	<u>\$ 5.95</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>
<b>Assuming shares held by subsidiary are not deemed as treasury stock:</b>									
9710	Profit for the period from continuing operations	\$ 2.00	\$ 1.77	\$ 2.41	\$ 2.31	\$ 7.67	\$ 6.53	\$ 2.05	\$ 1.88
9720	Loss for the period from discontinued operations	-	-	-	-	-	-	( 0.00)	( 0.00)
	Non-controlling interest	0.29	0.14	0.13	0.05	1.19	0.59	0.36	0.21
	Profit attributable to common shareholders of the parent	<u>\$ 1.17</u>	<u>\$ 1.63</u>	<u>\$ 2.28</u>	<u>\$ 2.26</u>	<u>\$ 6.48</u>	<u>\$ 5.94</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>

The accompanying notes are an integral part of these consolidated financial statements.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent													
Notes	Retained Earnings					Other Equity Interest			Treasury stocks	Total	Non-controlling interest	Total equity	
	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments					
<b>For the nine-month period ended September 30, 2020</b>													
	\$ 58,611,863	\$ 9,138,869	\$ 61,364,852	\$ 60,171,925	\$ 64,990,184	(\$ 4,560,606)	\$ 107,120,877	\$ 659	(\$ 323,952)	\$ 356,514,671	\$ 52,776,292	\$ 409,290,963	
	-	-	-	-	9,779,725	-	-	-	-	9,779,725	1,216,537	10,996,262	
Other comprehensive (loss) income for the period	6(19)	-	-	-	-	( 1,598,637)	( 41,793,365)	40,060	-	( 43,351,942)	( 5,481,196)	( 48,833,138)	
Total comprehensive income (loss)		-	-	-	9,779,725	( 1,598,637)	( 41,793,365)	40,060	-	( 33,572,217)	( 4,264,659)	( 37,836,876)	
Appropriations of 2019 earnings	6(18)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	2,970,224	-	( 2,970,224)	-	-	-	-	-	-	-	
Special reserve		-	-	6,156,414	( 6,156,414)	-	-	-	-	-	-	-	
Cash dividends		-	-	-	( 22,272,508)	-	-	-	-	( 22,272,508)	-	( 22,272,508)	
Changes in the net interest of associates recognised under the equity method	6(17)	-	4,570	-	( 89,268)	-	84,886	-	-	188	-	188	
Cash dividends reclassified to capital surplus	6(17)	-	4,420	-	-	-	-	-	-	4,420	-	4,420	
Dividends paid to subsidiaries to adjust capital surplus	6(17)	-	17,295	-	-	-	-	-	-	17,295	-	17,295	
Expired cash dividends reclassified to capital surplus	6(17)	-	( 250)	-	-	-	-	-	-	( 250)	-	( 250)	
Changes in ownership interests in subsidiaries	6(16)	-	2,036	-	-	-	-	-	-	2,036	3,407	5,443	
Disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	( 31,159)	-	31,159	-	-	-	( 52,622)	( 52,622)	
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	( 3,238,481)	( 3,238,481)	
Decrease in non-controlling interest-disposal of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	( 4,410)	( 4,410)	
Increase in non-controlling interest-acquisition of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	338,832	338,832	
Balance at September 30, 2020		\$ 58,611,863	\$ 9,166,940	\$ 64,335,076	\$ 66,328,339	\$ 43,250,336	(\$ 6,159,243)	\$ 65,443,557	\$ 40,719	(\$ 323,952)	\$ 300,693,635	\$ 45,558,359	\$ 346,251,994
<b>For the nine-month period ended September 30, 2021</b>													
	\$ 58,611,863	\$ 9,167,637	\$ 64,335,076	\$ 66,328,339	\$ 53,380,101	(\$ 5,272,606)	\$ 98,095,277	\$ 32,123	(\$ 323,952)	\$ 344,353,858	\$ 51,098,671	\$ 395,452,529	
	-	-	-	-	34,794,804	-	-	-	-	34,794,804	3,481,927	38,276,731	
Other comprehensive (loss) income for the period	6(19)	-	-	-	-	( 1,330,954)	24,308,663	( 19,578)	-	22,958,131	1,563,312	24,521,443	
Total comprehensive income		-	-	-	34,794,804	( 1,330,954)	24,308,663	( 19,578)	-	57,752,935	5,045,239	62,798,174	
Appropriations of 2020 earnings	6(18)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	1,978,906	-	( 1,978,906)	-	-	-	-	-	-	-	
Special reserve		-	-	3,704,582	( 3,704,582)	-	-	-	-	-	-	-	
Cash dividends		-	-	-	( 14,652,966)	-	-	-	-	( 14,652,966)	-	( 14,652,966)	
Changes in the net interest of associates recognised under the equity method	6(17)	-	81	-	2,446	-	( 2,446)	-	-	81	-	81	
Cash dividends reclassified to capital surplus	6(17)	-	12,366	-	-	-	-	-	-	12,366	-	12,366	
Dividends paid to subsidiaries to adjust capital surplus	6(17)	-	11,379	-	-	-	-	-	-	11,379	-	11,379	
Expired cash dividends reclassified to capital surplus	6(17)	-	( 405)	-	-	-	-	-	-	( 405)	-	( 405)	
Changes in ownership interests in subsidiaries	6(17)	-	927	-	-	-	-	-	-	927	1,346	2,273	
Disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	1,321,409	-	( 1,321,409)	-	-	-	181,018	181,018	
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	( 2,550,389)	( 2,550,389)	
Balance at September 30, 2021		\$ 58,611,863	\$ 9,191,985	\$ 66,313,982	\$ 70,032,921	\$ 69,162,306	(\$ 6,603,560)	\$ 121,080,085	\$ 12,545	(\$ 323,952)	\$ 387,478,175	\$ 53,775,885	\$ 441,254,060

The accompanying notes are an integral part of these consolidated financial statements.

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit from continuing operations before tax		\$ 44,946,912	\$ 12,023,998
Loss from discontinued operations before tax	6(10)	-	( 484 )
Profit before tax		44,946,912	12,023,514
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	10,151,400	10,040,174
Amortisation	6(25)	2,952,218	2,705,605
Net gain on financial assets and liabilities at fair value through profit or loss	6(23)	73,664	80,565
Interest expense	6(24)	762,589	1,069,198
Interest income	6(21)	( 253,059 )	( 323,623 )
Dividend income	6(22)	( 3,116,177 )	( 5,113,321 )
Gain on disposal of discontinued operations	6(10)	-	( 165 )
Share of profit or loss of associates accounted for under the equity method		( 10,768,688 )	( 978,454 )
Loss (gain) on disposal and scrap of property, plant and equipment	6(23)	2,827	( 843,925 )
Gain on lease modification		( 13 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		467,353	( 1,682,654 )
Notes receivable-related parties		( 6,465 )	( 3,871 )
Accounts receivable		( 3,673,521 )	3,137,203
Accounts receivable-related parties		( 2,161,531 )	232,212
Other receivables		( 563,969 )	3,638,604
Inventories		( 12,732,640 )	8,114,827
Other current assets		( 2,877,211 )	( 4,154,125 )
Changes in operating liabilities			
Notes payable		( 28,714 )	( 32,696 )
Accounts payable		1,722,453	( 438,018 )
Accounts payable-related parties		3,468,832	( 2,572,593 )
Other payables		1,151,748	( 1,297,422 )
Other current liabilities		( 2,136,459 )	621,935
Accrued pension liabilities		( 236,761 )	( 814,712 )
Cash inflow generated from operations		27,144,788	23,408,258
Interest received		191,172	294,425
Dividends received		5,172,640	12,250,011
Interest paid		( 825,849 )	( 1,174,051 )
Income tax paid		( 3,749,511 )	( 1,162,843 )
Net cash flows from operating activities		27,933,240	33,615,800

(Continued)

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30	
		2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in other receivables-related parties		\$ 1,167,779	\$ 5,417,596
Acquisition of financial assets at fair value through profit or loss		( 106,598 )	-
Acquisition of financial assets at fair value through other comprehensive income		( 247,511 )	( 55,400 )
Shares returned from reduction in financial assets at fair value through other comprehensive income		-	12,500
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,005,223	518
Disposal of financial assets at amortised cost		1,273,737	-
Acquisition of investments accounted for under the equity method		( 887,813 )	( 2,164,942 )
Net cash flows used in disposal of subsidiaries	6(30)	-	( 23,556 )
Net cash flows used in acquisition of ownership interests in subsidiaries	6(29)	-	( 66,160 )
Acquisition of property, plant and equipment	6(30)	( 11,867,399 )	( 12,812,905 )
Proceeds from disposal of property, plant and equipment		14,644	898,754
Acquisition of intangible assets		( 3,059 )	( 2,614 )
Increase in non-current assets		( 5,681,649 )	( 2,782,403 )
Net cash flows used in investing activities		( 14,332,646 )	( 11,578,612 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term borrowings		1,014,668	( 3,475,397 )
(Decrease) increase in short-term notes and bills		( 1,498,685 )	1,995,511
(Decrease) Increase in other payables-related parties		( 4,384 )	520,582
Increase in corporate bonds payable		10,000,000	10,000,000
Payment of corporate bonds payable		-	( 2,750,000 )
Increase in long-term borrowings		8,712,756	12,512,224
Payment of long-term borrowings		( 9,266,382 )	( 12,405,166 )
Payment of lease liabilities		( 137,271 )	( 133,899 )
Increase in other non-current liabilities		9,616	42,651
Payment of cash dividends	6(30)	( 14,656,538 )	( 22,269,983 )
Payment of cash dividends - non-controlling interest		( 2,549,423 )	( 3,235,676 )
Payment of expired cash dividends reclassified to capital surplus		( 405 )	( 250 )
Net cash flows used in financing activities		( 8,376,048 )	( 19,199,403 )
Effect of foreign exchange translations		( 424,635 )	( 375,058 )
Net increase in cash and cash equivalents		4,799,911	2,462,727
Cash and cash equivalents at beginning of period		17,127,127	15,099,252
Cash and cash equivalents at end of period		\$ 21,927,038	\$ 17,561,979

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(REVIEWED, NOT AUDITED)

1. History and Organization

Formosa Chemicals & Fibre Corporation (the “Company”) was founded on March 5, 1965. The Company and its subsidiaries (together referred herein as the “Group”) now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division and its subsidiaries, Second Fiber Division, and Engineering & Construction Division. The Group’s major businesses are production and sales of petrochemical products, including PTA, PS, AN, Butadiene, SM polymer, SM, benzene, toluene, p-xylene (PX) and o-xylene (OX), as well as nylon fiber, and rayon staple fiber. The Group is also engaged in spinning, weaving, dyeing and finishing.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on November 5, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments as endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRS”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

#### B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Formosa FCFC Carpet Corp.	Spinning, dyeing, printing, finishing and manufacturing synthetic fibre, rug and carpet	100.00	100.00	100.00	The Company holds more than 50% of voting rights. (Note 5)
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	100.00	100.00	The Company holds more than 50% of voting rights.
The Company	FCFC International Limited (Cayman)	Investing	-	-	100.00	The Company holds more than 50% of voting rights. (Note 1) (Note 5)
The Company	Formosa Biomedical Technology Corp.	Manufacturing and sale of cleaner and cosmetics	88.59	88.59	88.59	The Company holds more than 50% of voting rights. (Note 5)
The Company	Tah Shin Spinning Corp.	Spinning	86.40	86.40	86.40	The Company holds more than 50% of voting rights. (Note 3) (Note 5)
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary. (Note 5)



Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Formosa INEOS Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa INEOS Chemicals Corp. as a subsidiary. (Note 5)
The Company	Chia-Nan Enterprise Corp.	Hydropower	51.00	51.00	51.00	The Company holds more than 50% of voting rights. (Note 2) (Note 5)
The Company	Formosa Industries Corp., Vietnam	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 5)
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	37.40	The Company has substantial control and thus regards Formosa Taffeta Corp. as a subsidiary.
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman).
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman).
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Producing and marketing of PTA、PS、ABS、Phenol	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong).
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	71.00	71.00	71.00	The Company holds more than 50% of voting rights through an 88.59% voting rights owned company - Formosa Biochemical Technology Corp. (Note 5)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Formosa INEOS Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa INEOS Chemicals Corp. as a subsidiary.(Note 5)
The Company	Chia-Nan Enterprise Corp.	Hydropower	51.00	51.00	51.00	The Company holds more than 50% of voting rights. (Note 2) (Note 5)
The Company	Formosa Industries Corp., Vietnam	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 5)
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	37.40	The Company has substantial control and thus regards Formosa Taffeta Corp. as a subsidiary.
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman).
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman).
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Producing and marketing of PTA、PS、ABS、Phenol	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong).
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	71.00	71.00	71.00	The Company holds more than 50% of voting rights through an 88.59% voting rights owned company - Formosa Biochemical Technology Corp. (Note 5)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 5)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investment	-	-	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 4) (Note 5)
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing of processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Taffeta (Hong Kong) Co., Ltd. (Note 5)
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Employment services and temporary worker services	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Development Co., Ltd. (Note 5)

Note 1: On May 7, 2020, the Board of Directors of the Company resolved to dissolve and liquidate the Group's subsidiary, FCFC International Limited (Cayman). The Company holds 11.432% equity interest in Formosa Ha Tinh (Cayman) Limited which was formerly held by the subsidiary, FCFC International Limited (Cayman). The related liquidation procedure and equity transfer were completed in November 2020.

Note 2: On September 24, 2020, the Company acquired an additional 21% equity interest in Chia-Nan Enterprise Corp. for a total cash consideration of \$145,527. The Company's shareholding ratio reached 51% and obtained control over it. After the acquisition of additional equity interest, it was reclassified from 'investment accounted for using equity method' to a consolidated subsidiary.

Note 3: On August 25, 2020, Tah Shin Spinning Corporation has implemented the liquidation procedure.

Note 4: On May 7, 2020, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dissolve and liquidate the subsidiary, Formosa Taffeta (Cayman) Co., Ltd. Formosa Taffeta Co., Ltd. holds 3.847% equity interest in Formosa Ha Tinh (Cayman) Limited which was formerly held by Formosa Taffeta (Cayman) Co., Ltd. The related liquidation procedure and equity transfer have been completed in November 2020.

Note 5: The financial statements of the entity as of and for the nine-month periods ended September 30, 2021 and 2020 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None

D. Adjustments for subsidiaries with different balance sheet dates: None

E. Significant restrictions: None

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2021, December 31, 2020 and September 30, 2020, the non-controlling interest amounted to \$53,775,885, \$51,098,671 and \$45,558,359, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan	<u>\$ 40,021,630</u>	62.60	<u>\$ 38,398,022</u>	62.60
				Non-controlling interest	
				September 30, 2020	
Name of subsidiary	Principal place of business			Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan			<u>\$ 33,247,152</u>	62.60

Summarised financial information of the subsidiary:

Balance sheets

	Formosa Taffeta Co., Ltd.		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 16,993,180	\$ 15,579,258	\$ 14,773,756
Non-current assets	65,682,775	63,882,800	56,479,897
Current liabilities	( 8,118,664)	( 7,666,097)	( 7,440,996)
Non-current liabilities	( 10,487,667)	( 10,312,373)	( 10,478,117)
Total net assets	<u>\$ 64,069,624</u>	<u>\$ 61,483,588</u>	<u>\$ 53,334,540</u>

Statements of comprehensive income

	Formosa Taffeta Co., Ltd.	
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 7,579,110	\$ 6,595,319
Profit before income tax	719,740	145,209
Income tax (expense) benefit	( 55,061)	6,601
Profit for the period	664,679	151,810
Other comprehensive loss, net of tax	( 1,351,155)	( 3,368,241)
Total comprehensive loss for the period	(\$ 686,476)	(\$ 3,216,431)
Comprehensive loss attributable to non-controlling interest	\$ -	\$ -

	Formosa Taffeta Co., Ltd.	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 24,348,138	\$ 21,627,329
Profit before income tax	1,964,286	1,906,841
Income tax expense	( 178,235)	( 117,657)
Profit for the period from continuing operations	1,786,051	1,789,184
Loss from discontinued operations	-	( 484)
Profit for the period	1,786,051	1,788,700
Other comprehensive income (loss), net of tax	2,482,528	( 8,467,431)
Total comprehensive income (loss) for the period	\$ 4,268,579	(\$ 6,678,731)
Comprehensive loss attributable to non-controlling interest	\$ -	(\$ 242)

## Statements of cash flows

	Formosa Taffeta Co., Ltd.	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Net cash provided by operating activities	\$ 2,076,131	\$ 3,627,000
Net cash used in investing activities	( 562,005)	( 2,386,564)
Net cash used in financing activities	( 1,321,851)	( 1,564,370)
Effect of exchange rates on cash and cash equivalents	( 33,988)	6,980
Increase (decrease) in cash and cash equivalents	158,287	( 316,954)
Cash and cash equivalents, beginning of period	3,083,322	3,236,624
Cash and cash equivalents, end of period	<u>\$ 3,241,609</u>	<u>\$ 2,919,670</u>

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

## (6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.



C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method /associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3 ~ 15 years
Buildings	10 ~ 60 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	2 ~ 15 years

(16) Leasing arrangements (lessee) – right-of-use assets /lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(28) Treasury shares

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(30) Revenue recognition

Sales of goods

- A. The Group manufactures and sells a variety of petrochemical products, including the spinning, weaving, dyeing and finishing of rayon and nylon fiber. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.



