

**FORMOSA CHEMICALS & FIBRE  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2020 AND 2019**

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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

PWCR20000120

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, 2020 and 2019, 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(6), 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\$96,007,777 thousand and NT\$110,397,412 thousand, both constituting 20% of the consolidated total assets, and total liabilities of NT\$16,777,542 thousand and NT\$21,084,709 thousand, constituting 12% and 15% of the consolidated total liabilities as at September 30, 2020 and 2019, 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\$1,629,752 thousand, NT\$280,661 thousand, and NT\$412,548, NT\$2,213,743, constituting 66%, (4%) and (1%), 11% 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, 2020 and 2019, 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\$67,095,139 thousand and NT\$78,227,504 thousand, both constituting 14% of the consolidated total assets as at September 30, 2020 and 2019, respectively, and share of profit of associates and joint ventures accounted for using the equity method amounted to NT\$2,669,151 thousand, NT\$2,119,346 thousand, (NT\$5,689,245) thousand, and NT\$7,787,499 thousand, constituting 107%, (31%), 15% and 39% 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 financial statements is based solely on the review reports of other independent auditors.

Wu, Han-Chi

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 6, 2020

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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 report of independent accountants 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, 2020 and 2019 are reviewed, not audited)

Assets			September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 17,561,979	4	\$ 15,099,252	3	\$ 12,798,991	2
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		3,963,442	1	4,044,087	1	4,143,323	1
1120	Current financial assets at fair	6(3)						
	value through other							
	comprehensive income		85,003,611	17	110,143,905	20	106,910,416	20
1140	Current contract assets	6(19)	-	-	-	-	1,292,107	-
1150	Notes receivable, net	6(4)	8,581,609	2	6,898,955	1	7,455,205	1
1160	Notes receivable - related	6(4) and 7						
	parties		10,266	-	6,395	-	3,705	-
1170	Accounts receivable, net	6(4)	12,924,182	3	16,050,769	3	18,383,105	3
1180	Accounts receivable - related	6(4) and 7						
	parties		4,905,143	1	5,137,355	1	6,008,861	1
1200	Other receivables	7	4,181,934	1	7,781,218	1	7,032,409	1
1210	Other receivables - related	7						
	parties		7,381,240	1	12,798,836	2	10,021,916	2
130X	Inventory	6(5)	33,154,437	7	41,269,264	8	40,648,552	8
1470	Other current assets	7	11,128,281	2	6,952,598	1	10,257,036	2
11XX	Total current assets		188,796,124	39	226,182,634	41	224,955,626	41
Non-current assets								
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		51,554,421	10	67,540,577	12	70,171,627	13
1550	Investments accounted for	6(6)						
	under equity method		107,197,042	22	118,395,626	22	113,658,979	21
1600	Property, plant and equipment	6(7) and 7	126,923,908	26	124,671,052	23	129,412,168	23
1755	Right-of-use assets	6(8)	1,560,778	-	1,645,199	-	1,685,711	-
1780	Intangible assets		3,490	-	1,288	-	1,378	-
1840	Deferred income tax assets	6(26)	2,807,390	1	2,447,969	-	2,071,288	-
1900	Other non-current assets		9,531,815	2	9,664,672	2	9,097,781	2
15XX	Total non-current assets		299,578,844	61	324,366,383	59	326,098,932	59
1XXX	Total assets		\$ 488,374,968	100	\$ 550,549,017	100	\$ 551,054,558	100

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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, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(10)	\$ 28,894,226	6	\$ 32,369,623	6	\$ 28,387,203	5
2110	Short-term notes and bills payable	6(10)	16,391,881	3	14,396,370	3	12,596,923	2
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	80	-	448	-
2150	Notes payable		192,818	-	225,514	-	182,298	-
2170	Accounts payable		5,929,608	1	6,363,844	1	8,031,001	2
2180	Accounts payable - related parties	7	8,805,400	2	11,377,993	2	8,352,715	2
2200	Other payables	7	7,877,538	2	9,603,144	2	9,539,034	2
2220	Other payables - related parties	7	520,582	-	-	-	-	-
2230	Current income tax liabilities		800,178	-	1,156,151	-	1,504,923	-
2280	Current lease liabilities		158,749	-	158,053	-	158,321	-
2320	Long-term liabilities, current portion	6(12)(13)	903,855	-	6,687,482	1	8,059,709	1
2399	Other current liabilities		5,438,584	1	4,794,415	1	5,371,222	1
21XX	<b>Total current liabilities</b>		<u>75,913,419</u>	<u>15</u>	<u>87,132,669</u>	<u>16</u>	<u>82,183,797</u>	<u>15</u>
	<b>Non-current liabilities</b>							
2530	Corporate bonds payable	6(12)	42,100,000	9	32,100,000	6	32,100,000	6
2540	Long-term borrowings	6(13)	17,029,370	4	14,114,083	3	17,414,086	3
2570	Deferred income tax liabilities	6(26)	421,568	-	426,880	-	355,936	-
2580	Non-current lease liabilities		696,804	-	750,716	-	767,947	-
2600	Other non-current liabilities		5,961,813	1	6,733,706	1	6,727,185	1
25XX	<b>Total non-current liabilities</b>		<u>66,209,555</u>	<u>14</u>	<u>54,125,385</u>	<u>10</u>	<u>57,365,154</u>	<u>10</u>
2XXX	<b>Total liabilities</b>		<u>142,122,974</u>	<u>29</u>	<u>141,258,054</u>	<u>26</u>	<u>139,548,951</u>	<u>25</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital	6(15)						
3110	Common stock		58,611,863	12	58,611,863	11	58,611,863	11
	Capital surplus	6(16)						
3200	Capital surplus		9,166,940	2	9,138,869	2	9,133,360	1
	Retained earnings	6(17)						
3310	Legal reserve		64,335,076	13	61,364,852	11	61,364,852	11
3320	Special reserve		66,328,339	14	60,171,925	11	60,171,925	11
3350	Unappropriated retained earnings		43,250,336	9	64,990,184	12	62,740,625	11
	Other equity interest	6(18)						
3400	Other equity interest		59,325,033	12	102,560,930	18	101,511,710	19
3500	Treasury stocks	6(15)	( 323,952)	-	( 323,952)	-	( 563,524)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>300,693,635</u>	<u>62</u>	<u>356,514,671</u>	<u>65</u>	<u>352,970,811</u>	<u>64</u>
36XX	Non-controlling interest		<u>45,558,359</u>	<u>9</u>	<u>52,776,292</u>	<u>9</u>	<u>58,534,796</u>	<u>11</u>
3XXX	<b>Total equity</b>		<u>346,251,994</u>	<u>71</u>	<u>409,290,963</u>	<u>74</u>	<u>411,505,607</u>	<u>75</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 488,374,968</u>	<u>100</u>	<u>\$ 550,549,017</u>	<u>100</u>	<u>\$ 551,054,558</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)