- B. The amount of sales revenue recognised is equal to the contract price net of volume discounts and sales discounts and allowances. Volume discounts and sales discounts and allowances are estimated based on historical information, and a refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of accounts receivable

In the process of assessing impairment of accounts receivable, the Group must use judgements and assumptions to determine the collectability of accounts receivable. The collectability is affected by various factors: customers' financial conditions, the Group's internal credit ratings, historical experience, etc. When sales are not expected to be collected, the Group recognises a specific allowance for doubtful receivables after the assessment. The assumptions and estimates of loss allowance provided for accounts receivable are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results which may result in material adjustments.

## B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2021, the carrying amount of inventories was \$45,780,447.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and petty cash	\$ 67,533	\$ 62,263	\$ 128,501
Checking accounts and demand deposits	5,835,460	5,889,654	5,487,006
Cash equivalents			
Time deposits	11,284,820	5,769,053	10,173,021
Bonds repurchased and commercial paper	4,739,225	5,406,157	1,773,451
	<u>\$ 21,927,038</u>	<u>\$ 17,127,127</u>	<u>\$ 17,561,979</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. Loss allowance is measured using 12-month expected credit losses. For the nine-month periods ended September 30, 2021 and 2020, the Group did not recognise any loss allowance.

B. As of September 30, 2021, the capital repatriated by the Group amounting to USD 44,221 thousand (equivalent to \$1,231,541) that failed to meet the definition of cash and cash equivalents under the IAS 7, 'Statement of Cash Flows' due to the restrictions under "The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act" was classified as other financial assets, and listed under other non-current assets.

C. The Group has no cash and cash equivalents pledged to others.

### (2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Fund	\$ 4,191,897	\$ 4,085,299	\$ 4,085,299
Derivatives	359	82	13
	<u>4,192,256</u>	<u>4,085,381</u>	<u>4,085,312</u>
Valuation adjustments	( 270,867)	( 196,789)	( 121,870)
	<u>\$ 3,921,389</u>	<u>\$ 3,888,592</u>	<u>\$ 3,963,442</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Fund	\$ 2,861	(\$ 59,491)
Derivatives	<u>359</u>	<u>( 599)</u>
	<u>\$ 3,220</u>	<u>(\$ 60,090)</u>
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Fund	(\$ 74,078)	(\$ 80,539)
Derivatives	<u>277</u>	<u>( 106)</u>
	<u>(\$ 73,801)</u>	<u>(\$ 80,645)</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>	
Derivative Instruments	Contract Amount (Notional Principal) (in thousands)	Contract Period	Contract Amount (Notional Principal) (in thousands)	Contract Period
Forward exchange contracts:				
Taipei Fubon	USD 616	September 2021 - October 2021	USD 415	December 2020 - January 2021
			<u>September 30, 2020</u>	
Derivative Instruments	Contract Amount (Notional Principal) (in thousands)	Contract Period	Contract Amount (Notional Principal) (in thousands)	Contract Period
Forward exchange contracts:				
Taipei Fubon			JPY 41,850	September 2020 - October 2020

The forward exchange contracts are buy and sell to hedge the change of exchange rate due to import and export transactions, but not adopting hedge accounting.

C. Information relating to credit risk is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Equity instruments			
Listed stocks	\$ 24,450,527	\$ 24,450,527	\$ 24,450,527
Unlisted stocks	825,839	825,839	825,839
Valuation adjustment	<u>93,682,263</u>	<u>84,213,105</u>	<u>59,727,245</u>
	<u>\$ 118,958,629</u>	<u>\$ 109,489,471</u>	<u>\$ 85,003,611</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 8,410,474	\$ 8,163,125	\$ 8,163,125
Unlisted stocks	27,047,024	27,567,844	26,769,514
Valuation adjustment	<u>37,391,627</u>	<u>23,890,639</u>	<u>16,621,782</u>
	<u>\$ 72,849,125</u>	<u>\$ 59,621,608</u>	<u>\$ 51,554,421</u>

A. The Group has elected to classify equity securities investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$191,807,754, \$169,111,079 and \$136,558,032 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>\$ 9,944,180</u>	<u>(\$ 10,686,442)</u>
Cumulative loss reclassified to retained earnings due to derecognition (including loss included in non-controlling interest)	<u>(\$ 1,472,948)</u>	<u>(\$ 83,781)</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>\$ 24,218,903</u>	<u>(\$ 40,448,352)</u>
Cumulative loss reclassified to retained earnings due to derecognition (including loss included in non-controlling interest)	<u>(\$ 1,504,873)</u>	<u>(\$ 83,781)</u>

C. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$191,807,754, \$169,111,079 and \$136,558,032, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Time deposits with original maturity date of more than three months	\$ 105,287	\$ 1,116,878	\$ -
Non-current items:			
Time deposits with original maturity date of more than one year	\$ 1,500	\$ 263,646	\$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Interest income	\$ 1,449	\$ -
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Interest income	\$ 4,232	\$ -

B. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$106,787, \$1,380,524 and \$0, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(3).

(5) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 10,417,038	\$ 10,884,391	\$ 8,581,609
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,417,038</u>	<u>\$ 10,884,391</u>	<u>\$ 8,581,609</u>
Notes receivable - related parties	\$ 10,725	\$ 4,260	\$ 10,266
Accounts receivable	\$ 20,489,999	\$ 16,816,918	\$ 13,079,738
Less: Allowance for uncollectible accounts	<u>( 155,442)</u>	<u>( 155,882)</u>	<u>( 155,556)</u>
	<u>\$ 20,334,557</u>	<u>\$ 16,661,036</u>	<u>\$ 12,924,182</u>
Accounts receivable - related parties	<u>\$ 8,116,225</u>	<u>\$ 5,954,694</u>	<u>\$ 4,905,143</u>

A. As of September 30, 2021, December 31, 2020 and September 30, 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$28,378,198.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$10,427,763, \$10,888,651 and \$8,591,875, and accounts receivable were \$28,450,782, \$22,615,730 and \$17,829,325, respectively.

C. Information relating to credit risk is provided in Note 12(3).

(6) Inventories

	<u>September 30, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 16,692,980	(\$ 118,069)	\$ 16,574,911
Materials	7,116,201	( 557,302)	6,558,899
Work in progress	6,403,867	( 6,558)	6,397,309
Finished goods	16,871,740	( 766,335)	16,105,405
Inventory in transit	<u>143,923</u>	<u>-</u>	<u>143,923</u>
	<u>\$ 47,228,711</u>	<u>(\$ 1,448,264)</u>	<u>\$ 45,780,447</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,913,335	(\$ 103,825)	\$ 10,809,510
Materials	7,648,298	( 567,218)	7,081,080
Work in progress	4,734,040	( 5,450)	4,728,590
Finished goods	11,162,332	( 846,920)	10,315,412
Inventory in transit	113,305	( 90)	113,215
	<u>\$ 34,571,310</u>	<u>(\$ 1,523,503)</u>	<u>\$ 33,047,807</u>

  

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,158,615	(\$ 117,726)	\$ 10,040,889
Materials	8,058,087	( 556,122)	7,501,965
Work in progress	4,510,739	( 13,191)	4,497,548
Finished goods	12,019,350	( 1,011,532)	11,007,818
Inventory in transit	106,314	( 97)	106,217
	<u>\$ 34,853,105</u>	<u>(\$ 1,698,668)</u>	<u>\$ 33,154,437</u>

A. Expense and loss incurred on inventories for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

	For the three-month periods ended September 30,	
	2021	2020
Cost of inventories sold	\$ 80,134,830	\$ 51,127,591
Loss (gain) on inventory valuation (Note)	46,288	( 34,491)
Idle capacity (including annual survey and work stoppage)	341,189	419,350
Others	135,701	44,473
	<u>\$ 80,658,008</u>	<u>\$ 51,556,923</u>

  

	For the nine-month periods ended September 30,	
	2021	2020
Cost of inventories sold	\$ 225,119,490	\$ 162,266,715
Gain on inventory valuation (Note)	( 75,059)	( 78,650)
Idle capacity (including annual survey and work stoppage)	690,056	1,585,186
Others	471,779	587,130
	<u>226,206,266</u>	<u>164,360,381</u>
Less: Operating cost from discontinued operations	-	( 12,365)
	<u>\$ 226,206,266</u>	<u>\$ 164,348,016</u>

Note: As the market value of petroleum related products decreased for the three-month period ended September 30, 2021, the Group recognised related allowance for inventory valuation loss after assessment. For the three-month period ended September 30, 2020, and nine-month periods ended September 30, 2021 and 2020, disposal of excess inventory resulted in gain from price recovery of inventory.

B. As of September 30, 2021 and 2020, inventories pledged are described in Note 8.

(7) Investments accounted for using equity method

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Formosa Heavy Industries Corp.	\$ 7,831,656	\$ 7,102,774	\$ 6,732,027
Formosa Fairway Corp.	62,699	68,247	53,202
Formosa Plastics Transport Corp.	1,244,452	1,177,559	1,148,221
Formosa Petrochemical Corp.	83,685,737	74,133,567	67,095,139
Mai Liao Power Corp.	12,566,677	12,414,449	11,700,261
Hwa Ya Science Park Management Consulting Co., Ltd.	3,032	3,029	2,538
Formosa Environmental Technology Corp.	228,982	227,350	226,672
Formosa Synthetic Rubber Corp. (Hong Kong)	2,174,440	2,308,051	2,206,379
Formosa Resources Corp.	6,878,916	6,169,287	6,330,101
Formosa Group (Cayman) Corp.	656,844	649,229	660,685
Formosa Construction Corp.	601,714	568,354	70,117
FG INC.	3,355,964	3,458,577	3,525,192
Beyoung International Corp.	94,915	94,328	96,029
Formosa Advanced Technologies Co., Ltd.	5,024,948	5,003,040	4,720,128
Nan Ya Optical Corp.	216,270	196,554	181,118
Kuang Yueh Co., Ltd.	1,232,945	1,167,551	1,194,842
Changshu Yu Yuan Co., Ltd.	15,961	16,483	15,548
Schoeller Textil AG	1,054,827	1,270,603	1,238,843
	<u>\$ 126,930,979</u>	<u>\$ 116,029,032</u>	<u>\$ 107,197,042</u>

A. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2021	December 31, 2020	September 30, 2020		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	24.15%	Investments accounted for using equity method	Equity method



(b) The summarised financial information of the associate that is material to the Group is shown below:

Balance sheets

	Formosa Petrochemical Corp.		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 269,316,751	\$ 212,621,640	\$ 179,951,374
Non-current assets	162,408,610	157,332,180	157,203,733
Current liabilities	( 49,777,015)	( 27,677,805)	( 23,327,365)
Non-current liabilities	( 34,330,486)	( 34,174,656)	( 34,422,085)
Total net assets	<u>\$ 347,617,860</u>	<u>\$ 308,101,359</u>	<u>\$ 279,405,657</u>
Share in associate's net assets	\$ 83,949,713	\$ 74,406,478	\$ 67,476,466
Unrealised (gain) loss from sale of upstream transactions eliminations	( 153,257)	( 162,192)	( 270,608)
Net differences in share capital	<u>( 110,719)</u>	<u>( 110,719)</u>	<u>( 110,719)</u>
Carrying amount of the associate	<u>\$ 83,685,737</u>	<u>\$ 74,133,567</u>	<u>\$ 67,095,139</u>

Statements of comprehensive income

	Formosa Petrochemical Corp.	
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 163,360,943	\$ 93,369,639
Profit for the period from continuing operations	\$ 10,290,765	\$ 15,851,102
Other comprehensive income (loss), net of tax	2,829,441	( 3,174,623)
Total comprehensive income	<u>\$ 13,120,206</u>	<u>\$ 12,676,479</u>
Dividends received from associates	<u>\$ 1,357,472</u>	<u>\$ 6,672,319</u>

	Formosa Petrochemical Corp.	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 437,311,067	\$ 309,684,963
Profit (loss) for the period from continuing operations	\$ 41,795,832	(\$ 2,799,240)
Other comprehensive income (loss), net of tax	3,340,648	( 20,393,647)
Total comprehensive income (loss)	<u>\$ 45,136,480</u>	<u>(\$ 23,192,887)</u>
Dividends received from associates	<u>\$ 1,357,472</u>	<u>\$ 6,672,319</u>

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$43,245,242, \$41,895,465 and \$40,101,903, respectively.

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Profit for the period from continuing operations	\$ 1,077,731	\$ 4,278,901
Other comprehensive income (loss), net of tax	<u>3,769,636</u>	<u>( 281,057)</u>
Total comprehensive income	<u>\$ 4,847,367</u>	<u>\$ 3,997,844</u>
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Profit for the period from continuing operations	\$ 2,938,831	\$ 7,614,347
Other comprehensive income (loss), net of tax	<u>2,213,087</u>	<u>( 7,323,420)</u>
Total comprehensive income	<u>\$ 5,151,918</u>	<u>\$ 290,927</u>

(d) The fair value of the Group's associates which have quoted market price was as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Formosa Petrochemical Corp.	\$ 228,239,340	\$ 229,619,820	\$ 184,063,984
Kuang Yueh Co., Ltd.	2,158,221	2,009,378	2,074,497
Formosa Advanced Technologies Co., Ltd.	<u>5,173,927</u>	<u>5,146,696</u>	<u>4,751,843</u>
	<u>\$ 235,571,488</u>	<u>\$ 236,775,894</u>	<u>\$ 190,890,324</u>

B. Except for the financial statements of Formosa Petrochemical Corp. and Formosa Advanced Technologies Co., Ltd., which were reviewed by the Company's appointed independent auditors, the financial statements of other investees accounted for using equity method for the nine-month periods ended September 30, 2021 and 2020 were not reviewed by independent auditors.

C. On August 8, 2019, the Board of Directors of the Company resolved to increase its investment in the reinvested company, Formosa Resources Corp. The Company participated in the capital increase proportionately to its shareholding ratio, 25%, in the amount of USD 81,250 thousand. The actual investments were USD 31,250 thousand and USD 50,000 thousand on March 10, 2021 and August 19, 2019, respectively.

- D. On November 6, 2020, the Board of Directors of the Group resolved to increase its investment in Formosa Construction Corporation in the amount of \$500,000, and the shareholding ratio was 33.33%.
- E. After the Group acquired an additional equity interest in Chia-Nan Enterprise Corp. on September 24, 2020, Chia-Nan Enterprise Corp. became the Group's consolidated subsidiary. Details are provided in Note 4(3).
- F. On October 17, 2019, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to increase its investment in Schoeller Textil AG, in the amount of CHF 39,580 thousand, for a 50% equity interest on March 18, 2020. Formosa Taffeta Co., Ltd. has significant influence but not control over Schoeller Textil AG, so the Group uses equity method for valuation.
- G. In August 2020, the Group's subsidiary, Formosa Taffeta Co., Ltd., increased its capital in Nan Ya Optical Corp. amounting to \$66,938 thousand. Formosa Taffeta Co., Ltd.'s shareholding ratio increased to 15.22% and became a director of the investee. Based on the assessment, Formosa Taffeta Co., Ltd. has significant influence over the investee's management decisions, so the Group reclassified the investment from financial assets at fair value through other comprehensive income to investments accounted for using equity method.
- H. The Board of Directors resolved to invest USD 27,060 thousand and USD 24,750 thousand, equivalent to 33% ownership, in FG INC. on March 13, 2020 and March 15, 2019, respectively.
- I. On December 13, 2019, the Board of Directors resolved to increase its capital in Formosa Synthetic Rubber Corp. amounting to USD 46,000 thousand, equivalent to a 33.33% equity interest. On April 10, 2020, the shareholders of Formosa Synthetic Rubber Corp. during their meeting resolved to go into liquidation, and the liquidation was completed on December 28, 2020.
- J. As of September 30, 2021 and 2020, no equity investments held by the Group were pledged to others.

(8) Property, plant and equipment

	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment and other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 11,999,807	\$ 47,810,013	\$ 294,135,290	\$ 11,786,257	\$ 27,267,912	\$ 392,999,279
Accumulated depreciation and impairment	( 166,627)	( 27,634,688)	( 228,341,490)	( 9,587,514)	-	( 265,730,319)
	<u>\$ 11,833,180</u>	<u>\$ 20,175,325</u>	<u>\$ 65,793,800</u>	<u>\$ 2,198,743</u>	<u>\$ 27,267,912</u>	<u>\$ 127,268,960</u>
<u>2021</u>						
Opening net book amount	\$ 11,833,180	\$ 20,175,325	\$ 65,793,800	\$ 2,198,743	\$ 27,267,912	\$ 127,268,960
Additions	-	370,010	861,122	130,264	9,728,642	11,090,038
Disposals	( 2,100)	( 433)	( 11,195)	( 3,743)	-	( 17,471)
Reclassifications	-	1,009,348	14,707,791	368,298	( 15,975,672)	109,765
Depreciation charge	-	( 1,133,922)	( 8,526,573)	( 333,042)	-	( 9,993,537)
Net exchange differences	( 20)	( 146,297)	( 381,319)	( 9,011)	( 267,091)	( 803,738)
Closing net book amount	<u>\$ 11,831,060</u>	<u>\$ 20,274,031</u>	<u>\$ 72,443,626</u>	<u>\$ 2,351,509</u>	<u>\$ 20,753,791</u>	<u>\$ 127,654,017</u>
<u>At September 30, 2021</u>						
Cost	\$ 11,997,507	\$ 48,840,915	\$ 307,474,643	\$ 12,061,309	\$ 20,753,791	\$ 401,128,165
Accumulated depreciation and impairment	( 166,447)	( 28,566,884)	( 235,031,017)	( 9,709,800)	-	( 273,474,148)
	<u>\$ 11,831,060</u>	<u>\$ 20,274,031</u>	<u>\$ 72,443,626</u>	<u>\$ 2,351,509</u>	<u>\$ 20,753,791</u>	<u>\$ 127,654,017</u>

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2020</u>						
Cost	\$ 12,006,023	\$ 47,389,611	\$ 287,677,051	\$ 11,160,902	\$ 20,151,498	\$ 378,385,085
Accumulated depreciation and impairment	( 169,272)	( 26,239,546)	( 218,163,656)	( 9,141,559)	-	( 253,714,033)
	<u>\$ 11,836,751</u>	<u>\$ 21,150,065</u>	<u>\$ 69,513,395</u>	<u>\$ 2,019,343</u>	<u>\$ 20,151,498</u>	<u>\$ 124,671,052</u>
<u>2020</u>						
Opening net book amount	\$ 11,836,751	\$ 21,150,065	\$ 69,513,395	\$ 2,019,343	\$ 20,151,498	\$ 124,671,052
Additions	-	-	145,498	67,712	12,248,470	12,461,680
Effect of changes in consolidated subsidiary	5,206	283,483	253,820	78,018	19,677	640,204
Disposals	( 8,198)	-	( 41,560)	( 5,046)	( 25)	( 54,829)
Reclassifications	-	296,259	4,718,390	289,132	( 5,078,774)	225,007
Depreciation charge	-	( 1,105,145)	( 8,510,053)	( 278,823)	-	( 9,894,021)
Disposals- discontinued operations	-	-	-	( 15)	-	( 15)
Net exchange differences	( 11)	( 305,476)	( 652,399)	( 13,817)	( 153,467)	( 1,125,170)
Closing net book amount	<u>\$ 11,833,748</u>	<u>\$ 20,319,186</u>	<u>\$ 65,427,091</u>	<u>\$ 2,156,504</u>	<u>\$ 27,187,379</u>	<u>\$ 126,923,908</u>
<u>At September 30, 2020</u>						
Cost	\$ 12,002,899	\$ 47,637,266	\$ 291,433,891	\$ 11,679,373	\$ 27,187,379	\$ 389,940,808
Accumulated depreciation and impairment	( 169,151)	( 27,318,080)	( 226,006,800)	( 9,522,869)	-	( 263,016,900)
	<u>\$ 11,833,748</u>	<u>\$ 20,319,186</u>	<u>\$ 65,427,091</u>	<u>\$ 2,156,504</u>	<u>\$ 27,187,379</u>	<u>\$ 126,923,908</u>

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the three-month periods ended September 30,	
	2021	2020
Amount capitalised	\$ 27,494	\$ 41,887
Interest rate	0.63%~3.84%	0.80%~3.21%

	For the nine-month periods September 30,	
	2021	2020
Amount capitalised	\$ 77,442	\$ 120,278
Interest rate	0.63%~3.84%	0.99%~4.25%

B. Under the regulations, land may only be owned by individuals. Thus, the Group has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Group under the name of a third party, who has pledged the full amount to the Company. As of September 30, 2021, December 31, 2020 and September 30, 2020, the pledged amounts were \$820,894, \$822,993 and \$822,993, respectively.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 to 49 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,467,036	\$ 1,508,098	\$ 1,535,593
Buildings	47,897	33,746	25,185
	<u>\$ 1,514,933</u>	<u>\$ 1,541,844</u>	<u>\$ 1,560,778</u>
	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 42,391	\$ 39,317	
Buildings	10,360	2,083	
	<u>\$ 52,751</u>	<u>\$ 41,400</u>	

	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 125,015	\$ 126,854
Buildings	32,848	19,299
	<u>\$ 157,863</u>	<u>\$ 146,153</u>

C. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were \$25,987 and \$2,127, \$160,977 and \$112,213, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 2,767	\$ 2,502
Expense on short-term lease contracts	4,623	11,973
Expense on variable lease payments	1,727	680

	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 8,378	\$ 8,307
Expense on short-term lease contracts	22,684	29,964
Expense on variable lease payments	2,866	2,320

E. For the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$171,199 and \$174,490, respectively.

(10) Non-current assets held for sale and discontinued operations

A. On October 17, 2019, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dispose all its equity interest in Schoeller F.T.C. (Hong Kong) Co., Ltd. to Schoeller Textil AG for a consideration of \$6,028, and the gain on disposal recognised in profit and loss was \$165. The transfer of shares was completed on March 16, 2020. The disposal was presented as discontinued operation as it met the definition of discontinued operation. Accordingly, the Group made a restatement to the recognised profit or loss in relation to Schoeller F.T.C. (Hong Kong) Co., Ltd. rather than retrospective adjustment for the nine-month period ended September 30, 2020.

B. The cash flow information of the discontinued operations is as follows:

	<u>For the nine-month period ended September 30, 2020</u>
Operating cash flows	(\$ 2,519)
Investing cash flows	-
Financing cash flows	-
Total cash flows	<u>(\$ 2,519)</u>

C. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

	For the nine-month period ended September 30, 2020
Revenue	\$ 17,555
Costs	( 12,365)
Expenses	( 5,589)
Non-operating income and expenses	( 85)
Loss before tax of discontinued operations	( 484)
Loss after tax of discontinued operations	(\$ 484)

(11) Short-term loans and short-term notes and bills payable

Type of loans	September 30, 2021	Interest rate range	Collateral
OA loans	\$ 17,512	0.55%	None
Secured loans	70,000	1.20%	Note 8
Unsecured loans	19,982,776	0.22%~3.21%	None
Total short-term loans	<u>\$ 20,070,288</u>		
Short-term notes and bills payable	\$ 14,600,000	0.20%~0.30%	None
Short-term notes and bills payable discount	( 1,952)		
Net short-term notes and bills payable	<u>\$ 14,598,048</u>		
Type of loans	December 31, 2020	Interest rate range	Collateral
OA loans	\$ 4,783	0.84%	None
Secured loans	40,000	1.40%	Note 8
Unsecured loans	19,010,837	0.75%~4.05%	None
Total short-term loans	<u>\$ 19,055,620</u>		
Short-term notes and bills payable	\$ 16,100,000	0.20%~0.25%	None
Short-term notes and bills payable discount	( 3,267)		
Net short-term notes and bills payable	<u>\$ 16,096,733</u>		



Type of loans	September 30, 2020	Interest rate range	Collateral
Secured loans	\$ 3,397,628	0.90%~3.60%	Note 8
Unsecured loans	25,496,598	0.76%~3.24%	None
Total short-term loans	<u>\$ 28,894,226</u>		
Short-term notes and bills payable	\$ 16,400,000	0.32%~0.88%	None
Short-term notes and bills payable discount	( 8,119)		
Net short-term notes and bills payable	<u>\$ 16,391,881</u>		

(12) Financial liabilities at fair value through profit or loss

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Derivatives	\$ -	\$ 137	\$ -

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

Items	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Derivatives	\$ -	\$ 48

  

Items	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Derivatives	\$ 137	\$ 80

B. The non-hedging derivative instruments transaction and contract information are as follows:  
September 30, 2021 and 2020: None.

Derivative Financial Liabilities	December 31, 2020	
	Contract Amount (Notional Principal) (in thousands)	Contract Period
Current items:		
Forward foreign exchange contracts:		
Taipei Fubon	USD 415	December 2020 - January 2021
Taipei Fubon	USD 583	December 2020 - February 2021

The forward exchange contracts are buy and sell to hedge the change of exchange rate due to import and export transactions, but not adopting hedge accounting.

(13) Bonds payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds payable			
Domestic unsecured nonconvertible corporate bonds	\$ 52,100,000	\$ 42,100,000	\$ 42,100,000
Less: Current portion	( 4,550,000)	( 2,050,000)	-
	<u>\$ 47,550,000</u>	<u>\$ 40,050,000</u>	<u>\$ 42,100,000</u>

The terms of nonconvertible corporate bonds were as follows:

<u>Description</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Yield rate (%)</u>	<u>Issued principal amount</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>Note</u>
<u>2012</u>								
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7~ 2022.12.7	1.51	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000	\$ 4,100,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22~ 2023.1.22	1.50	2,200,000	2,200,000	2,200,000	2,200,000	Serial bonds, to be settled 50%, 50%
<u>2013</u>								
First issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8~ 2023.7.8	1.52	2,800,000	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%

	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	September 30, 2021	December 31, 2020	September 30, 2020	Note
<u>2019</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2019.5.13	2023.5.13~2024.5.13	0.75	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2019.5.13	2025.5.13~2026.5.13	0.83	3,000,000	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2019.5.13	2028.5.13~2029.5.13	0.93	700,000	700,000	700,000	700,000	Serial bonds, to be settled 50%, 50%
<u>2020</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2020.9.3	2024.9.3~2025.9.3	0.52	2,900,000	2,900,000	2,900,000	2,900,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2020.9.3	2026.9.3~2027.9.3	0.60	5,200,000	5,200,000	5,200,000	5,200,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2020.9.3	2029.9.3~2030.9.3	0.67	1,900,000	1,900,000	1,900,000	1,900,000	Serial bonds, to be settled 50%, 50%
<u>2021</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2021.5.10	2025.5.10~2026.5.10	0.48	6,000,000	6,000,000	-	-	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2021.5.10	2027.5.10~2028.5.10	0.56	4,000,000	4,000,000	-	-	Serial bonds, to be settled 50%, 50%
					52,100,000	42,100,000	42,100,000	
Less: Current portion of bonds payable					( 4,550,000)	( 2,050,000)	-	
					<u>\$ 47,550,000</u>	<u>\$ 40,050,000</u>	<u>\$ 42,100,000</u>	

(14) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2021
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 17, 2019 ~ Jul. 17, 2024, each 50% of principal is payable starting from 4 years and 5 years after the first drawdown	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 5,573,750
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, principal payable semi-annually after 4 years	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	789,223
Hua Nan Bank	Jan. 15, 2021 ~ Jan. 15, 2023, principal payable at maturity date	0.83%	"	1,500,000
Mizuho Corporate Bank	Aug. 13, 2021 ~ Aug. 13, 2023, payable in full at maturity	0.77%	"	1,600,000
E. Sun Bank	Dec. 15, 2020 ~ Dec. 14, 2023, payable in full at maturity	0.85%	"	200,000
China Trust Bank	Sep. 9, 2021 ~ Sep. 9, 2023, payable in full at maturity	0.84%	"	500,000
Taipei Fubon Bank	Mar. 12, 2021 ~ Mar. 12, 2023, payable in full at maturity	0.72%	"	1,500,000
MUFG Bank	Jul. 13, 2021 ~ Jul. 13, 2023, payable in full at maturity	0.81%	"	800,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2021
HSBC	Aug. 16, 2021 ~ Aug. 16, 2023, payable in full at maturity	0.78%	None	\$ 1,200,000
Bangkok Bank	Dec. 3, 2020 ~ Dec. 2, 2022, payable in full at maturity	0.86%	"	200,000
Far Eastern International Bank	Aug. 20, 2020 ~ Aug. 10, 2023, payable in full at maturity	0.83%	"	700,000
Mega International Commercial Bank	Jul. 21, 2021 ~ Jul. 21, 2023, payable in full at maturity	0.83%	"	
				1,000,000
				15,562,973
Less: Current portion of long-term loans				-
				<u>\$ 15,562,973</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 17, 2019 ~ Jul. 17, 2024, each 50% of principal is payable starting from 4 years and 5 years after the first drawdown	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 7,161,828
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, principal payable semi-annually after 4 years	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	179,439
Hua Nan Bank	Jan. 15, 2020 ~ Jan. 15, 2022, principal payable at maturity date	0.75%	"	1,500,000
Mizuho Corporate Bank	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.82%	"	1,300,000
E. Sun Bank	Dec. 15, 2020 ~ Dec. 14, 2023, payable in full at maturity	0.89%	"	200,000
China Trust Bank	Sep. 11, 2020 ~ Sep. 11, 2022, payable in full at maturity	0.89%	"	500,000
Taipei Fubon Bank	Aug. 13, 2020 ~ Mar. 20, 2022, payable in full at maturity	0.72%	"	1,500,000
MUFG Bank	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.85%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2020
MUFG Bank	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.83%	None	\$ 300,000
HSBC	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.83%	"	1,200,000
Bangkok Bank	Dec. 3, 2020 ~ Dec. 2, 2022, payable in full at maturity	0.90%	"	200,000
Far Eastern International Bank	Aug. 20, 2020 ~ Aug. 10, 2023, payable in full at maturity	0.90%	"	700,000
Mega International Commercial Bank	Sep. 21, 2020 ~ Sep. 21, 2022, payable in full at maturity	0.90%	"	1,000,000
Secured loans				
Hua Nan Bank China Trust Bank ANZ	Apr. 1, 2018 ~ Mar. 31, 2021, principal payable annually	2.27%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	56,821
				16,298,088
Less: Current portion of long-term loans				( 56,821)
				<u>\$ 16,241,267</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2020
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 17, 2019 ~ Jul. 17, 2024, each 50% of principal is payable starting from 4 years and 5 years after the first drawdown	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 7,281,660
Mega International Commercial Bank	Jan. 15, 2018 ~ Jan. 15, 2023, principal payable semi-annually after 3 years	1 to 5 years (including 5 years) rate of CBC, 4.75%	"	1,169,300
Mega International Commercial Bank	Oct. 23, 2017 ~ Oct. 23, 2020, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 3.25%	"	378,076
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, principal payable semi-annually after 4 years	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	117,101
Hua Nan Bank	Jan. 15, 2020 ~ Jan. 15, 2022, principal payable at maturity date	0.75%	"	1,500,000
Sino Pac Bank	Jun. 17, 2020 ~ Jun. 17, 2022, payable in full at maturity	1.00%	"	300,000
First Commercial Bank	Aug. 10, 2020 ~ Sep. 10, 2022, payable in full at maturity	0.95%	"	500,000
Mizuho Corporate Bank	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.85%	"	800,000



Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2020
E. Sun Bank	Nov. 20, 2018 ~ Nov. 19, 2021, payable in full at maturity	0.95%	None	\$ 200,000
China Trust Bank	Sep. 17, 2019~ Sep. 30, 2021, payable in full at maturity	0.91%	"	500,000
Taipei Fubon Bank	Aug. 13, 2020 ~ Mar. 20, 2022, payable in full at maturity	0.72%	"	1,500,000
KGI Bank	Aug. 11, 2020 ~ Aug. 10, 2022, payable in full at maturity	0.80%	"	1,000,000
MUFG Bank	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.85%	"	500,000
HSBC	Aug. 13, 2020 ~ Aug. 13, 2022, payable in full at maturity	0.85%	"	200,000
Bangkok Bank	Dec. 3, 2019 ~ Dec. 2, 2021, payable in full at maturity	0.93%	"	200,000
Far Eastern International Bank	Aug. 20, 2020 ~ Aug. 10, 2023, payable in full at maturity	0.93%	"	700,000
Mega International Commercial Bank	Sep. 21, 2020 ~ Sep. 21, 2022, payable in full at maturity	0.90%	"	1,000,000
Secured loans				
Hua Nan Bank China Trust Bank ANZ	Apr. 1, 2018 ~ Mar. 31, 2021, principal payable annually	2.40% ~ 2.80%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	87,088
				17,933,225
Less: Current portion of long-term loans				( 903,855)
				<u>\$ 17,029,370</u>

The collaterals for long-term bank loans are described in Note 8.