			For the three-month periods ended September 30				For the nine-month periods ended September 30				
			2020		2019		2020		2019		
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Items	Notes										
4000	Operating revenue	6(19) and 7	\$ 60,152,510	100	\$ 75,387,875	100	\$ 180,584,409	100	\$ 244,186,109	100	
5000	Operating costs	6(5)(14)(24)(25) and 7	( 51,556,923) ( 86)		( 69,314,238) ( 92)		( 164,348,016) ( 91)		( 217,310,692) ( 89)		
5900	Net operating margin		8,595,587	14	6,073,637	8	16,236,393	9	26,875,417	11	
	Operating expenses	6(14)(24)(25) and 7									
6100	Selling expenses		( 2,128,155) ( 4)		( 2,354,104) ( 3)		( 6,399,873) ( 4)		( 7,042,991) ( 3)		
6200	General and administrative expenses		( 1,353,159) ( 2)		( 1,571,666) ( 2)		( 4,099,527) ( 2)		( 4,560,613) ( 2)		
6000	Total operating expenses		( 3,481,314) ( 6)		( 3,925,770) ( 5)		( 10,499,400) ( 6)		( 11,603,604) ( 5)		
6900	Operating profit		5,114,273	8	2,147,867	3	5,736,993	3	15,271,813	6	
	Non-operating income and expenses										
7100	Interest income	6(20)	135,557	-	90,155	-	323,551	-	328,022	-	
7010	Other income	6(21) and 7	4,313,477	7	8,348,529	11	5,927,089	3	10,718,200	4	
7020	Other gains and losses	6(22)	420,899	1	( 148,707)	-	127,109	-	369,109	-	
7050	Finance costs	6(7)(23) and 7	( 309,389)	-	( 464,163) ( 1)		( 1,069,198)	-	( 1,461,703)	-	
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)	4,460,955	7	3,452,477	5	978,454	1	7,671,883	3	
7000	Total non-operating income and expenses		9,021,499	15	11,278,291	15	6,287,005	4	17,625,511	7	
7900	Profit before income tax		14,135,772	23	13,426,158	18	12,023,998	7	32,897,324	13	
7950	Income tax expense	6(26)	( 608,712) ( 1)		( 343,349) ( 1)		( 1,027,252) ( 1)		( 3,513,913) ( 1)		
8000	Profit for the period from continuing operations		13,527,060	22	13,082,809	17	10,996,746	6	29,383,411	12	
8100	Profit (loss) from discontinued operations	6(9)	-	-	356,294	1	( 484)	-	957,739	-	
8200	Profit for the period		\$ 13,527,060	22	\$ 13,439,103	18	\$ 10,996,262	6	\$ 30,341,150	12	

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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			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (net)</b>	6(18)(26)								
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316 Unrealised loss on financial assets measured at fair value through other comprehensive income		( \$ 10,686,442 )	( 17 )	( \$ 17,888,903 )	( 24 )	( \$ 40,448,352 )	( 22 )	( \$ 10,389,497 )	( 4 )
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		( 487,944 )	( 1 )	( 1,187,762 )	( 1 )	( 6,221,652 )	( 4 )	180,665	-
8310 <b>Other comprehensive loss that will not be reclassified to profit or loss</b>		( 11,174,386 )	( 18 )	( 19,076,665 )	( 25 )	( 46,670,004 )	( 26 )	( 10,208,832 )	( 4 )
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations		362,990	1	( 1,558,862 )	( 2 )	( 2,075,555 )	( 1 )	( 747,425 )	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		( 417,957 )	( 1 )	47,227	-	( 679,238 )	-	213,512	-
8399 Income tax relating to the components of other comprehensive income		186,284	-	308,560	-	591,659	-	179,386	-
8360 <b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>		131,317	-	( 1,203,075 )	( 2 )	( 2,163,134 )	( 1 )	( 354,527 )	-
8300 <b>Total other comprehensive loss for the period</b>		( \$ 11,043,069 )	( 18 )	( \$ 20,279,740 )	( 27 )	( \$ 48,833,138 )	( 27 )	( \$ 10,563,359 )	( 4 )
8500 <b>Total comprehensive income (loss) for the period</b>		<u>\$ 2,483,991</u>	<u>4</u>	<u>( \$ 6,840,637 )</u>	<u>( 9 )</u>	<u>( \$ 37,836,876 )</u>	<u>( 21 )</u>	<u>\$ 19,777,791</u>	<u>8</u>
Net income attributable to:									
8610 Owners of the parent		\$ 13,246,826	22	\$ 12,681,013	17	\$ 9,779,725	5	\$ 26,994,816	11
8620 Non-controlling interest		280,234	-	758,090	1	1,216,537	1	3,346,334	1
		<u>\$ 13,527,060</u>	<u>22</u>	<u>\$ 13,439,103</u>	<u>18</u>	<u>\$ 10,996,262</u>	<u>6</u>	<u>\$ 30,341,150</u>	<u>12</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 4,454,136	7	( \$ 4,121,520 )	( 5 )	( \$ 33,572,217 )	( 19 )	\$ 19,569,023	8
8720 Non-controlling interest		( 1,970,145 )	( 3 )	( 2,719,117 )	( 4 )	( 4,264,659 )	( 2 )	208,768	-
		<u>\$ 2,483,991</u>	<u>4</u>	<u>( \$ 6,840,637 )</u>	<u>( 9 )</u>	<u>( \$ 37,836,876 )</u>	<u>( 21 )</u>	<u>\$ 19,777,791</u>	<u>8</u>
		Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
<b>Basic earnings per share</b>	6(27)								
9710 Profit (loss) for the period from continuing operations		\$ 2.42	\$ 2.31	\$ 2.38	\$ 2.30	\$ 2.06	\$ 1.88	\$ 5.85	\$ 5.20
9710 Profit (loss) for the period from discontinuing operations		0.00	0.00	0.07	0.07	( 0.00 )	( 0.00 )	0.21	0.17
9720 Non-controlling interest		0.14	0.05	0.20	0.12	0.37	0.21	0.82	0.57
9750 <b>Profit (loss) attributable to common shareholders of the parent</b>		<u>\$ 2.28</u>	<u>\$ 2.26</u>	<u>\$ 2.11</u>	<u>\$ 2.11</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>	<u>\$ 4.82</u>	<u>\$ 4.46</u>
<b>Assuming shares held by subsidiary are not deemed as treasury stock:</b>									
Profit (loss) for the period from continuing operations		\$ 2.41	\$ 2.31	\$ 2.35	\$ 2.29	\$ 2.05	\$ 1.88	\$ 5.81	\$ 5.17
Profit (loss) for the period from discontinuing operations		0.00	0.00	0.07	0.07	( 0.00 )	( 0.00 )	0.20	0.17
Non-controlling interest		0.13	0.05	0.18	0.12	0.36	0.21	0.81	0.56
<b>Profit (loss) attributable to common shareholders of the parent</b>		<u>\$ 2.28</u>	<u>\$ 2.26</u>	<u>\$ 2.10</u>	<u>\$ 2.10</u>	<u>\$ 1.69</u>	<u>\$ 1.67</u>	<u>\$ 4.80</u>	<u>\$ 4.44</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													
	Retained Earnings					Other Equity Interest							

(Continued)

**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												
	Retained Earnings					Other Equity Interest						
		Total capital surplus, additional paid-in capital				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	Treasury stocks	Total	Non-controlling interest	Total equity
Notes	Common stock		Legal reserve	Special reserve	Unappropriated retained earnings							
<u>For the nine-month period ended September 30, 2020</u>												
Balance at January 1, 2020	\$ 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
Profit for the period	-	-	-	-	9,779,725	-	-	-	-	9,779,725	1,216,537	10,996,262
Other comprehensive income (loss) for the period	6(18)	-	-	-	-	( 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(17)	-	-	-	-	-	-	-	-	-	-	-
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(16)	-	4,570	-	( 89,268)	-	84,886	-	-	188	-	188
Cash dividends reclassified to capital surplus	6(16)	-	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(16)	-	( 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

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 UNAUDITED)

		For the nine-month periods ended September 30	
	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit from continuing operations before tax		\$ 12,023,998	\$ 32,897,324
(Loss) profit from discontinued operations before tax	6(9)	( 484 )	1,220,666
Profit before tax		12,023,514	34,117,990
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(24)	10,040,174	11,216,836
Amortisation	6(24)	2,705,605	2,663,826
Expected credit loss	6(4)	-	40,437
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	6(22)	80,565 (	128,170 )
Interest expense	6(23)	1,069,198	1,465,925
Interest income	6(20)	( 323,623 ) (	337,189 )
Dividend income	6(21)	( 5,113,321 ) (	10,027,079 )
Gain on disposal of discontinued operations	6(9)	( 165 )	-
Share of profit or loss of associates accounted for using the equity method		( 978,454 ) (	7,671,883 )
Gain on disposal and scrap of property, plant and equipment	6(22)	( 843,925 ) (	14,163 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		- (	503,464 )
Notes receivable		( 1,682,654 )	7,631,571
Notes receivable - related parties		( 3,871 )	724
Accounts receivable		3,137,203	2,496,666
Accounts receivable - related parties		232,212	2,462,634
Other receivables		3,638,604	1,151,772
Inventories		8,114,827	1,756,623
Other current assets		( 4,154,125 ) (	2,944,575 )
Changes in operating liabilities			
Notes payable		( 32,696 ) (	73,282 )
Accounts payable		( 438,018 )	2,114,071
Accounts payable - related parties		( 2,572,593 ) (	7,545,386 )
Other payables		( 1,297,422 ) (	1,907,185 )
Other current liabilities		621,935 (	520,723 )
Accrued pension liabilities		( 814,712 ) (	334,878 )
Cash inflow generated from operations		23,408,258	35,111,098
Interest received		294,425	364,544
Dividends received		12,250,011	21,210,655
Interest paid		( 1,174,051 ) (	1,562,944 )
Income tax paid		( 1,162,843 ) (	6,861,954 )
Net cash flows from operating activities		33,615,800	48,261,399

(Continued)