(15) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$31,459 and \$39,320, \$94,176 and \$119,277 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$111,387.
- B. (a) From July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage was 10~20% for the three-month and nine-month periods ended September 30, 2021 and 2020. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$95,118 and \$78,539, \$281,234 and \$248,245, respectively.

(16) Capital stock

A. As of September 30, 2021, the Company's authorised and paid-in capital was \$58,611,863, and total issued stocks was 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the nine-month periods ended September 30, 2021 and 2020 are set forth below:

		<u>For the nine-month period ended September 30, 2021</u>			
<u>Reason for reacquisition</u>	<u>Subsidiary</u>	<u>Beginning shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending shares</u>
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	<u>12,169,610</u>	<u>-</u>	<u>-</u>	<u>12,169,610</u>
		<u>For the nine-month period ended September 30, 2020</u>			
<u>Reason for reacquisition</u>	<u>Subsidiary</u>	<u>Beginning shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending shares</u>
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	<u>12,169,610</u>	<u>-</u>	<u>-</u>	<u>12,169,610</u>

C. The market value of treasury stocks was \$83.9 and \$67.7 (in dollars) per share at September 30, 2021 and 2020, respectively.

D. The above treasury stocks of the parent company were purchased by subsidiaries.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

For the nine-month period ended September 30, 2021

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal or acquisition of subsidiaries	Others
At January 1, 2021	\$2,710,554	\$5,514,032	\$ 336,034	\$ 378,153	\$ 163	\$228,701
Dividends allocated to subsidiaries	-	-	11,379	-	-	-
Effect from net stockholding of associates recognised under the equity method	-	-	-	81	-	-
Changes in ownership interests in subsidiaries	-	-	820	107	-	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	( 405)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	12,366
At September 30, 2021	<u>\$2,710,554</u>	<u>\$5,514,032</u>	<u>\$ 348,233</u>	<u>\$ 378,341</u>	<u>\$ 163</u>	<u>\$240,662</u>

For the nine-month period ended September 30, 2020

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal or acquisition of subsidiaries	Others
At January 1, 2020	\$2,710,554	\$5,514,032	\$ 316,688	\$ 372,847	\$ 163	\$224,585
Dividends allocated to subsidiaries	-	-	17,295	-	-	-
Effect from net stockholding of associates recognised using the equity method	-	-	-	4,570	-	-
Changes in ownership interests in subsidiaries	-	-	2,051	( 15)	-	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	( 250)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	4,420
At September 30, 2020	<u>\$2,710,554</u>	<u>\$5,514,032</u>	<u>\$ 336,034</u>	<u>\$ 377,402</u>	<u>\$ 163</u>	<u>\$228,755</u>

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance is to be set aside as special reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year. Bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders.

The special reserve includes:

- (a) Reserve for a special purpose;
  - (b) Investment income recognised under equity method and deferred income tax assets arising from unused investment tax credits which are deemed unrealised and transferred to special reserve. Such investment income and deferred income tax assets are reclassified to unappropriated earnings only when they are realised;
  - (c) Net unrealised gains from financial instruments transactions. The special reserve for unrealised gains from financial instruments is reduced when the accumulated value of the unrealised gains also decreases; and
  - (d) Other special reserves as stipulated by other laws.
- B. The Group is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee bonus and special reserves shall be distributed to stockholders. The Group would prefer cash dividend. If the Group requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2020 earnings had been resolved after meeting the statutory voting threshold before June 30, 2021 via the electronic voting platform for the stockholders' meeting and had been resolved at the stockholders' meeting on July 23, 2021. The appropriations of 2019 earnings had been resolved at the stockholders' meeting on June 5, 2020. Details are as follows:

	For the years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,978,906		\$ 2,970,224	
Special reserve	3,704,582		6,156,414	
Cash dividends	14,652,966	\$ 2.50	22,272,508	\$ 3.80
	<u>\$ 20,336,454</u>		<u>\$ 31,399,146</u>	

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Group as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Other equity items

	Hedging reserve	Unrealised gain (loss)	Currency translation	Total
At January 1, 2021	\$ 32,123	\$ 98,095,277	(\$ 5,272,606)	\$ 92,854,794
Revaluation:				
–Group	-	22,455,223	-	22,455,223
–Associates	-	1,853,440	-	1,853,440
Revaluation transferred to retained earnings:				
–Group	-	( 1,321,409)	-	( 1,321,409)
–Associates	-	( 2,446)	-	( 2,446)
Cash flow hedges:				
–Associates	( 19,578)	-	-	( 19,578)
Currency translation differences:				
–Group	-	-	( 1,147,821)	( 1,147,821)
–Tax of Group	-	-	235,168	235,168
–Associates	-	-	( 418,301)	( 418,301)
At September 30, 2021	<u>\$ 12,545</u>	<u>\$ 121,080,085</u>	<u>(\$ 6,603,560)</u>	<u>\$ 114,489,070</u>

	Hedging reserve	Unrealised gain (loss)	Currency translation	Total
At January 1, 2020	\$ 659	\$ 107,120,877	(\$ 4,560,606)	\$ 102,560,930
Revaluation:				
–Group	-	( 35,571,713)	-	( 35,571,713)
–Associates	-	( 6,221,652)	-	( 6,221,652)
Revaluation transferred to retained earnings:				
–Group	-	31,159	-	31,159
–Associates	-	84,886	-	84,886
Cash flow hedges:				
–Associates	40,060	-	-	40,060
Currency translation differences:				
–Group	-	-	( 1,470,998)	( 1,470,998)
–Tax of Group	-	-	591,659	591,659
–Associates	-	-	( 719,298)	( 719,298)
At September 30, 2020	<u>\$ 40,719</u>	<u>\$ 65,443,557</u>	<u>(\$ 6,159,243)</u>	<u>\$ 59,325,033</u>

(20) Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales revenue	\$ 90,859,666	\$ 59,979,802
Service revenue	146,212	94,156
Other operating revenue	<u>120,060</u>	<u>78,552</u>
	<u>\$ 91,125,938</u>	<u>\$ 60,152,510</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales revenue	\$ 270,398,616	\$ 180,006,030
Service revenue	405,196	368,070
Other operating revenue	<u>352,034</u>	<u>227,864</u>
	271,155,846	180,601,964
Less: Income from discontinued operations	-	( 17,555)
	<u>\$ 271,155,846</u>	<u>\$ 180,584,409</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time.

(21) Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 70,041	\$ 61,506
Interest from current account with others	10,782	73,161
Other interest income	5,309	890
	<u>\$ 86,132</u>	<u>\$ 135,557</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 208,374	\$ 183,463
Interest from current account with others	36,348	134,798
Other interest income	8,337	5,362
	<u>253,059</u>	<u>323,623</u>
Less: Interest income from discontinued operations	-	( 72)
	<u>\$ 253,059</u>	<u>\$ 323,551</u>

(22) Other income

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rent income	\$ 34,471	\$ 34,071
Dividend income	3,103,182	4,034,712
Other income	356,407	244,694
	<u>\$ 3,494,060</u>	<u>\$ 4,313,477</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rent income	\$ 102,046	\$ 103,666
Dividend income	3,116,177	5,113,321
Other income	861,344	710,102
	<u>\$ 4,079,567</u>	<u>\$ 5,927,089</u>



(23) Other gains and losses

	For the three-month periods ended September 30,	
	2021	2020
Gain on disposal of property, plant and equipment	\$ 5,533	\$ 837,855
Net currency exchange gain (loss)	232,927	( 303,926)
Net loss on financial assets and liabilities at fair value through profit or loss	3,220	( 60,042)
Other losses	( 56,607)	( 52,988)
	<u>\$ 185,073</u>	<u>\$ 420,899</u>

	For the nine-month periods ended September 30,	
	2021	2020
(Loss) gain on disposal of property, plant and equipment	(\$ 2,827)	\$ 843,925
Gain on disposal of investments	-	165
Net currency exchange loss	( 287,784)	( 459,460)
Net loss on financial assets and liabilities at fair value through profit or loss	( 73,664)	( 80,565)
Other losses	( 180,822)	( 177,113)
	( 545,097)	126,952
Less: Other losses from discontinued operations	-	157
	<u>(\$ 545,097)</u>	<u>\$ 127,109</u>

(24) Finance costs

	For the three-month periods ended September 30,	
	2021	2020
Interest expense:		
Bank loans	\$ 100,988	\$ 129,262
Corporate bonds	157,675	134,781
Current account with others	5,680	51,172
Discount	20,019	6,255
Other interest expenses	6,133	29,806
	290,495	351,276
Less: Capitalisation of qualifying assets	( 27,494)	( 41,887)
	<u>\$ 263,001</u>	<u>\$ 309,389</u>

	For the nine-month periods ended September 30,	
	2021	2020
Interest expense:		
Bank loans	\$ 305,676	\$ 548,318
Corporate bonds	449,789	402,067
Current account with others	20,168	56,271
Discount	43,013	71,085
Other interest expenses	21,385	111,735
	840,031	1,189,476
Less: Capitalisation of qualifying assets	( 77,442)	( 120,278)
	\$ 762,589	\$ 1,069,198

(25) Expenses by nature

	For the three-month periods ended September 30,	
	2021	2020
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 3,425,201	\$ 3,282,377
Employee benefit expense	3,849,419	3,237,872
Amortisation	1,035,847	956,017
	\$ 8,310,467	\$ 7,476,266
	For the nine-month periods ended September 30,	
	2021	2020
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 10,151,400	\$ 10,040,174
Employee benefit expense	10,656,574	10,110,853
Amortisation	2,952,218	2,705,605
	23,760,192	22,856,632
Less: Employee benefit expenses from discontinued operations	-	( 535)
Less: Depreciation charges on property, plant and equipment and right-of-use assets from discontinued operations	-	( 231)
	\$ 23,760,192	\$ 22,855,866

(26) Employee benefit expense

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 3,312,729	\$ 2,756,464
Labor and health insurance fees	250,033	224,057
Pension costs	126,577	117,859
Other personnel expenses	160,080	139,492
	<u>\$ 3,849,419</u>	<u>\$ 3,237,872</u>

  

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 9,074,715	\$ 8,641,766
Labor and health insurance fees	741,357	679,931
Pension costs	375,410	367,522
Other personnel expenses	465,092	421,634
	<u>10,656,574</u>	<u>10,110,853</u>
Less: Employee benefit expenses from discontinued operations	<u>-</u>	<u>( 535)</u>
	<u>\$ 10,656,574</u>	<u>\$ 10,110,318</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit before income tax of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.05% and shall not be higher than 0.5% for employees' compensation.

B. For the three-month and nine-month periods ended September 30, 2021 and 2020, employees' remuneration (bonuses) was accrued at \$10,058, \$9,895, \$38,025 and \$9,895, respectively. The aforementioned amount was recognised in salary expenses.

For the nine-month periods ended September 30, 2021 and 2020, the employees' compensation was estimated and accrued based on approximately 0.1% of the distributable profit.

Employees' compensation for 2020 as resolved by the Board of Directors was in agreement with the amount of \$20,624 recognised in profit or loss for 2020. Employees' compensation for 2020 had been distributed.

Information about the appropriations of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended September 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 1,250,053	\$ 517,625
Tax on undistributed surplus earnings	-	( 5,931)
Adjustments in respect of prior years	-	29,997
Total current tax	<u>1,250,053</u>	<u>541,691</u>
Deferred tax:		
Origination and reversal of temporary differences	47,305	66,764
Effect of exchange rate	( 185)	257
Total deferred tax	<u>47,120</u>	<u>67,021</u>
Income tax expense	<u>\$ 1,297,173</u>	<u>\$ 608,712</u>

	For the nine-month periods ended September 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 6,450,246	\$ 824,382
Tax on undistributed surplus earnings	169,184	212,776
Adjustments in respect of prior years	( 41,237)	( 237,192)
Total current tax	<u>6,578,193</u>	<u>799,966</u>
Deferred tax:		
Origination and reversal of temporary differences	91,621	226,110
Effect of exchange rate	367	1,176
Total deferred tax	<u>91,988</u>	<u>227,286</u>
Income tax expense	<u>\$ 6,670,181</u>	<u>\$ 1,027,252</u>

(b) The income tax charge relating to components of other comprehensive income is as follows:

	For the three-month periods ended September 30,	
	2021	2020
Currency translation differences	<u>\$ 21,908</u>	<u>\$ 186,284</u>

  

	For the nine-month periods ended September 30,	
	2021	2020
Currency translation differences	<u>\$ 235,168</u>	<u>\$ 591,659</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(28) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	For the three-month period ended September 30, 2021				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 11,688,483	\$ 10,391,310		\$ 1.99	\$ 1.77
Net income of non- controlling interest	1,640,997	873,805		0.28	0.14
Profit attributable to ordinary shareholders of the parent	10,047,486	9,517,505		1.71	1.63
Profit attributable to discontinued operations of the parent	-	-		-	-
Profit attributable to continuing operations of the parent	\$ 10,047,486	\$ 9,517,505	5,849,017	\$ 1.71	\$ 1.63
	For the three-month period ended September 30, 2020				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 14,135,772	\$ 13,527,060		\$ 2.42	\$ 2.31
Net income of non- controlling interest	783,304	280,234		0.14	0.05
Profit attributable to ordinary shareholders of the parent	13,352,468	13,246,826		2.28	2.26
Profit attributable to discontinued operations of the parent	-	-		-	-
Profit attributable to continuing operations of the parent	\$ 13,352,468	\$ 13,246,826	5,849,017	\$ 2.28	\$ 2.26

	For the nine-month period ended September 30, 2021				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 44,946,912	\$ 38,276,731		\$ 7.68	\$ 6.54
Net income of non- controlling interest	<u>6,959,952</u>	<u>3,481,927</u>		<u>1.19</u>	<u>0.59</u>
Profit attributable to ordinary shareholders of the parent	<u>37,986,960</u>	<u>34,794,804</u>		<u>6.49</u>	<u>5.95</u>
Profit attributable to discontinued operations of the parent	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
Profit attributable to continuing operations of the parent	<u>\$ 37,986,960</u>	<u>\$ 34,794,804</u>	<u>5,849,017</u>	<u>\$ 6.49</u>	<u>\$ 5.95</u>

	For the nine-month period ended September 30, 2020				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 12,023,514	\$ 10,996,262		\$ 2.06	\$ 1.88
Net income of non- controlling interest	<u>2,138,147</u>	<u>1,216,537</u>		<u>0.37</u>	<u>0.21</u>
Profit attributable to ordinary shareholders of the parent	<u>9,885,367</u>	<u>9,779,725</u>		<u>1.69</u>	<u>1.67</u>
Profit attributable to discontinued operations of the parent	<u>( 484)</u>	<u>( 484)</u>		<u>( 0.00)</u>	<u>( 0.00)</u>
Profit attributable to continuing operations of the parent	<u>\$ 9,885,851</u>	<u>\$ 9,780,209</u>	<u>5,849,017</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>

B. Employees' bonus could be distributed in the form of stock. Since there is no significant impact when calculating diluted earnings per share, basic earnings per share equals diluted earnings per share.

C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the calculation of basic earnings per share is as follows:

	For the three-month period ended September 30, 2021				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 11,688,483	\$ 10,391,310		\$ 2.00	\$ 1.77
Net income of non- controlling interest	1,640,997	873,805		0.29	0.14
Profit attributable to ordinary shareholders of the parent	10,047,486	9,517,505		1.71	1.63
Profit attributable to discontinued operations of the parent	-	-		-	-
Profit attributable to continuing operations of the parent	\$ 10,047,486	\$ 9,517,505	5,861,186	\$ 1.71	\$ 1.63
	For the three-month period ended September 30, 2020				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 14,135,772	\$ 13,527,060		\$ 2.41	\$ 2.31
Net income of non- controlling interest	783,304	280,234		0.13	0.05
Profit attributable to ordinary shareholders of the parent	13,352,468	13,246,826		2.28	2.26
Profit attributable to discontinued operations of the parent	-	-		-	-
Profit attributable to continuing operations of the parent	\$ 13,352,468	\$ 13,246,826	5,861,186	\$ 2.28	\$ 2.26

	For the nine-month period ended September 30, 2021				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 44,946,912	\$ 38,276,731		\$ 7.67	\$ 6.53
Net income of non- controlling interest	<u>6,959,952</u>	<u>3,481,927</u>		<u>1.19</u>	<u>0.59</u>
Profit attributable to ordinary shareholders of the parent	<u>37,986,960</u>	<u>34,794,804</u>		<u>6.48</u>	<u>5.94</u>
Profit attributable to discontinued operations of the parent	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
Profit attributable to continuing operations of the parent	<u>\$ 37,986,960</u>	<u>\$ 34,794,804</u>	<u>5,861,186</u>	<u>\$ 6.48</u>	<u>\$ 5.94</u>

	For the nine-month period ended September 30, 2020				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 12,023,514	\$ 10,996,262		\$ 2.05	\$ 1.88
Net income of non- controlling interest	<u>2,138,147</u>	<u>1,216,537</u>		<u>0.36</u>	<u>0.21</u>
Profit attributable to ordinary shareholders of the parent	<u>9,885,367</u>	<u>9,779,725</u>		<u>1.69</u>	<u>1.67</u>
Profit attributable to discontinued operations of the parent	<u>( 484)</u>	<u>( 484)</u>		<u>( 0.00)</u>	<u>( 0.00)</u>
Profit attributable to continuing operations of the parent	<u>\$ 9,885,851</u>	<u>\$ 9,780,209</u>	<u>5,861,186</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>

(29) Business combinations

- A. On September 24, 2020, the Group acquired an additional 21% equity interest in Chia-Nan Enterprise Corp. for a total cash consideration of \$145,527. The Group's comprehensive shareholding ratio increased from 30% to 51%.



B. The following table summarises the consideration paid for Chia-Nan Enterprise Corp. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>For the year ended December 31, 2020</u>	
Purchase consideration		
Cash paid	\$	<u>145,527</u>
Fair value of equity interest in Chia-Nan Enterprise Corp. held before the business combination		207,448
Fair value of the non-controlling interest		<u>338,120</u>
		<u>691,095</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		79,367
Accounts receivable		10,616
Property, plant and equipment		640,204
Accounts payable	(	3,782)
Other payables	(	22,564)
Others	(	<u>12,746)</u>
Total identifiable net assets		<u>691,095</u>
	\$	<u><u>-</u></u>

C. The Group recognised a gain of \$447 as a result of measuring at fair value its 30% equity interest in Chia-Nan Enterprise Corp. held before the business combination.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of fixed assets	\$ 11,090,039	\$ 12,461,680
Add: Opening balance of payable on equipment	1,656,593	1,439,071
Less: Ending balance of payable on equipment	( 879,233)	( 1,087,846)
Cash paid during the period	<u>\$ 11,867,399</u>	<u>\$ 12,812,905</u>

B. Financing activities with partial cash payments

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash dividends distributed	\$ 14,652,966	\$ 22,272,508
Add: Opening balance of cash dividends payable	76,913	71,884
Less: Ending balance of cash dividends payable	( 73,341)	( 74,409)
Cash dividends paid	<u>\$ 14,656,538</u>	<u>\$ 22,269,983</u>

C. On March 16, 2020, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dispose all its equity interest in Schoeller F.T.C. (Hong Kong) Co., Ltd. The trading consideration information is listed below:

	For the nine-month period ended September 30, 2020
Disposal proceeds	\$ 6,028
Less: Book value of cash and cash equivalents	( 29,584)
Cash (paid) received	<u>\$ 23,556</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowing (including current portion)	Liabilities from financial activities-gross
At January 1, 2021	\$19,055,620	\$16,096,733	\$42,100,000	\$16,298,088	\$ 93,550,441
Changes in cash flow from financing activities	1,014,668	( 1,498,685)	10,000,000	( 553,625)	8,962,358
Impact of changes in foreign exchange rate	-	-	-	( 181,490)	( 181,490)
At September 30, 2021	<u>\$20,070,288</u>	<u>\$14,598,048</u>	<u>\$52,100,000</u>	<u>\$15,562,973</u>	<u>\$ 102,331,309</u>
			Bonds payable (including current portion)	Long-term borrowing (including current portion)	Liabilities from financial activities-gross
At January 1, 2020	\$32,369,623	\$14,396,370	\$34,850,000	\$18,051,565	\$ 99,667,558
Changes in cash flow from financing activities	( 3,475,397)	1,995,511	7,250,000	107,058	5,877,172
Impact of changes in foreign exchange rate	-	-	-	( 225,398)	( 225,398)
At September 30, 2020	<u>\$28,894,226</u>	<u>\$16,391,881</u>	<u>\$42,100,000</u>	<u>\$17,933,225</u>	<u>\$ 105,319,332</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Formosa Petrochemical Corp.	Associate
Formosa Heavy Industries Corp.	"
Formosa Heavy Industries (Ningbo) Corp.	"
Formosa Plastics Transport Corp.	"
Formosa Synthetic Rubber Corp. (Has completed liquidation on December 28, 2020)	"
Formosa Synthetic Rubber (Ningbo) Corp.	"
Mai Liao Power Corp.	"
Formosa Environmental Technology Corp.	"
Hwa Ya Science Park Management Consulting Corp.	"
Formosa Resources Corp.	"
Formosa Construction Corp.	"
Formosa Fairway Corporation	"
Kuang Yueh Co., Ltd.	"
Formosa Group (Cayman) Corp.	"
FG Inc.	"
Formosa Advanced Technologies Co., Ltd.	"
Schoeller Textil AG	"
Nan Ya Optical Corp.	"
Formosa Plastics Corp.	Other related party
Nan Ya Plastics Corp.	"
Nan Ya Plastics (Hui Zhou) Corp.	"
Nan Ya Plastics (Nan Tong) Corp.	"
Nan Ya Plastics Corp., U.S.A.	"
Nan Ya Plastics (Ningbo) Corp.	"
Nan Ya Technology Corp.	"
Nan Ya PCB Corp.	"
Nan Ya Electronic Materials Co., Ltd.	"
Formosa Automobile Sales Corporation	"
Formosa Petrochemical Transportation Corporation	"
Formosa Lithium Iron Oxide Corp.	"
Chang Gung University	"
Chang Gung Memorial Hospital	"
Chang Gung Biotechnology Co., Ltd.	"
Yue Chi Development Corp.	"
PFG Fiber Glass Corp.	"
Formosa Plastics Marine Corp.	"
Formosa Plastics Marine Co., Ltd.	"
Mai Liao Harbor Administration Corp.	"
Formosa Network Technology Corp.	"
Formosa Plastics Building Parking Lot	"
FPG Travel Service Co., Ltd.	"

Names of related parties	Relationship with the Group
Formosa Daikin Advanced Chemicals Co., Ltd.	Other related party
Formosa Sumco Technology Corporation	"
Formosa Asahi Spandex Co., Ltd.	"
Formosa Plastics Logistics Corp.	"
Formosa Plastics Transport (Ningbo) Co., Ltd.	"
Formosa Electronic (Ningbo) Co., Ltd.	"
Inteplast Taiwan Corporation	"
Formosa Oil (Asia Pacific) Corporation	"
Asia Pacific Development Corp.	"
Ya Tai Development Corp.	"
Bio Trust International Corp.	"
Formosa Ha Tinh (Cayman) Ltd.	"
Formosa Ha Tinh Steel Corp. - TW	"
Formosa Ha Tinh Steel Corp.	"
BP Chemicals (Malaysia) SDN Corp. (Note)	"
Idemitsu Kosan Co., Ltd.	"
Idemitsu Chemicals (Hong Kong) Co., Ltd.	"
Idemitsu Chemicals U.S.A. Corp.	"
Yugen Co., Ltd.	"
Yumaowu Enterprise Co., Ltd.	"
Yu Yuang Textile Co., Ltd.	"
Yu Maowu Complex Co., Ltd.	"
NKFG Corporation	"
Kuang Yueh (Vietnam) Co., Ltd.	"
Hua Ya Power Corp.	"
Asia Pacific Technology Corp.	"
Ya Tai Development Co., Ltd.	"
Kong You Industrial Co., Ltd.	"
Hong Jing Metal Corp.	"
Formosa Industries (Ningbo) Co., Ltd.	"
Nan Ya Plastics Industry (Anshan) Co., Ltd.	"
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	"
Nan Ya Plastics Film (Nantong) Co., Ltd.	"
Nan Ya Plastics Film (Hui Zhou) Co., Ltd.	"
Nan Ya Chemical Fiber (Kunshan) Co., Ltd.	"
Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	"
Nan Ya Plastics (Xiamen) Co., Ltd.	"
Formosa Heavy Industries (Guangzhou) Co., Ltd.	"
Asia Pacific Investment Co.	"
Nan Ya Printed Circuit Board Corp.	"
Formosa Automobile Corp.	"
Taisuwang Commerce and Trade Co., Ltd.	"
Huaya Steel Co., Ltd.	"
Fuxin Special Steel Co., Ltd.	"

Note: On January 1, 2021, the original shareholder who held 50% of the shares of the subsidiary of the Group has disposed its holdings to INEOS Quattro Holding Ltd. Therefore, BP Chemicals (Malaysia) SDN Corp. is not a related party of the Group since January 1, 2021.

(2) Significant related party transactions

A. Sales of goods:

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
— Associates	\$ 9,461,606	\$ 4,561,491
— Other related parties	<u>11,762,475</u>	<u>8,542,663</u>
	<u>\$ 21,224,081</u>	<u>\$ 13,104,154</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
— Associates	\$ 25,474,106	\$ 12,530,619
— Other related parties	<u>34,874,413</u>	<u>25,917,441</u>
	<u>\$ 60,348,519</u>	<u>\$ 38,448,060</u>

The Group sells goods to related parties. Except for terms to certain related parties which are longer, prices are the same with third parties.

B. Purchases of goods:

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 38,584,293	\$ 22,238,512
Others	2,824	1,783
— Other related parties	<u>6,252,845</u>	<u>3,182,259</u>
	<u>\$ 44,839,962</u>	<u>\$ 25,422,554</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 112,581,023	\$ 69,130,836
Others	6,946	4,158
— Other related parties	<u>20,604,412</u>	<u>10,443,502</u>
	<u>\$ 133,192,381</u>	<u>\$ 79,578,496</u>

The payment terms for related parties are within 30~60 days of purchase. The purchase prices and terms for related parties are the same with non-related parties.

C. Receivables from related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Receivables from related parties:			
— Associates	\$ 3,600,323	\$ 2,010,960	\$ 1,446,675
— Other related parties	<u>4,526,627</u>	<u>3,947,994</u>	<u>3,468,734</u>
	<u>\$ 8,126,950</u>	<u>\$ 5,958,954</u>	<u>\$ 4,915,409</u>

Receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days from the date of sale; receivables for payments on behalf of others for construction design services are due 270 days from the services rendered. The receivables do not bear interest and no collaterals were pledged. No provision was accrued for receivables from related party.

D. Payables to related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Payables to related parties:			
— Associates			
Formosa Petrochemical Corp.	\$ 14,196,620	\$ 9,806,133	\$ 7,640,983
Others	455	-	-
— Other related parties	<u>1,480,324</u>	<u>2,402,434</u>	<u>1,164,417</u>
	<u>\$ 15,677,399</u>	<u>\$ 12,208,567</u>	<u>\$ 8,805,400</u>

The payables to related parties arise mainly from purchase transactions and are due 30~60 days after the date of purchase. The payables bear no interest.

E. Expansion and repair project

(a) Expansion and repair project:

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Expansion and repair works of factory sites		
— Associates	\$ 119,939	\$ 173,487
— Other related parties	<u>32,609</u>	<u>92,298</u>
	<u>\$ 152,548</u>	<u>\$ 265,785</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Expansion and repair works of factory sites		
— Associates	\$ 299,575	\$ 337,083
— Other related parties	<u>92,346</u>	<u>354,817</u>
	<u>\$ 391,921</u>	<u>\$ 691,900</u>

(b) Ending balance of payables for expansion and repair project:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Payables to related parties:			
— Associates	\$ 4,927	\$ 95	\$ -
— Other related parties	<u>45,477</u>	<u>41,945</u>	<u>165,918</u>
	<u>\$ 50,404</u>	<u>\$ 42,040</u>	<u>\$ 165,918</u>

The Group contracted the expansion and repair works of the factory sites to related parties. The payment terms are in accordance with the industry practice with payment due within a month after inspection.

F. Financing

(a) Loans to related parties:

i. Ending balance of accounts receivable - related parties

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
— Associates			
Formosa Heavy Industries Corp.	\$ -	\$ -	\$ 3,000,000
— Other related parties			
Formosa Plastics Marine Co., Ltd.	<u>3,027,819</u>	<u>4,195,598</u>	<u>4,381,240</u>
	<u>\$ 3,027,819</u>	<u>\$ 4,195,598</u>	<u>\$ 7,381,240</u>

ii. Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
— Associates		
Formosa Heavy Industries Corp.	\$ 219	\$ 11,331
— Other related parties		
Formosa Plastics Marine Co., Ltd.	<u>10,495</u>	<u>14,116</u>
	<u>\$ 10,714</u>	<u>\$ 25,447</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
— Associates		
Formosa Heavy Industries Corp.	\$ 1,917	\$ 38,158
— Other related parties		
Formosa Plastics Marine Co., Ltd.	<u>34,332</u>	<u>48,926</u>
	<u>\$ 36,249</u>	<u>\$ 87,084</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan is made; interest was collected at 1.23% and 1.23%~1.42% per annum for the nine-month periods ended September 30, 2021 and 2020, respectively.

(b) Loans from related parties:

i. Ending balance of accounts payable - related parties

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
— Associates	\$ 509,163	\$ 531,808	\$ 520,582
— Other related parties	18,261	-	-
	<u>\$ 527,424</u>	<u>\$ 531,808</u>	<u>\$ 520,582</u>

ii. Interest expense

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
— Associates	\$ 3,151	\$ 934
— Other related parties	134	-
	<u>\$ 3,285</u>	<u>\$ 934</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
— Associates	\$ 11,443	\$ 934
— Other related parties	139	-
	<u>\$ 11,582</u>	<u>\$ 934</u>

The loan terms from associates are in accordance with the contract's repayment schedule after the loan is made; interest is paid at a rate of 3.08% per annum for the nine-month periods ended September 30, 2021 and 2020.

G. Receivables for payment on behalf of others

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
— Other related parties	(\$ 27)	(\$ 27)	(\$ 27)

The amount for equipment for resale that the Group paid on behalf of associates is recorded as other current assets.

H. Operating expenses

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 175,987	\$ 328,057
Formosa Plastics Transport (Ningbo) Corp.	301,473	236,265
Others	77,754	20,794
	<u>\$ 555,214</u>	<u>\$ 585,116</u>



	For the nine-month periods ended September 30,	
	2021	2020
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 516,973	\$ 1,097,476
Formosa Plastics Transport (Ningbo) Corp.	769,043	643,171
Others	282,802	118,680
	<u>\$ 1,568,818</u>	<u>\$ 1,859,327</u>

#### I. Rental revenue

	For the three-month periods ended September 30,	
	2021	2020
— Associates		
Formosa Petrochemical Corp.	\$ 5,303	\$ 5,303
Others	3,244	2,975
	<u>8,547</u>	<u>8,278</u>
— Other related parties		
Nan Ya Plastics Corp.	6,907	6,582
Formosa Plastics Building Parking Lot	4,016	3,782
Formosa Network Technology Corp.	3,850	3,850
Others	6,513	7,361
	<u>21,286</u>	<u>21,575</u>
	<u>\$ 29,833</u>	<u>\$ 29,853</u>

	For the nine-month periods ended September 30,	
	2021	2020
— Associates		
Formosa Petrochemical Corp.	\$ 15,911	\$ 15,911
Others	9,443	8,924
	<u>25,354</u>	<u>24,835</u>
— Other related parties		
Nan Ya Plastics Corp.	20,276	19,209
Formosa Plastics Building Parking Lot	12,048	11,347
Formosa Network Technology Corp.	11,550	11,550
Others	19,828	22,375
	<u>63,702</u>	<u>64,481</u>
	<u>\$ 89,056</u>	<u>\$ 89,316</u>

The rental prices charged to related parties are determined considering the local rental prices and payments, and are collected monthly.

J. Property transactions:

(a) Acquisition of property, plant and equipment

	<u>For the three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment		
— Associates	\$ 74,968	\$ 85,905
— Other related parties		
Others	19,998	-
	<u>\$ 94,966</u>	<u>\$ 85,905</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment		
— Associates	\$ 254,605	\$ 173,487
— Other related parties		
Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	-	1,233,875
Others	19,998	-
	<u>\$ 274,603</u>	<u>\$ 1,407,362</u>

(b) Acquisition of financial assets

For the three-month periods ended September 30, 2021 and 2020: None.