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

	Notes	For the nine-month periods ended September 30	
		2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in other receivables - related parties		\$ 5,417,596	\$ 1,354,886
Acquisition of financial assets at fair value through profit or loss		-	( 300,000 )
Acquisition of financial assets at fair value through other comprehensive income		( 55,400 )	( 254,504 )
Proceeds from disposal of financial assets at fair value through profit or loss		-	780,875
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		518	445
Acquisition of investments accounted for under the equity method		( 2,164,942 )	( 2,333,580 )
Net cash flows used in acquisition of ownership interests in subsidiaries	6(28)	( 66,160 )	-
Net cash flows used in disposal of subsidiaries	6(29)	( 23,556 )	-
Acquisition of property, plant and equipment	6(29)	( 12,812,905 )	( 12,555,298 )
Proceeds from disposal of property, plant and equipment		898,754	75,408
Acquisition of intangible assets		( 2,614 )	( 1,051 )
Increase in non-current assets		( 2,782,403 )	( 4,219,705 )
Net cash flows used in investing activities		( 11,578,612 )	( 17,452,524 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings		( 3,475,397 )	( 3,560,838 )
Increase in short-term notes and bills payable		1,995,511	106,380
Increase in other payables - related parties		520,582	-
Increase in corporate bonds payable		10,000,000	7,000,000
Payment of corporate bonds payable		( 2,750,000 )	( 4,250,000 )
Increase in long-term borrowings		12,512,224	13,661,266
Payment of long-term borrowings		( 12,405,166 )	( 19,916,277 )
Payment of lease liabilities		( 133,899 )	( 103,131 )
Increase in other non-current liabilities		42,651	72,226
Payment of cash dividends	6(29)	( 22,269,983 )	( 36,333,140 )
Payment of cash dividends - non-controlling interest		( 3,235,676 )	( 5,191,234 )
Payment of expired cash dividends reclassified to capital surplus		( 250 )	( 67 )
Net cash flows used in financing activities		( 19,199,403 )	( 48,514,815 )
Effect of foreign exchange translations		( 375,058 )	( 704,878 )
Net increase (decrease) in cash and cash equivalents		2,462,727	( 18,410,818 )
Cash and cash equivalents at beginning of period		15,099,252	31,209,809
Cash and cash equivalents at end of period		<u>\$ 17,561,979</u>	<u>\$ 12,798,991</u>

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, 2020 AND 2019  
(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 6, 2020.

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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, 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 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

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 3, 'Reference to the conceptual framework'	January 1, 2022
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 noncurrent'	January 1, 2023
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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

Except for the following, 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. 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, 2020	December 31, 2019	September 30, 2019	
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	100.00	100.00	The Company holds more than 50% of voting rights. (Note 5)
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).

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Producing and marketing of PTA	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong).
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)
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)
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd.	Investment	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 5)
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd.	Manufacturing industrial catalyst and wholesale of other chemical products	57.00	57.00	57.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 5)
Formosa Biomedical Technology Corp.	Formosa Bio & Energy Corp. (Japan)	Investing	51.00	-	-	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 4)
Formosa Biomedical Technology (SAMOA) Co., Ltd.	Formosa Biomedical Trading (Shanghai) Co., Ltd.	Importing, exporting and wholesale of healthy food	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights through a 100% owned company - Formosa Biomedical Technology (SAMOA) Co., Ltd. (Note 5)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Tah Shin Spinning Corp.	Spinning	86.40	86.40	86.40	The Company holds more than 50% of voting rights. (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)
The Company	Formosa BP Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary. (Note 5)
The Company	Chia-Nan Enterprise Corp.	Hydropower	51.00	30.00	30.00	The Company holds more than 50% of voting rights. (Note 1 and 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.
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	30.68	30.68	46.68	Formosa Taffeta Co., Ltd. has substantial control and thus regards Formosa Advanced Technologies Co., Ltd. as a subsidiary. (Note 2)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Production of cotton, Terylene greige cloth, coloured cloth and textured processing yarn 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 (Vietnam) Co., Ltd.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	100.00	100.00	100.00	The Company and Formosa Taffeta Co., Ltd. hold more than 50% of voting rights. (Note 5)
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	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 (Hong Kong) Co., Ltd.	Sale of Nylon and Polyamine fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 5)
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric of 3XDRY, Nanosphere, Keptec, Dynatec, Spirit and Reflex	-	50.00	50.00	Formosa Taffeta Co., Ltd. has substantial control and thus regards Schoeller F.T.C. (Hong Kong) Co., Ltd. as a subsidiary. (Note 3 and Note 5)
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise export processing, warehousing and design and drawing of black and white and colour graphs	-	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 4 and Note 5)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
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	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (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 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 2: On December 13, 2019, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co. On December 16, 2019, since Formosa Taffeta Co., Ltd. lost control over but maintained significant influence on Formosa Advanced Technologies Co. after the disposal, it was reclassified from a consolidated subsidiary to 'investments accounted for using equity method'. Details are provided in Note 6(6).

Note 3: On March 16, 2020, Formosa Taffeta Co., Ltd. resolved to dispose its equity interest in Schoeller F.T.C. (Hong Kong) Co., Ltd.

Note 4: Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. has completed liquidation in July 2020.

Note 5: The financial statements of the entity as of and for the nine-month periods ended September 31, 2020 and 2019 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, 2020, December 31, 2019, and September 30, 2019, the non-controlling interest amounted to \$45,558,359, \$52,776,292 and \$58,534,796, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		September 30, 2020		December 31, 2019		
		Amount	Ownership (%)	Amount	Ownership (%)	
Formosa Taffeta Co., Ltd.	Taiwan	\$ 33,247,152	62.60	\$ 40,054,780	62.60	-

Name of subsidiary	Principal place of business	Non-controlling interest		
		September 30, 2019		
		Amount	Ownership (%)	Description
Formosa Taffeta Co., Ltd.	Taiwan	\$ 39,655,101	62.60	-

Summarised financial information of the subsidiary:

Balance sheets

	Formosa Taffeta Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 14,773,756	\$ 17,512,757	\$ 23,685,647
Non-current assets	56,479,897	63,249,116	65,632,090
Current liabilities	( 7,440,996)	( 8,482,750)	( 10,217,287)
Non-current liabilities	( 10,478,117)	( 8,055,224)	( 9,609,259)
Total net assets	<u>\$ 53,334,540</u>	<u>\$ 64,223,899</u>	<u>\$ 69,491,191</u>