	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>For the nine-month period</u>
				<u>ended September 30, 2021</u>
				<u>Consideration</u>
Formosa Resources Corp.	Investments accounted for using equity method	88,453,125	Formosa Resources Corp.	\$ 887,813

				<u>For the nine-month period ended September 30, 2020</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>	
NKFG Corporation	Non-current financial assets at fair value through other comprehensive income	5,540,000	NKFG Corporation	\$	55,400
Schoeller Textil AG	Investments accounted for using equity method	21,874	Schoeller Textil AG		1,285,507
FG Inc.	Investments accounted for using equity method		- FG Inc.		811,408
				<u>\$</u>	<u>2,152,315</u>

K. Details of affiliates endorsed/guaranteed for the Group's borrowings are provided in Note 6(14).

L. Details of affiliates endorsed/guaranteed and commitment letter for the Associate are provided in Notes 9(3) and (4).

(3) Key management compensation

		<u>For the three-month periods ended September 30,</u>	
		<u>2021</u>	<u>2020</u>
Salaries	\$	12,422	\$ 12,173
Post-employment benefits		<u>372</u>	<u>382</u>
	<u>\$</u>	<u>12,794</u>	<u>\$ 12,555</u>

		<u>For the nine-month periods ended September 30,</u>	
		<u>2021</u>	<u>2020</u>
Salaries	\$	112,243	\$ 125,664
Post-employment benefits		<u>1,072</u>	<u>1,139</u>
	<u>\$</u>	<u>113,315</u>	<u>\$ 126,803</u>

## 8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value			Purpose
	September 30, 2021	December 31, 2020	September 30, 2020	
Property, plant and equipment	\$ 5,873,702	\$ 5,886,513	\$ 5,886,870	Collateral for bank loans
Inventory	17,610	17,610	17,610	Collateral for bank loans
Non-current financial assets at amortised cost				Collateral for bank loans
- Time deposits	1,500	1,500	-	
	<u>\$ 5,892,812</u>	<u>\$ 5,905,623</u>	<u>\$ 5,904,480</u>	

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

The details of commitments and contingencies as of September 30, 2021 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet paid amounted to \$6,869,750 thousand, RMB 1,347,050 thousand and VND 509,751,501 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 21,850 thousand, JPY 991,202 thousand and EUR 3,415 thousand.
- (3) The provision of endorsements and guarantees to others are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Formosa Resources Corp.	\$ -	\$ 3,064,610	\$ 3,131,045
Formosa Group (Cayman) Corp.	6,966,500	7,127,000	7,281,500
Formosa Ha Tinh (Cayman) Corp.	11,281,131	25,344,122	26,361,281
Formosa Taffeta (Zhong Shan) Co., Ltd.	13,925	14,240	14,550
Formosa Taffeta (Vietnam) Co., Ltd.	454,816	323,530	381,867
Formosa Taffeta (Changshu) Co., Ltd.	223,761	321,972	375,424
Formosa Taffeta (Dong Nai) Co., Ltd.	2,400,331	2,604,882	2,642,773
	<u>\$ 21,340,464</u>	<u>\$ 38,800,356</u>	<u>\$ 40,188,440</u>

- (4) The promissory notes issued for others are as follows:

- A. The Group's indirect investee, Formosa Ha Tinh (Cayman) Limited Co., was provided with a bank loan facility of USD 2.22 billion to meet the operation needs. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower has fulfilled its obligation for repayment.
- B. The Group's consolidated entity, Formosa Chemicals Industries (Ningbo) Limited Co., entered into a syndicated loan contract with the syndicated banking group lead by Mega International Commercial Bank, arranging the credit facilities of USD 155 million or equal value of RMB to meet the capital needs of building the plant. The Company is required to issue a promissory note

and is obliged to facilitate the repayment of the borrower whenever necessary. Abovementioned syndicated loan has been repaid by Formosa Chemicals Industries (Ningbo) Limited Co. in October 2020.

(5) Contingencies - litigation

- A. Taiwan Cooperative Bank Co., Ltd. (“TCB”) filed a civil lawsuit against the Group’s subsidiary, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) with the Taipei District Court in September 2019. TCB claimed that the former employees of Formosa Taffeta colluded with New Site Industries Inc. (“New Site”) and New Brite Industries Inc. (“New Brite”) to make false statements. TCB was misled with the fact that New Site and New Brite have accounts receivable due from Formosa Taffeta, causing damage to TCB. Therefore, TCB claimed that Formosa Taffeta should be liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta has engaged a lawyer to submit a strong defense to protect its rights and interests.
- B. DBS (Taiwan) Commercial Bank Co., Ltd. (“DBS”) filed a civil lawsuit against the Group’s subsidiaries, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) and Formosa Taffeta Dong Nai Co., Ltd. (“Formosa Taffeta Dong Nai”) with the Taipei District Court in September 2019. The former employees of Formosa Taffeta and Formosa Taffeta Dong Nai colluded with New Site Industries Inc. (“New Site”) to make false statements. DBS was misled with the fact that New Site has accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, causing damage to DBS. Therefore, DBS claimed that Formosa Taffeta and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta and Formosa Taffeta Dong Nai have engaged lawyers to submit a strong defense to protect their rights and interests.
- C. O-Bank Co., Ltd. (“O-Bank”) filed a civil lawsuit against the Group’s subsidiaries, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) and Formosa Taffeta Dong Nai Co., Ltd. (“Formosa Taffeta Dong Nai”) with the Taipei District Court in February 2020. The former employees of Formosa Taffeta and Formosa Taffeta Dong Nai colluded with I Chin Young Inc. (“I Chin Young”) to make false statements. O-Bank was misled with the fact that I Chin Young has accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, causing damage to O-Bank. Therefore, O-Bank claimed that Formosa Taffeta and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta and Formosa Taffeta Dong Nai have engaged lawyers to submit a strong defense to protect their rights and interests.

D. Yuanta Commercial Bank Co., Ltd. (“YCB”) filed a criminal lawsuit with a supplementary civil action against the Group’s subsidiary, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) with the Taipei District Court in October 2020. The former employees of Formosa Taffeta colluded with Loomtech Industries Inc. (“Loomtech”) to make false statements. YCB was misled with the fact that Loomtech has accounts receivable due from Formosa Taffeta, causing damage to YCB. Therefore, YCB claimed that Formosa Taffeta should be liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. As of November 5, 2021, the court was not in session, hence the ultimate outcome and amount of this litigation is not presently determinable. However, Formosa Taffeta has engaged a lawyer to submit a strong defense to protect its rights and interests.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Due to the impact of the COVID-19 pandemic, there was a significant loss of momentum in the consumption market as a result of restrictions on people’s movement and social contact in many countries, and the spread of petrochemical products, being the difference between the product prices and cost of raw materials, gradually deviated from its historical norm because of fluctuations in international crude oil prices. Consequently, the Group incurred operating loss for the three quarter of 2020 and the overall operating revenue of 2020 decreased by nearly 20% than 2019, resulting in a decrease in consolidated profit before tax of almost 33%. Although in the third quarter of 2021, the operating revenue increased by nearly 50% compared to the corresponding period of last year and the Group generated an operating profit due to the slowdown of the pandemic, the market demand significantly increased compared to the corresponding period of last year, the oil prices and the prices of petrochemical plastic products caused by the industry anomaly increased and the winter storm in Texas, USA had an impact of the Group’s operations, the overall impact of the pandemic on the financial position and performance of the Group in 2021 depends on the subsequent control of the pandemic and recovery momentum in the consumption market.

## (2) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's management strategy of its debt-to-capital ratio for the year ended December 31, 2021 is the same as that for the year ended December 31, 2020. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's debt-to-capital ratio was 15%, 16% and 20%, respectively.

## (3) Financial instruments

### A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 3,921,389	\$ 3,888,592	\$ 3,963,442
Financial assets at fair value through other comprehensive income	191,807,754	169,111,079	136,558,032
Financial assets at amortised cost	68,606,171	58,971,466	55,751,390
	<u>\$ 264,335,314</u>	<u>\$ 231,971,137</u>	<u>\$ 196,272,864</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ -	\$ 137	\$ -
Financial liabilities at amortised	135,561,859	121,303,545	128,957,786
Lease liability	838,052	837,790	855,553
	<u>\$ 136,399,911</u>	<u>\$ 122,141,472</u>	<u>\$ 129,813,339</u>

Note: Financial assets measured at amortised cost include cash and cash equivalents, financial assets measured at amortised cost, accounts and notes receivable, other receivables, other financial assets and refundable deposits. Financial liabilities measured at amortised cost include short-term borrowings, accounts and notes payable, other payables, long-term borrowings (including those maturing within one year or one business cycle), corporate bonds payable (including those maturing within one year or one business cycle), and guarantee deposits received.

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and (12).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. Each entity hedges its entire foreign exchange risk exposure.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).



iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, VND and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				September 30, 2021		
				Foreign Currency Amount		
				(In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	769,922		27.87	\$	21,457,726
EUR : NTD		3,546		32.32		114,607
<u>Non-monetary items</u>						
RMB : NTD	\$	15,507,830		4.30	\$	66,683,669
USD : NTD		180,006		27.87		5,016,767
VND : NTD		7,475,708,672		0.0012		8,970,850
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$	53,884		27.87	\$	1,501,747
USD : RMB		6,295		27.87		175,442
USD : VND		444,742		27.87		12,394,960
				December 31, 2020		
				Foreign Currency Amount		
				(In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	22,503		28.51	\$	641,561
USD : RMB		497,623		28.51		14,187,232
USD : VND		23,305		28.51		664,426
<u>Non-monetary items</u>						
RMB : NTD	\$	13,967,268		4.37	\$	61,036,961
USD : NTD		185,571		28.51		5,290,629
VND : NTD		8,022,038,646		0.0012		9,626,446
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$	43,405		28.51	\$	1,237,477
USD : RMB		6,278		28.51		178,986
USD : VND		367,546		28.51		10,478,736

September 30, 2020

	Foreign Currency Amount			
	(In Thousands)		Exchange Rate	Book Value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 421,486		29.13	\$ 12,277,887
USD : RMB	18,475		29.13	538,177
<u>Non-monetary items</u>				
RMB : NTD	\$ 13,178,432		4.28	\$ 56,403,689
USD : NTD	452,816		29.13	13,190,530
VND : NTD	7,791,209,056		0.0013	10,128,572
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 53,929		29.13	\$ 1,570,952
USD : RMB	5,667		29.13	165,080
USD : VND	142,599		29.13	4,153,909

- v. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 amounted to \$232,927, (\$303,926), (\$287,784) and (\$459,460), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the nine-month period ended September 30, 2021				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	214,577	\$ -
EUR : NTD	1%		1,146	-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$	-	\$ 666,837
USD : NTD	1%		-	50,168
VND : NTD	1%		-	89,709
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	15,017	\$ -
USD : RMB	1%		1,754	-
USD : VND	1%		123,950	-

For the nine-month period ended September 30, 2020

Sensitivity analysis				
	Degree of variation	Effect on	Effect on other	
		profit or loss	comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 122,779	\$	-
USD : RMB	1%	5,382		-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$ -	\$	564,037
USD : NTD	1%	-		131,905
VND : NTD	1%	-		101,286
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 15,710	\$	-
USD : RMB	1%	1,651		-
USD : VND	1%	41,539		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed, beneficiary certificate and fund. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$31,371 and \$31,707, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,918,078 and \$1,365,580, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 30, 2021 and 2020, the Group's borrowings at variable rate were denominated in the NTD and USD.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. For the nine-month periods ended September 30, 2021 and 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the periods then ended would have been \$124,504 and \$143,466 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, classified as the contract cash flows of instruments stated at amortised cost at fair value through other comprehensive income.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2021, December 31, 2020 and September 30, 2020, the Group's written-off financial assets that are still under recourse procedures amounted to \$0, \$128,665 and \$128,665, respectively.

- v. The Group used the forecastability of Directorate-General of Budget, Accounting and Statistics, Executive Yuan and Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On September 30, 2021, December 31, 2020 and September 30, 2020, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 91 days past due
<u>At September 30, 2021</u>				
Expected loss rate	0.11%~1.10%	0.03%~8.53%	0.03%~17.60%	66.24%~100.00%
Total book value	\$ 37,599,128	\$ 1,221,856	\$ 138,447	\$ 74,556
Loss allowance	\$ 81,185	\$ 13,143	\$ 10,345	\$ 50,769
<u>At December 31, 2020</u>				
Expected loss rate	0.15%~0.82%	0.03%~87.58%	0.03%~100.00%	53.36%~100.00%
Total book value	\$ 33,361,753	\$ 191,459	\$ 16,900	\$ 90,151
Loss allowance	\$ 73,493	\$ 26,028	\$ 5,862	\$ 50,499
<u>At September 30, 2020</u>				
Expected loss rate	0.15%~0.34%	3.65%~13.76%	63.58%~88.38%	94.25%~100.00%
Total book value	\$ 26,418,038	\$ 266,507	\$ 10,739	\$ 61,472
Loss allowance	\$ 75,329	\$ 15,271	\$ 6,252	\$ 58,704

The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not past due	\$ 37,599,128	\$ 33,361,753	\$ 26,418,038
Up to 30 days	1,221,856	191,459	266,507
31 to 90 days	138,447	16,900	10,739
91 to 180 days	74,556	90,151	61,472
	<u>\$ 39,033,987</u>	<u>\$ 33,660,263</u>	<u>\$ 26,756,756</u>

The above ageing analysis was based on past due date.

- vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable and contract assets are as follows:

	<u>For the nine-month period ended September 30, 2021</u>		
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>
At January 1	\$ 155,882	\$ -	\$ -
Effect of exchange rate changes	( 440)	-	-
At September 30	<u>\$ 155,442</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>For the nine-month period ended September 30, 2020</u>		
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>
At January 1	\$ 284,724	\$ -	\$ -
Write-offs	( 128,665)	-	-
Effect of exchange rate changes	( 503)	-	-
At September 30	<u>\$ 155,556</u>	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>September 30, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 183,389	\$ 133,654	\$ 283,441	\$ 311,243
Bonds payable	4,550,000	6,900,000	26,850,000	13,800,000
Long-term borrowings	-	9,157,845	6,405,128	-

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 147,577	\$ 140,970	\$ 261,143	\$ 267,769
Bonds payable	2,050,000	4,550,000	16,600,000	18,900,000
Long-term borrowings	56,821	8,000,000	8,241,267	-

<u>September 30, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 181,796	\$ 162,265	\$ 292,483	\$ 303,598
Bonds payable	-	3,150,000	20,050,000	18,900,000
Long-term borrowings	903,855	8,696,750	8,332,620	-

Except for the aforementioned liabilities, the Group's non-derivative financial liabilities will mature within one year.