# Statements of comprehensive income

	Formosa Taffeta Co., Ltd.	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 6,595,319	\$ 8,854,922
Profit before income tax	145,209	487,694
Income tax benefit (expense)	6,601	( 58,558)
Profit for the period from continuing operations	151,810	429,136
Profit from discontinued operations	-	356,294
Profit for the period	151,810	785,430
Other comprehensive loss, net of tax	( 3,368,241)	( 5,552,323)
Total comprehensive loss for the period	(\$ 3,216,431)	(\$ 4,766,893)
Comprehensive income attributable to non-controlling interest	\$ -	\$ 92,643

	Formosa Taffeta Co., Ltd.	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 21,627,329	\$ 28,443,860
Profit before income tax	1,906,841	3,260,347
Income tax expense	( 117,657)	( 453,018)
Profit for the period from continuing operations	1,789,184	2,807,329
(Loss) profit from discontinued operations	( 484)	957,739
Profit for the period	1,788,700	3,765,068
Other comprehensive loss, net of tax	( 8,467,431)	( 5,119,643)
Total comprehensive loss for the period	(\$ 6,678,731)	(\$ 1,354,575)
Comprehensive (loss) income attributable to non-controlling interest	(\$ 242)	\$ 443,987

## Statements of cash flows

Formosa Taffeta Co., Ltd.			
	For the nine-month period ended September 30, 2020		For the nine-month period ended September 30, 2019
Net cash provided by operating activities	\$	3,267,000	\$ 5,084,344
Net cash used in investing activities	(	2,386,564)	( 2,201,460)
Net cash used in financing activities	(	1,564,370)	( 3,847,277)
Effect of exchange rates on cash and cash equivalents		6,980	( 22,820)
Decrease in cash and cash equivalents	(	316,954)	( 987,213)
Cash and cash equivalents, beginning of period		3,236,624	3,391,896
Cash and cash equivalents, end of period	\$	2,919,670	\$ 2,404,683

### (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

- 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.
- 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.
- 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 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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

(15) 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.
- D. 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.

(16) Intangible assets

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

(17) 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.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and shortterm 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.

(19) 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.

(20) 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.

(21) 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'.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

## (26) 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.

(27) 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.

(28) 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.

(29) Revenue recognition

A. 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.

B. Formosa Advanced Technologies Co., Ltd. renders IC packaging and testing services

Considering that the highly customised products have no alternative use to the entity and the entity has an enforceable right to payment for performance completed to date in accordance with the contract terms, the revenue will have to be recognised in the reporting period in which the services are delivered to the customers. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the costs incurred relative to the total expected costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(30) 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, 2020, the carrying amount of inventories was \$33,154,437.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and petty cash	\$ 128,501	\$ 51,308	\$ 136,249
Checking accounts and demand deposits	5,487,006	3,433,014	5,058,696
Cash equivalents			
Time deposits	10,173,021	8,544,398	6,213,912
Bonds repurchased and commercial paper	1,773,451	3,070,532	1,390,134
	<u>\$ 17,561,979</u>	<u>\$ 15,099,252</u>	<u>\$ 12,798,991</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, 2020 and 2019, the Group did not recognise any loss allowance.

B. 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, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss			
Fund	\$ 4,085,299	\$ 4,085,299	\$ 4,085,299
Derivatives	13	119	625
	4,085,312	4,085,418	4,085,924
Valuation adjustments	( 121,870)	( 41,331)	57,399
	<u>\$ 3,963,442</u>	<u>\$ 4,044,087</u>	<u>\$ 4,143,323</u>

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Financial assets		
mandatorily measured at fair value through profit and loss		
Beneficiary certificates	\$ -	\$ 395
Fund	( 59,491)	23,834
Derivatives	( 599)	625
	<u>(\$ 60,090)</u>	<u>\$ 24,854</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Financial assets		
mandatorily measured at fair value through profit and loss		
Beneficiary certificates	\$ -	\$ 1,385
Fund	( 80,539)	125,834
Derivatives	( 106)	625
	<u>(\$ 80,645)</u>	<u>\$ 127,844</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:

	September 30, 2020		December 31, 2019	
	Contract Amount (Notional Principal)		Contract Amount (Notional Principal)	
Derivative Instruments	(in thousands)	Contract Period	(in thousands)	Contract Period
Forward exchange contracts:				
Taipei Fubon	JPY 41,850	September 2020 - October 2020	JPY 86,800	December 2019 - February 2020
Taipei Fubon	-	-	JPY 86,800	December 2019 - February 2020

Derivative Instruments	September 30, 2019	
	Contract Amount (Notional Principal)	Contract Period
	(in thousands)	
Current items:		
Forward exchange contracts:		
Taipei Fubon	JPY 83,180	August 2019 - October 2019

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(4).

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Equity instruments			
Listed stocks	\$ 24,450,527	\$ 24,450,527	\$ 26,104,903
Unlisted stocks	825,839	825,839	825,839
Valuation adjustment	59,727,245	84,867,539	79,979,674
	<u>\$ 85,003,611</u>	<u>\$ 110,143,905</u>	<u>\$ 106,910,416</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 8,163,125	\$ 8,163,125	\$ 8,739,607
Unlisted stocks	26,769,514	27,703,120	28,530,043
Valuation adjustment	16,621,782	31,674,332	32,901,977
	<u>\$ 51,554,421</u>	<u>\$ 67,540,577</u>	<u>\$ 70,171,627</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 \$136,558,032, \$177,684,482 and \$177,082,043 as at September 30, 2020, December 31, 2019 and September 30, 2019, 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, 2020</u>	<u>For the three-month period ended September 30, 2019</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	(\$ <u>10,537,984</u> )	(\$ <u>17,867,821</u> )
Cumulative losses reclassified to retained earnings due to derecognition (including losses included in non-controlling interest)	(\$ <u>83,781</u> )	(\$ <u>2,031</u> )
	<u>For the nine-month period ended September 30, 2020</u>	<u>For the nine-month period ended September 30, 2019</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	(\$ <u>40,192,844</u> )	(\$ <u>10,362,004</u> )
Cumulative losses reclassified to retained earnings due to derecognition (including losses included in non-controlling interest)	(\$ <u>83,781</u> )	(\$ <u>2,031</u> )

- C. As at September 30, 2020, December 31, 2019 and September 30, 2019, 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 \$136,558,032, \$177,684,482 and \$177,082,043, respectively.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(4).

(4) Notes and accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 8,581,609	\$ 6,898,955	\$ 7,455,205
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 8,581,609</u>	<u>\$ 6,898,955</u>	<u>\$ 7,455,205</u>
Notes receivable - related parties	<u>\$ 10,266</u>	<u>\$ 6,395</u>	<u>\$ 3,705</u>
Accounts receivable	\$ 13,079,738	\$ 16,335,493	\$ 18,675,262
Less: Allowance for uncollectible accounts	( 155,556)	( 284,724)	( 292,157)
	<u>\$ 12,924,182</u>	<u>\$ 16,050,769</u>	<u>\$ 18,383,105</u>
Accounts receivable - related parties	<u>\$ 4,905,143</u>	<u>\$ 5,137,355</u>	<u>\$ 6,008,861</u>

- A. As of September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$44,734,993.
- B. As at September 30, 2020, December 31, 2019 and September 30, 2019, 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 receivable were \$8,591,875, \$6,905,350 and \$7,458,910, and accounts receivable were \$17,829,325, \$21,188,124 and \$24,391,966, respectively.
- C. Information relating to credit risk is provided in Note 12(4).

(5) Inventories

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>

  

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 14,155,110	(\$ 133,127)	\$ 14,021,983
Materials	8,278,632	( 560,981)	7,717,651
Work in progress	5,889,679	( 8,280)	5,881,399
Finished goods	14,527,395	( 1,076,814)	13,450,581
Inventory in transit	197,732	( 82)	197,650
	<u>\$ 43,048,548</u>	<u>(\$ 1,779,284)</u>	<u>\$ 41,269,264</u>



	September 30, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 13,112,651	(\$ 77,616)	\$ 13,035,035
Materials	7,548,252	( 552,357)	6,995,895
Work in progress	6,134,088	( 70,319)	6,063,769
Finished goods	15,174,911	( 770,618)	14,404,293
Inventory in transit	149,654	( 94)	149,560
	<u>\$ 42,119,556</u>	<u>(\$ 1,471,004)</u>	<u>\$ 40,648,552</u>

A. Expense and loss incurred on inventories for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	For the three-month periods ended September 30,	
	2020	2019
Cost of inventories sold	\$ 51,127,591	\$ 70,786,552
Gain on inventory valuation (Note)	( 34,491)	( 33,737)
Idle capacity	419,350	433,146
Others	44,473	203,735
	<u>51,556,923</u>	<u>71,389,696</u>
Less: Operating cost from discontinued operations	-	( 2,075,458)
	<u>\$ 51,556,923</u>	<u>\$ 69,314,238</u>

	For the nine-month periods ended September 30,	
	2020	2019
Cost of inventories sold	\$ 162,266,715	\$ 221,285,088
Gain on inventory valuation (Note)	( 78,650)	( 45,400)
Idle capacity	1,585,186	1,461,242
Others	587,130	419,644
	<u>164,360,381</u>	<u>223,120,574</u>
Less: Operating cost from discontinued operations	( 12,365)	( 5,809,882)
	<u>\$ 164,348,016</u>	<u>\$ 217,310,692</u>

Note: For the three-month and nine-month periods ended September 30, 2020 and 2019, disposal of excess inventory resulted in gains from price recovery of inventory.

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

(6) Investments accounted for using equity method

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Formosa Heavy Industries Corp.	\$ 6,732,027	\$ 7,168,024	\$ 7,646,359
Formosa Fairway Corp.	53,202	82,161	86,696
Formosa Plastics Transport Corp.	1,148,221	1,062,761	1,055,201
Formosa Petrochemical Corp.	67,095,139	79,497,235	78,227,504
Mai Liao Power Corp.	11,700,261	11,049,766	11,577,085
Hwa Ya Science Park Management Consulting Co., Ltd.	2,538	2,530	1,609
Formosa Environmental Technology Corp.	226,672	225,692	226,066
Formosa Synthetic Rubber Corp. (Hong Kong)	2,206,379	2,326,752	2,427,830
Formosa Resource Corp.	6,330,101	6,615,934	6,858,592
Formosa Group (Cayman) Corp.	660,685	653,576	669,433
Formosa Construction Corp.	70,117	75,523	77,272
FG INC.	3,525,192	2,873,408	2,962,708
Beyoung International Corp.	96,029	96,502	95,707
Formosa Advanced Technologies Co., Ltd.	4,720,128	4,884,465	-
Nan Ya Optical Corp.	181,118	-	-
Kuang Yueh Co., Ltd.	1,194,842	1,247,694	1,255,088
Changshu Yu Yuan Co., Ltd.	15,548	15,439	15,652
Schoeller Textil AG	1,238,843	-	-
Chia-Nan Enterprise Corp.	-	225,553	225,197
Formosa Synthetic Rubber Corp.	-	292,611	250,980
	<u>\$ 107,197,042</u>	<u>\$ 118,395,626</u>	<u>\$ 113,658,979</u>

- A. On December 13, 2019, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co. On December 16, 2019, since Formosa Taffeta Co., Ltd. lost control but maintained significant influence over Formosa Advanced Technologies Co. after the disposal, it was reclassified from a consolidated subsidiary to ‘investments accounted for using equity method’. Details are provided in Note 6(9).