Derivative financial liabilities:

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Forward exchange contracts	\$ 137	\$ -	\$ -	\$ -

For the nine-month period ended June 30, 2021 and 2020: None.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(4) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in stock investment, private equity fund market, and most derivative instruments is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values. The carrying amounts of long-term borrowings (including current portion) and lease liabilities are reasonable basis for fair value estimate given that their interest rates are approximate to market rates.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

<u>September 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 359	\$ -	\$ 359
Fund	-	3,921,030	-	3,921,030
Financial assets at fair value through other comprehensive income				
Equity securities	<u>153,744,632</u>	<u>2,742,659</u>	<u>35,320,463</u>	<u>191,807,754</u>
	<u>\$ 153,744,632</u>	<u>\$ 6,664,048</u>	<u>\$ 35,320,463</u>	<u>\$ 195,729,143</u>



<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 82	\$ -	\$ 82
Fund	-	3,888,510	-	3,888,510
Financial assets at fair value through other comprehensive income				
Equity securities	<u>143,832,740</u>	<u>2,779,751</u>	<u>22,498,588</u>	<u>169,111,079</u>
	<u>\$ 143,832,740</u>	<u>\$ 6,668,343</u>	<u>\$ 22,498,588</u>	<u>\$ 172,999,671</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>
<u>September 30, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 13	\$ -	\$ 13
Fund	-	3,963,429	-	3,963,429
Financial assets at fair value through other comprehensive income				
Equity securities	<u>112,524,543</u>	<u>2,143,858</u>	<u>21,889,631</u>	<u>136,558,032</u>
	<u>\$ 112,524,543</u>	<u>\$ 6,107,300</u>	<u>\$ 21,889,631</u>	<u>\$ 140,521,474</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
  - (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
  - (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2021 and 2020:

	<u>For the nine-month period ended September 30, 2021</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	22,498,588
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		12,963,677
Effect of exchange rate changes		550
Transfers out from level 3	(	142,352)
At September 30	<u>\$</u>	<u>35,320,463</u>
	<u>For the nine-month period ended September 30, 2020</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	31,283,890
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(	8,690,534)
Effect of exchange rate changes	(	703,725)
At September 30	<u>\$</u>	<u>21,889,631</u>

G. Because the investment target has been traded in active market from June 2021, and there is insufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

H. The Group Treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. The Treasury sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to Accounting Division monthly. Accounting Division is responsible for managing and reviewing valuation processes.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2021	Fair value at December 31, 2020	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non- derivative equity instrument:						
Unlisted shares	\$ 11,901,010	\$ 10,773,066	\$ 10,453,438	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	1,343,336	998,799	1,059,962	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	22,076,117	10,726,723	10,376,231	Net asset value	Not applicable	Not applicable

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				September 30, 2021	
				<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial					
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>119,010</u>	\$ <u>119,010</u>	
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>13,433</u>	\$ <u>13,433</u>	
				December 31, 2020	
				<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial					
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>107,731</u>	\$ <u>107,731</u>	
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>9,988</u>	\$ <u>9,988</u>	

		September 30, 2020		
		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial				
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>104,534</u>	\$ <u>104,534</u>
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>10,600</u>	\$ <u>10,600</u>

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and (12); 12(3) and (4).
- J. Significant intragroup transactions during the reporting periods: Please refer to table 8.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. Segment Information

(1) General information

The Group's reportable segments are strategic business units and provide different products and services. Strategic business units are separately managed because each unit needs different techniques and marketing strategies. The Group's reportable segments are as follows:

1st Petrochemical Div: responsible for production of benzene, p-xylene and o-xylene.

2nd Petrochemical Div: responsible for production of styrene, synthetic phenolic and acetone.

3rd Petrochemical Div: responsible for production of purified terephthalic acid.

Plastics Division: responsible for production of ABS resin, polypropylene and PS.

Formosa Taffeta Co., Ltd.: responsible for production of blended fabric, spun fabric, cross-woven fabric, polyamine and polyester fabric, epidemic fabric, designer sportswear fabric, high-tech and function fabric, tire cord fabric, pure cotton yarn, blended yarn, various functional yarn, fireproof fabric, anti-static cloth and industrial fabric, and operation of petrol stations to sell petroleum, diesel fuel, kerosene and small package of petroleum products and provide car wash services.

Formosa Advanced Technologies Co.: responsible for IC packaging, testing and production of memory module.

(2) Measurement of segment information

The Group has not yet amortised tax expenses or non-recurring gains and losses to reportable segments. Further, not all reportable segments' profit or loss include significant non-cash items besides depreciation and amortisation. Reporting amount and reports for operating decision-maker are the same.

The Group's operating segment profit or loss is measured based on operating income before tax for performance assessment basis. The Group considers the sale and transfer among segments as transactions with third parties and measured at market price.

(3) Information about segment profit or loss, assets and liabilities

For the nine-month period ended September 30, 2021

	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Other divisions	Reconciliation and offset	Discontinued operation	Total
External revenue	\$ 35,019,821	\$ 42,410,265	\$ 41,440,394	\$ 96,550,204	\$ 17,851,314	\$ 37,833,848	\$ -	\$ -	\$ 271,105,846
Internal revenue	57,448,704	21,119,513	3,224,165	17,894,597	212,603	8,985,365	( 108,884,947)	-	-
Total revenue	<u>\$ 92,468,525</u>	<u>\$ 63,529,778</u>	<u>\$ 44,664,559</u>	<u>\$ 114,444,801</u>	<u>\$ 18,063,917</u>	<u>\$ 46,819,213</u>	<u>(\$ 108,884,947)</u>	<u>\$ -</u>	<u>\$ 271,105,846</u>
Segment profit (loss)	<u>\$ 3,444,609</u>	<u>\$ 6,167,185</u>	<u>\$ 2,791,213</u>	<u>\$ 16,369,248</u>	<u>\$ 1,871,220</u>	<u>\$ 24,290,556</u>	<u>(\$ 9,987,119)</u>	<u>\$ -</u>	<u>\$ 44,946,912</u>
Total assets of segments	<u>\$ 40,877,303</u>	<u>\$ 34,031,342</u>	<u>\$ 40,392,511</u>	<u>\$ 56,473,285</u>	<u>\$ 78,224,630</u>	<u>\$ 469,782,110</u>	<u>(\$ 127,184,859)</u>	<u>\$ -</u>	<u>\$ 592,596,322</u>

For the nine-month period ended September 30, 2020

	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Other divisions	Reconciliation and offset	Discontinued operation	Total
External revenue	\$ 15,745,022	\$ 27,231,434	\$ 28,218,005	\$ 60,898,216	\$ 15,952,253	\$ 32,557,034	\$ -	(\$ 17,555)	\$ 180,584,409
Internal revenue	31,934,444	14,659,354	1,469,255	8,576,366	164,740	6,690,469	( 63,494,628)	-	-
Total revenue	<u>\$ 47,679,466</u>	<u>\$ 41,890,788</u>	<u>\$ 29,687,260</u>	<u>\$ 69,474,582</u>	<u>\$ 16,116,993</u>	<u>\$ 39,247,503</u>	<u>(\$ 63,494,628)</u>	<u>(\$ 17,555)</u>	<u>\$ 180,584,409</u>
Segment profit (loss)	<u>(\$ 4,100,548)</u>	<u>\$ 1,821,312</u>	<u>(\$ 2,566,342)</u>	<u>\$ 8,190,009</u>	<u>\$ 1,850,839</u>	<u>\$ 12,848,371</u>	<u>(\$ 6,020,127)</u>	<u>\$ 484</u>	<u>\$ 12,023,998</u>
Total assets of segments	<u>\$ 32,502,590</u>	<u>\$ 28,171,070</u>	<u>\$ 35,258,831</u>	<u>\$ 40,157,038</u>	<u>\$ 66,814,606</u>	<u>\$ 399,969,936</u>	<u>(\$ 114,499,103)</u>	<u>\$ -</u>	<u>\$ 488,374,968</u>



(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

## Formosa Chemicals and Fibre Corporation and subsidiaries

## Loans to others

For the nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					September 30, 2021 (Note 3)	September 30, 2021 (Note 8)							Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related party	Yes	\$ 8,500,000	\$ 4,500,000	\$ -	1.23	1	2	Additional operating capital	\$ -	-	\$ -	\$ 96,869,544	\$ 193,739,088	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related party	Yes	500,000	500,000	-	1.23	1	2	Additional operating capital	-	-	-	96,869,544	193,739,088	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related party	Yes	8,500,000	4,500,000	-	1.23	1	2	Additional operating capital	-	-	-	96,869,544	193,739,088	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related party	Yes	500,000	500,000	-	1.23	2	1	Additional operating capital	-	-	-	77,495,635	154,991,271	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related party	Yes	9,700,000	5,700,000	-	1.23	2	1	Additional operating capital	-	-	-	77,495,635	154,991,271	-
0	The Company	Formosa Plastics Marine Co., Ltd.	Other receivables-related party	Yes	6,054,301	5,060,619	3,027,819	1.23	2	1	Additional operating capital	-	-	-	77,495,635	154,991,271	-
0	The Company	Formosa FCFC Carpet Corp.	Other receivables-related party	Yes	100,000	100,000	-	1.23	2	1	Additional operating capital	-	-	-	77,495,635	154,991,271	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					September 30, 2021 (Note 3)	September 30, 2021 (Note 8)							Item	Value			
0	The Company	Hong Jing Resources Corp.	Other receivables-related party	Yes	\$ 500,000	\$ 500,000	\$ -	1.23	2	1	Additional operating capital	\$ -	-	\$ -	\$ 77,495,635	\$ 154,991,271	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related party	Yes	8,500,000	4,500,000	-	1.23	1	2	Additional operating capital	-	-	-	96,869,544	193,739,088	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	7,798,842	5,302,128	5,302,128	3.08~3.32	1	2	Additional operating capital	-	-	-	8,388,368	16,776,736	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: Maximum outstanding balance of loans to others during the nine-month period ended September 30, 2021.

Note 4: The nature of loans:

(1) Related to business transactions is "1".

(2) Short-term financing is "2".

Note 5: Amount of business transactions with the borrower :

(1) No business transactions is "1".

(2) Business transactions amount is provided in Note 13 (1) G.

Note 6: Provided that loans to others are for necessary short-term financing by nature, shall specifically note necessary reasons for the loans and purposes of the borrowers, for example, repayment of loans, acquisition of equipment, and financing for operation, etc.

Note 7: The calculation of line of credit:

The limit on loans granted by the Company to a single party, related party and party with business transactions shall not be more than 25% of the Company's net assets, and limit to others is 20% of the Company's net assets.

The ceiling on loans granted by the Company to others shall not be more than 50% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

The limit on loans granted by a subsidiary to a single party, related party and party with business transactions shall not be more than 50% of the subsidiary's net assets, and limit to others is 40% of the subsidiary's net assets.

The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and limit on loans granted by a subsidiary to a single party, related party and party with business transactions shall not be more than 50% of the subsidiary's net assets, and limit to others is 40% of the subsidiary's net assets.

Note 8: The amount was resolved by the Board of Directors.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Provision of endorsements and guarantees to others  
For the nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021 (Note 4)	Outstanding guarantee amount at September 30, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	The Company	Formosa Group (Cayman) Limited	6	\$ 251,860,815	\$ 7,132,750	\$ 6,966,500	\$ 6,966,500	\$ -	1.80	\$ 503,721,630	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	251,860,815	18,903,708	8,441,949	8,441,949	-	2.18	503,721,630	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	41,645,255	941,655	919,050	13,925	-	1.43	83,290,511	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	41,645,255	1,512,355	1,476,050	454,816	-	2.30	83,290,511	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	2	41,645,255	1,569,425	1,531,750	223,761	-	2.39	83,290,511	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	41,645,255	4,031,380	3,871,150	2,400,331	-	6.04	83,290,511	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Co., Ltd.	6	41,645,255	6,356,390	2,839,182	2,839,182	-	4.43	83,290,511	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount. For companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on endorsements to a single party is the higher value of purchasing or selling.

Note 4: Year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
For the nine-month period ended September 30, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	486,978,693	\$ 55,272,082	7.65	\$ 55,272,082	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	63,621,500	2,353,359	14.97	2,353,359	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	413,327,750	37,819,489	5.21	37,819,489	-
The Company	Stocks_Nan Ya Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	334,815,409	22,064,335	10.81	22,064,335	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	14,723,422	301,094	3.09	301,094	-
The Company	Mega Private US Dollar Money Market Funds	-	Financial assets at fair value through profit or loss - current	12,477,992	3,814,432	-	3,814,432	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	39,562,740	1,035,753	17.98	1,035,753	-
The Company	Stocks_Formosa Plastic Corp. U.S.A.	Other related party	Financial assets at fair value through other comprehensive income - non-current	8,999	4,466,897	2.92	4,466,897	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets at fair value through other comprehensive income - non-current	16,803,148	3,587,472	2.24	3,587,472	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,070,151	14,939	0.79	14,939	-
The Company	Stocks_Yi-Jih Development Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	63,174	16,998	1.51	16,998	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Chinese Television System Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,376,202	\$ 55,270	1.41	\$ 55,270	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related party	Financial assets at fair value through other comprehensive income- non-current	355,880	307,584	18.22	307,584	-
The Company	Stocks_Formosa Development Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	19,087,800	294,143	18.00	294,143	-
The Company	Stocks_Formosa Network Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	2,925,000	155,522	12.50	155,522	-
The Company	Stocks_Formosa Plastics Marine Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	2,428,500	702,176	15.00	702,176	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	2,622	1,764,438	19.00	1,764,438	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income - non-current	3,750,000	39,938	3.91	39,938	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,500,000	20,250	1.97	20,250	-
The Company	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related party	Financial assets at fair value through other comprehensive income - non-current	621,178,219	16,507,776	11.43	16,507,776	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	865,373	17,697	0.18	17,697	-
Formosa Biomedical Technology Corp.	Asteran Milestone Private Equity Fund	-	Financial assets at fair value through profit or loss - current	-	106,598	-	106,598	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Lithium Iron Oxide Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	5,300,000	-	15.14	-	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	261,120	13,884	1.12	13,884	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,100,000	\$ 11,760	4.24	\$ 11,760	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	423,720	5,411	0.46	5,411	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma (Cayman), Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,559,814	978,211	13.42	978,211	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,491,600	375,347	3.31	375,347	-
Formosa Biomedical Technology Corp.	Maxigen Biotech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	7,534,235	410,616	9.78	410,616	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	12,169,610	1,021,029	0.21	1,021,029	3
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	35	-	-	-	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	640	73	-	73	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	482,194	44,121	0.01	44,121	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Other related party	Financial assets at fair value through other comprehensive income - current	10,000,000	389,300	2.35	389,300	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	7,711,010	508,156	0.25	508,156	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related party	Financial assets at fair value through other comprehensive income - non-current	365,267,576	36,234,544	3.83	36,234,544	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - non-current	234,166	15,667	0.54	15,667	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Other related party	Financial assets at fair value through other comprehensive income - non-current	14,400	42,812	10.00	42,812	-

Table 3, Page 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets at fair value through other comprehensive income - non-current	852,120	\$ 25,574	1.30	\$ 25,574	-
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	337,183	503	3.17	503	-
Formosa Taffeta Co., Ltd.	FG INC	Other related party	Financial assets at fair value through other comprehensive income - non-current	600	242,352	3.00	242,352	-
Formosa Taffeta Co., Ltd.	NKFG Co.	Other related party	Financial assets at fair value through other comprehensive income - non-current	5,540,000	35,977	2.50	35,977	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related party	Financial assets at fair value through other comprehensive income - non-current	209,010,676	5,529,900	3.85	5,529,900	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,193,228	65,907	0.13	65,907	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9 "Financial instruments".

Note 2: The column is left blank if the issuer of marketable securities is non-related party.

Note 3: The Company's stocks held by the subsidiaries— Formosa Taffeta Co., Ltd. —is deemed as treasury stocks. Details are provided in Note 6 (16).



Formosa Chemicals and Fibre Corporation and subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
For the nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Number of shares	Disposal (Note 3)		Gain (loss) on disposal	Balance as at September 30, 2021	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value		Number of shares	Amount
The Company	Formosa Resources Corporation	Investments accounted for using equity method	Formosa Resources Corporation	Related party	741,594,000	\$ 6,169,287	88,453,125	\$ 887,813	-	\$ -	\$ -	-	830,047,125	\$ 6,878,916
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	Financial assets at fair value through other comprehensive income - non-current	-	-	15,957,600	142,352	-	-	12,466,000	2,012,113	521,532	Note 5	3,491,600	375,347

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach \$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital level shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The amount of gains or losses on disposal which are reclassified as retained earnings is \$1,483,692.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Acquisition of Individual Real Estate at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital  
For the nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Formosa Biomedical Technology Corp.	Land on Land No. 562, Subsection 2, Fulin Sec., Shilin Dist., Taipei City and 2 units and 9 indoor parking spaces on No. 518, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	Note	\$ 508,800	paid	Natural person	-	-	-	\$ -	Bargaining	In consideration of future operational development needs	-	

Note: On April 28, 2021, the Board of Directors resolved to acquire the asset, and the price of the asset was paid in September, 2021 .