## B. 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, 2020	December 31, 2019	September 30, 2019		
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, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 179,951,374	\$ 227,523,818	\$ 222,059,044
Non-current assets	157,203,733	159,513,535	164,976,650
Current liabilities	( 23,327,365)	( 35,694,376)	( 41,199,827)
Non-current liabilities	( 34,422,085)	( 21,119,916)	( 20,919,606)
Total net assets	<u>\$ 279,405,657</u>	<u>\$ 330,223,061</u>	<u>\$ 324,916,261</u>
Share in associate's net assets	\$ 67,476,466	\$ 79,748,869	\$ 78,467,276
Unrealised gain from sale of upstream transactions			
eliminations	( 270,608)	( 140,915)	( 129,053)
Net differences in share capital	( 110,719)	( 110,719)	( 110,719)
Carrying amount of the associate	<u>\$ 67,095,139</u>	<u>\$ 79,497,235</u>	<u>\$ 78,227,504</u>

### Statements of comprehensive income

	Formosa Petrochemical Corp.	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 93,369,639	\$ 159,438,153
Profit for the period from continuing operations	\$ 15,851,102	\$ 12,443,538
Other comprehensive loss, net of tax	( 3,174,623)	( 2,490,445)
Total comprehensive income	<u>\$ 12,676,479</u>	<u>\$ 9,953,093</u>
Dividends received from associates	<u>\$ 6,672,319</u>	<u>\$ 11,043,839</u>

	Formosa Petrochemical Corp.	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 309,684,963	\$ 493,607,875
(Loss) Profit for the period from continuing operations	(\$ 2,799,240)	\$ 29,694,929
Other comprehensive (loss) income, net of tax	( 20,393,647)	3,193,779
Total comprehensive (loss) income	(\$ 23,192,887)	\$ 32,888,708
Dividends received from associates	\$ 6,672,319	\$ 11,043,839

- (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, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$40,101,903, \$38,898,391 and \$35,431,475, respectively.

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Profit for the period from continuing operations	\$ 4,278,901	\$ 1,932,537
Other comprehensive loss, net of tax	( 281,057)	( 1,883,839)
Total comprehensive income	\$ 3,997,844	\$ 48,698

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Profit for the period from continuing operations	\$ 7,614,347	\$ 3,175,079
Other comprehensive loss, net of tax	( 7,323,420)	( 1,397,864)
Total comprehensive income	\$ 290,927	\$ 1,777,215

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

	September 30, 2020	December 31, 2019	September 30, 2019
Formosa Petrochemical Corp.	\$ 184,063,984	\$ 224,327,981	\$ 225,938,540
Kuang Yueh Co., Ltd.	2,074,497	2,826,494	2,603,349
Formosa Advanced Technologies Co., Ltd	4,751,843	5,078,618	-
	<u>\$ 190,890,324</u>	<u>\$ 232,233,093</u>	<u>\$ 228,541,889</u>

- C. Except for the financial statements of Formosa Petrochemical Corp. and Formosa Advanced Technologies Co., Ltd. for the nine-month period ended September 30, 2020 and the financial statements of Formosa Petrochemical Corp. for the nine-month period ended September 30, 2019, 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, 2020 and 2019 were not reviewed.
- D. After the Group acquired an additional equity interest in Chia-Nan Enterprise Corp. on September 24, 2020, Chia-Nan Enterprise Corp. has become the Group's consolidated subsidiary. Details are provided in Note 4(3).
- E. 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.
- F. In August, the Group's subsidiary, Formosa Taffeta Co., Ltd. increased its capital in Nan Ya Optical Corp. amounting to \$66,938 thousand. As of September 30, 2020, Formosa Taffeta Co., Ltd.'s shareholding ratio was 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 uses equity method for valuation.
- G. 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.
- H. On August 8, 2019, the Board of Directors of the Company resolved to increase its investment in the reinvested company, Formosa Environmental Technology Corp. The Company participated in the capital increase proportionately to its shareholding ratio, 25%, in the amount of USD 81,250 thousand. The actual investment was USD 50,000 thousand on August 19, 2019.
- 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. As of November 6, 2020, the liquidation has not yet been completed.
- J. As of September 30, 2020 and 2019, no equity investments by the Group were pledged to others.

(7) Property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Transportation 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 difference	( 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>

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2019</u>						
Cost	\$ 12,007,208	\$ 48,572,743	\$ 305,388,135	\$ 14,832,983	\$ 14,084,103	\$ 394,885,172
Accumulated depreciation and impairment	( 170,353)	( 25,280,326)	( 227,553,031)	( 12,782,822)	-	( 265,786,532)
	<u>\$ 11,836,855</u>	<u>\$ 23,292,417</u>	<u>\$ 77,835,104</u>	<u>\$ 2,050,161</u>	<u>\$ 14,084,103</u>	<u>\$ 129,098,640</u>
<u>2019</u>						
Opening net book amount	\$ 11,836,855	\$ 23,292,417	\$ 77,835,104	\$ 2,050,161	\$ 14,084,103	\$ 129,098,640
Additions	16,286	-	115,670	99,579	11,603,524	11,835,059
Disposals	( 53)	-	( 56,342)	( 4,850)	-	( 61,245)
Reclassifications	-	208,152	6,763,048	157,093	( 7,036,915)	91,378
Depreciation charge	( 2,864)	( 1,142,250)	( 9,609,037)	( 317,939)	-	( 11,072,090)
Net exchange difference	( 339)	( 33,268)	( 229,767)	( 1,640)	( 214,560)	( 479,574)
Closing net book amount	<u>\$ 11,849,885</u>	<u>\$ 22,325,051</u>	<u>\$ 74,818,676</u>	<u>\$ 1,982,404</u>	<u>\$ 18,436,152</u>	<u>\$ 129,412,168</u>
<u>At September 30, 2019</u>						
Cost	\$ 12,020,176	\$ 48,661,807	\$ 310,423,897	\$ 14,933,470	\$ 18,436,152	\$ 404,475,502
Accumulated depreciation and impairment	( 170,291)	( 26,336,756)	( 235,605,221)	( 12,951,066)	-	( 275,063,334)
	<u>\$ 11,849,885</u>	<u>\$ 22,325,051</u>	<u>\$ 74,818,676</u>	<u>\$ 1,982,404</u>	<u>\$ 18,436,152</u>	<u>\$ 129,412,168</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,	
	2020	2019
Amount capitalised	<u>\$ 41,887</u>	<u>\$ 22,495</u>
Interest rate	<u>0.80%~3.21%</u>	<u>0.99%~4.52%</u>
	For the nine-month periods ended September 30,	
	2020	2019
Amount capitalised	<u>\$ 120,278</u>	<u>\$ 66,662</u>
Interest rate	<u>0.99%~4.25%</u>	<u>0.94%~4.80%</u>