Formosa Chemicals and Fibre Corporation and subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions ( Note 1 )		Notes/accounts receivable (payable)		Footnote (Note 1 )	
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
The Company	Formosa Plastics Corp.	Other related party	Sales	(\$ 1,954,765)	( 1)	30 days	\$ -	-	\$ 253,065	1	-	
The Company	Nan Ya Plastics Corp.	Other related party	Sales	( 22,219,376)	( 12)	30 days	-	-	2,406,989	10	-	
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	( 993,421)	( 1)	60 days	-	-	Notes receivable Accounts receivable	214,985 146,591	49 1	- -
The Company	Formosa Taffeta (Dong Nai) Corp.	Subsidiary	Sales	( 322,892)	-	60 days	-	-	70,017	-	-	
The Company	Formosa Petrochemical Corp.	Associate	Sales	( 21,347,318)	( 12)	30 days	-	-	2,988,831	13	-	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary	Sales	( 23,860,407)	( 13)	90 days	-	-	7,970,362	34	-	
The Company	Formosa Industries Corp.	Subsidiary	Sales	( 2,901,644)	( 2)	30 days	-	-	574,528	2	-	
The Company	PFG Fiber Glass Corp.	Other related party	Sales	( 359,925)	-	30 days	-	-	48,066	-	-	
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	( 13,380,922)	( 7)	30 days	-	-	570,409	2	-	
The Company	Formosa Plastics Corp., U.S.A.	Other related party	Sales	( 1,313,437)	( 1)	30 days	-	-	392,541	2	-	
The Company	Formosa Plastics Corp.	Other related party	Purchases	4,956,214	3	30 days	-	-	( 483,959)	( 3)	-	
The Company	Nan Ya Plastics Corp.	Other related party	Purchases	10,582,690	7	30 days	-	-	( 163,350)	( 1)	-	
The Company	Formosa Petrochemical Corp.	Associate	Purchases	102,209,004	69	30 days	-	-	( 13,170,505)	( 73)	-	
Formosa Biomedical Technology Corp.	Nan Ya Technology Corp.	Other related party	Sales	( 154,441)	( 8)	30 days	-	-	317	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions ( Note 1 )		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term			Balance
Formosa INEOS Chemicals Corp.	The Company	Parent company	Sales	(\$ 1,172,985)	( 18)	30 days	\$ -	-	\$ 115,102	13	-
Formosa INEOS Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Associate	Sales	( 274,092)	( 4)	90 days after shipped	-	-	221,980	25	-
Formosa INEOS Chemicals Corp.	Nan Ya Plastics Corp.	Other related party	Sales	( 181,385)	( 3)	30 days	-	-	23,502	3	-
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associate	Sales	( 496,931)	( 8)	30 days	-	-	3,771	-	-
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associate	Purchases	1,564,945	55	45 days	-	-	( 47,714)	( 61)	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associate	Sales	( 2,379,714)	( 53)	30 days	-	-	442,965	63	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related party	Sales	( 1,579,240)	( 35)	30 days	-	-	208,099	29	-
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related party	Sales	( 350,943)	( 8)	30 days	-	-	43,059	6	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related party	Sales	( 5,458,099)	( 8)	90 days	-	-	739,448	5	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related party	Purchases	1,586,353	3	90 days	-	-	( 326,973)	( 3)	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associate	Purchases	1,857,475	3	90 days	-	-	( 516,472)	( 4)	-
Formosa Industries Corp.	The Company	Parent company	Sales	( 863,139)	( 5)	60 days	-	-	211,242	7	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related party	Sales	( 375,382)	( 2)	30 days	-	-	57,260	2	-
Formosa Industries Corp.	Formosa Taffeta (Zhongshan) Corp.	Associate	Sales	( 117,508)	( 1)	90 days	-	-	70,931	2	-
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Corp.	Associate	Sales	( 466,656)	( 2)	60 days	-	-	122,723	4	-
Formosa Industries Corp.	Formosa Taffeta (Long An) Corp.	Associate	Sales	( 198,344)	( 1)	60 days	-	-	50,812	2	-

Table 6, Page 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions ( Note 1 )		Notes/accounts receivable (payable)			Footnote (Note 1)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Industries Corp.	Formosa Plastics Corp.	Other related party	Purchases	\$ 320,105	2	30 days	\$ -	-	(\$ 28,857) ( 2)	-	
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related party	Purchases	1,757,260	11	30 days	-	-	( 238,680) ( 14)	-	
Formosa Industries Corp.	Nan Ya Draw-Textured Yarn(Kunshan)Co.,Ltd.	Other related party	Purchases	297,685	2	60 days	-	-	( 89,579) ( 5)	-	
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	( 2,745,458) ( 19)	30 days	-	-	232,088	20	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associate	Sales	( 361,728) ( 2)	30 days after closing date	-	-	55,930	5	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associate	Sales	( 686,871) ( 5)	30 days after closing date	-	-	148,239	13	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associate	Sales	( 831,325) ( 6)	30 days after closing date	-	-	149,996	13	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associate	Sales	( 732,210) ( 5)	30 days after closing date	-	-	138,594	12	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (U.S.A.) Co., Ltd.	Associate	Sales	( 190,386) ( 1)	30 days after closing date	-	-	25,830	2	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Southeast Asia Pte Ltd.	Associate	Sales	( 101,524) ( 1)	30 days after closing date	-	-	14,585	1	-	
Formosa Taffeta Co., Ltd.	Kuang Yueh Enterprise Co., Ltd.	Associate	Sales	( 268,383) ( 1)	Pay by mail transfer 60 days after delivery	-	-	18,347	1	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Corp.	Associate	Sales	( 154,337) ( 1)	60 days after monthly billings	-	-	73,735	3	-	
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related party	Sales	( 139,568) ( 1)	Pay 120 days after delivery	-	-	49,945	2	-	
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related party	Purchases	6,938,048	30	Pay every 15 days by mail transfer	-	-	( 460,703) ( 35)	-	
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related party	Purchases	555,045	2	Pay by mail transfer on the 15th of the following month	-	-	( 42,877) ( 3)	-	

Table 6, Page 3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions ( Note 1 )		Notes/accounts receivable (payable)		Footnote (Note 1)
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related party	Purchases	\$ 147,210	1	\$ -	-	(\$ 17,746)	( 1)	-	
							Pay by mail transfer on the 15th of the following month				
Formosa Taffeta (Changshu) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related party	Sales	( 113,362)	11	-	-	5,984	4	-	
							Pay by mail transfer 60 days after delivery				
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associate	Sales	( 277,939)	( 22)	-	-	147,040	49	-	
							60 days after monthly billings				
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associate	Sales	( 239,132)	( 7)	-	-	107,252	12	-	
							60 days after monthly billings				
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related party	Sales	( 141,642)	( 4)	-	-	9,161	1	-	
							60 days after monthly billings				
Formosa Taffeta (Dong Nai) Co., Ltd.	Nan Ya Plastics Corp.	Other related party	Purchases	121,255	7	-	-	( 33,951)	( 9)	-	
							60 days after monthly billings				
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp.	Associate	Purchases	181,360	19	-	-	( 16,298)	( 17)	-	
							60 days after monthly billings				

Note 1: The disclosed transaction is the revenue side and related transactions are no longer disclosed.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts		
			(Note 1)			Amount	Action taken				
The Company	Formosa Plastics Corp.	Other related party	\$	253,065	9.59	\$	-	\$	253,065	\$	-
The Company	Nan Ya Plastics Corp.	Other related party		2,406,989	13.05		-		2,406,989		-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary		Notes receivable	4.12		-		1,478		-
				Accounts receivable			-		92,700		-
The Company	Formosa Petrochemical Corp.	Associate		Accounts receivable	12.18		-		2,988,831		-
				Other receivables			-		5,154		-
The Company	Formosa Industries Corp.	Subsidiary		574,528	8.59		-		326,202		-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary		7,970,362	4.72		-		1,917,548		-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		570,409	14.57		-		570,409		-
The Company	Formosa Plastic Corp. U.S.A.	Associate		392,541	7.40		-		142,679		-
Formosa INEOS Chemicals Corp.	The Company	Parent company		115,102	12.65		-		105,803		-
Formosa INEOS Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Associate		221,980	1.30		-		-		-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associate		138,594	7.98		-		125,720		-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company		232,088	13.58		-		232,088		-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associate		149,996	10.72		-		74,105		-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associate		148,239	8.30		-		148,239		-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associate		442,965	9.04		-		442,756		-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related party		208,099	10.00		-		207,734		-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related party		739,448	11.66		-		739,448		-
Formosa Industries Corp.	The Company	Parent company		211,242	8.69		-		98,096		-

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021 ( Note 1 )	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Co., Ltd.	Associate	\$ 122,723	5.39	\$ -	-	\$ 38,404	\$ -
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associate	147,040	3.00	-	-	31,677	-
Formosa Taffeta (Dong Nai) Corp.	Formosa Taffeta (Vietnam) Co., Ltd.	Associate	107,252	4.38			20,860	

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.



Formosa Chemicals and Fibre Corporation and subsidiaries  
 Significant inter-company transactions during the reporting period  
 For the nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	(\$ 23,860,407)	In regular terms	(9)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	( 13,380,922)	In regular terms	(5)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: If the transaction amount in this sheet reaches 3% of consolidated operating income or total assets, it is considered material.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Information on investees (Excluding those in Mainland China)  
For the nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 5,549	\$ 5,549	1,728,000	86.40	\$ 738,754	\$ -	\$ -	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	23,542,436	1,786,051	656,562	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	656,528,807	32.91	7,831,656	415,055	136,797	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	62,699	(43,626)	(14,541)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	299,272	299,272	6,566,384	33.33	1,244,452	203,384	67,788	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	83,685,737	41,795,832	10,102,794	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	764,201,101	24.94	12,566,677	901,022	224,745	-
The Company	FCFC Investment Corp. (Cayman Islands)	Cayman Islands	Investments	34,012,602	34,012,602	56,000	100.00	66,535,441	6,682,996	6,682,996	-
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	Management	340	340	33,000	33.00	3,032	10	3	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	370,561	370,561	21,163,000	51.00	333,873	(12,775)	(6,516)	-
The Company	Formosa Idemitsu Petrochemical Corp.	Taiwan	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999	60,000,000	50.00	1,697,568	923,365	461,348	-
The Company	Formosa Industries Corp., Vietnam	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	7,305,969	1,360,311	578,131	-
The Company	Formosa INEOS Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	1,201,500	1,201,500	120,150,000	50.00	2,694,066	2,463,750	1,213,560	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposal of wastes and sewage	417,145	417,145	41,714,475	24.34	228,982	6,705	1,631	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	3,968,532	176,097	153,343	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Formosa FCFC Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	\$ 300,000	\$ 300,000	22,037,185	100.00	\$ 191,302	(\$ 6,093)	(\$ 6,094)	-
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Manufacturing of synthetic rubber	4,214,914	4,214,914	138,333,334	33.34	2,174,440	( 384,427)	( 128,167)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	8,303,053	7,415,940	830,047,125	25.00	6,878,916	127,743	28,654	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	12,500	25.00	656,844	89,605	22,401	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	600,000	600,000	60,000,000	33.33	601,714	40,106	13,366	-
The Company	FG INC.	United States	Investments	3,413,031	3,413,031	6,000	30.00	3,014,626	( 95,645)	( 29,766)	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	29,959,815	29,959,815	-	100.00	50,717,689	6,586,947	6,586,947	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	94,915	1,083	587	-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	476,196	476,196	27,336,218	71.00	597,894	80,635	57,251	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	1,365	1,179	1,179	-
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd.	Taiwan	1.Industrial Catalyst Manufacturing 2.Wholesale of Other Chemical Products	7,650	7,650	765,001	57.00	18,571	13,796	7,864	-
Formosa Biomedical Technology Corp.	Formosa Bio& Energy Crop. (Japan)	Japan	Manufacturing and sale of battery energy storage systems and related products	5,018	5,018	18,105	51.00	4,009	( 266)	( 135)	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	\$ 114,912	\$ 114,912	16,100,000	100.00	\$ 186,953	(\$ 14,194)	(\$ 16,387)	-
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	1,762,711	1,762,711	135,686,472	30.68	5,007,617	1,133,452	347,744	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,193,098	27,343	27,343	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yam and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	2,125,230	52,531	52,531	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	213,771	213,771	18,595,352	17.99	1,231,885	505,896	125,929	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,590,434	2,590,434	-	100.00	2,460,963	253,966	253,966	-
Formosa Taffeta Co., Ltd.	Formosa Industries Corp., Ltd.	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	1,834,467	1,360,311	136,031	-
Formosa Taffeta Co., Ltd.	Schoeller Textil AG	Switzerland	Textile R&D, production and sales	1,285,507	1,285,507	21,874	50.00	1,054,827	( 285,588)	( 142,794)	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Formosa Taffeta Co., Ltd.	Nan Ya Optical Corp.	Taiwan	LED lighting system, lighting piping engineering design planning, manufacturing and installation	\$ 263,327	\$ 263,327	7,013,871	15.22	\$ 216,270	\$ 67,948	\$ 10,339	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	17,331	1,133,452	1,262	-
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	5,000	-	100.00	12,776	4,520	4,520	-
Public More Internation Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	1,069	1,069	10,000	0.01	1,060	505,896	63	-

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the nine-month period ended September 30, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

## Formosa Chemicals and Fibre Corporation and subsidiaries

## Information on investments in Mainland China

For the nine-month period ended September 30, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	\$ 4,834,511	1	\$ 4,051,414	\$ -	\$ -	\$ 4,051,414	\$ 96,049	100.00	\$ 96,049	\$ 15,915,238	\$ -	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	35,575,404	1	29,959,815	-	-	29,959,815	6,586,946	100.00	6,586,946	50,717,689	-	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	12,777,478	4	4,163,050	-	-	4,163,050	( 384,427)	33.33	( 128,169)	2,174,440	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	1	29,610	-	-	29,610	1,179	100.00	1,179	1,365	-	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	99,896	100.00	99,896	1,861,537	43,914	3
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2	1,334,739	-	-	1,334,739	26,963	100.00	26,963	1,082,489	-	4

Formosa Chemicals and Fibre Corporation and subsidiaries

Information on investments in Mainland China

For the nine-month period ended September 30, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	September 30, 2021	September 30, 2021	Company	ended September 30, 2021	30, 2021	30, 2021		
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	\$ 70,788	2	\$ -	\$ -	\$ -	\$ -	(\$ 366)	40.78	(\$ 149)	\$ 15,962	\$ -	5

Note 1: Investment methods are classified into the following three categories.

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

(4) Formosa Power (Ningbo) Co., Ltd. is an investee company in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman).

Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. were investee companies in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). After share structure adjustment in 2008 and 2014, the parent company of the 4 investees became Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. is a wholly-owned subsidiary through reinvestment of FCFC Investment Corp. (Cayman).

The Company reorganised its investment structure through a merger of 4 investees in Mainland China, namely, Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. After the effective date of January 2, 2018, Formosa Chemicals Industries (Ningbo) Co., Ltd. was the surviving entity. The proposal had been resolved by Board of Directors on November 4, 2016.

Formosa Synthetic Rubber (Ningbo) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Synthetic Rubber (Hong Kong) Co., Ltd..

Formosa Biomedical Trading (Shanghai) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Biomedical (Samoa) Co., Ltd..

Formosa Taffeta (Changshu) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Taffeta (Hong Kong) Co., Ltd..

The Company is the surviving company after the consolidation of Changshu Yu Yuan Development Co., Ltd. and Changshu Fushun Enterprise Management Co., Ltd. Its paid-in capital is RMB\$13,592,920.

Note 2: The investment income (loss) recognised in the current period was based on the financial statements that were not reviewed by the independent auditors, except for Formosa Chemicals Industries (Ningbo) Co., Ltd. whose financial statements were reviewed by the parent company's CPA.

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2021 and September 30, 2021 all amount to US\$46,400,000. (The remittance of US\$46,388,800 and the capitalised value of machinery and equipment of US\$11,200)

Note 4: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2021 and September 30, 2021 all amount to US\$42,000,000. In order to effectively utilise the residential land of the Company, Formosa Chemicals & Fibre Co. split the residential land and established Changshu Fushun Enterprise Management Co., Ltd. by capitalizing the residential land in the first quarter, 2015.

Formosa Chemicals & Fibre Co. reduced the capital of Formosa Taffeta (Changshu) Co., Ltd. by US\$900,000, so the Company's paid-in capital amounts to \$41,100,000.

Note 5: The Company is the surviving company after the merger with Changshu Yu Yuan Development Co., Ltd. in the third quarter, 2015. The paid-in capital of the Company is RMB\$13,592,920.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 38,174,279	\$ 39,670,874	Note

Note: Corporations that are qualified with operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C.

Formosa Chemicals and Fibre Corporation and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2021

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest for the nine-month period ended	
	Amount	%	Amount	%	Balance at September 30, 2021	%	Balance at September 30, 2021	Purpose	Maximum balance for the nine-month period ended September 30, 2021	Balance at September 30, 2021	Interest rate	September 30, 2021	Others
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 5,359	0.03	\$ -	-	\$ 764	0.04	\$ 919,050	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-
Formosa Taffeta (Changshu) Co., Ltd.	17,668	0.10	-	-	2,436	0.12	1,531,750	For short-term loans from financial institutions	-	-	-	-	-



Formosa Chemicals and Fibre Corporation and subsidiaries  
Information on Major Shareholders  
For the nine-month period ended September 30, 2021

Table 12

Expressed in thousands of NTD  
(Except as otherwise indicated)

Name of Major Shareholder	Number of Shares	Ownership (%)
Chang Gung Medical Foundation	1,089,142,009	18.58%
Qin's International Investment Holdings Ltd.	371,938,814	6.35%