- 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, 2020, December 31, 2019 and September 30, 2019, the total pledged amount was \$822,993.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) 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:

	September 30, 2020	December 31, 2019	September 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 1,535,593	\$ 1,608,932	\$ 1,654,600
Buildings	25,185	36,267	31,111
	<u>\$ 1,560,778</u>	<u>\$ 1,645,199</u>	<u>\$ 1,685,711</u>
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019	
	Depreciation charge	Depreciation charge	
Land	\$ 39,317	\$ 40,513	
Buildings	2,083	7,790	
	<u>\$ 41,400</u>	<u>\$ 48,303</u>	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019	
	Depreciation charge	Depreciation charge	
Land	\$ 126,854	\$ 121,114	
Buildings	19,299	23,632	
	<u>\$ 146,153</u>	<u>\$ 144,746</u>	

- C. For the three-month and nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets were \$2,127 and \$59,502, \$112,213 and \$199,918, respectively.



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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 2,502	\$ 2,272
Expense on short-term lease contracts	11,973	8,753
Expense on variable lease payments	680	69

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	\$ 8,307	\$ 8,089
Expense on short-term lease contracts	29,964	20,398
Expense on variable lease payments	2,320	194

E. For the nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$174,490 and \$132,051, respectively.

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

A. On December 13, 2019, the Board of Directors of Formosa Taffeta Co., Ltd. resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co. to Nan Ya Technology Corp. and Nan Ya PCB Corp. Consequently, on December 16, 2019, since Formosa Taffeta Co., Ltd. lost control but maintained significant influence on Formosa Advanced Technologies Co. after the disposal, it was reclassified from a consolidated subsidiary to 'investments accounted for using equity method'. Please refer to Note 6(6) for more information. The disposal was presented as discontinued operation for meeting the definition of discontinued operation. Accordingly, the Group made restatement to the recognised profit or loss in relation to Formosa Advanced Technologies Co. rather than retrospective adjustment for the nine-month period ended September 30, 2019.

B. 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.

C. The cash flow information on the discontinued operations is as follows:

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Operating cash flows	(\$ 2,519)	\$ 1,653,717
Investing cash flows	- (	1,557)
Financing cash flows	- (	1,128)
Total cash flows	(\$ 2,519)	\$ 1,651,032

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ -	\$ 2,485,875
Costs	- (	2,075,458)
Expenses	- (	55,274)
Non-operating income and expenses	-	73,141
Profit before tax of discontinued operations	-	428,284
Income tax	- (	71,990)
Profit after tax of discontinued operations	<u>\$ -</u>	<u>\$ 356,294</u>

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 17,555	\$ 6,986,532
Costs	( 12,365)	( 5,809,882)
Expenses	( 5,589)	( 158,551)
Non-operating income and expenses	( 85)	202,567
(Loss) Profit before tax of discontinued operations	( 484)	1,220,666
Income tax	-	( 262,927)
(Loss) Profit after tax of discontinued operations	<u>(\$ 484)</u>	<u>\$ 957,739</u>

E. Analysis of the result of the Group's disposal of equity interest in Formosa Advanced Technologies Co. and the gain on disposal recognised in profit and loss in 2019, was as follows:

	For the year ended December 31, 2019
Gain on disposal of equity	\$ 684,314
Gain on remeasurement of remaining investments at fair value	1,332,446
Gain on disposal of discontinued operations	<u>\$ 2,016,760</u>

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

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>		
Type of loans	December 31, 2019	Interest rate range	Collateral
OA loans	\$ 12,324	0.37%	None
Secured loans	3,741,053	1.40%~4.35%	Note 8
Unsecured loans	28,616,246	0.85%~3.49%	None
Total short-term loans	<u>\$ 32,369,623</u>		
Short-term notes and bills payable	\$ 14,400,000	0.61%~0.88%	None
Short-term notes and bills payable discount	( 3,630)		
Net short-term notes and bills payable	<u>\$ 14,396,370</u>		
Type of loans	September 30, 2019	Interest rate range	Collateral
Secured loans	\$ 3,805,447	1.40%~3.70%	None8
Unsecured loans	24,581,756	0.86%~3.92%	None
Total short-term loans	<u>\$ 28,387,203</u>		
Short-term notes and bills payable	\$ 12,600,000	0.58%~0.80%	None
Short-term notes and bills payable discount	( 3,077)		
Net short-term notes and bills payable	<u>\$ 12,596,923</u>		

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

Items	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Derivatives	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 448</u>

- 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, 2020	For the three-month period ended September 30, 2019
Derivatives	\$ 48	\$ 6

  

Items	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Derivatives	\$ 80	\$ 326

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

	December 31, 2019		September 30, 2019	
	Contract Amount (Notional Principal) (in thousands)		Contract Amount (Notional Principal) (in thousands)	
Derivative Financial Liabilities		Contract Period		Contract Period
Current items:				
Forward foreign exchange contracts:				
Taipei Fubon	JPY 86,800	December 2019 - February 2020	JPY 83,180	August 2019 - October 2019
Taipei Fubon	-	-	JPY 83,180	September 2019 - October 2019

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.

(12) Bonds payable

	September 30, 2020	December 31, 2019	September 30, 2019
Bonds payable			
Domestic unsecured nonconvertible corporate bonds	\$ 42,100,000	\$ 34,850,000	\$ 36,800,000
Less: Current portion	-	( 2,750,000)	( 4,700,000)
	<u>\$ 42,100,000</u>	<u>\$ 32,100,000</u>	<u>\$ 32,100,000</u>

The terms of nonconvertible corporate bonds were as follows:

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	September 30, 2020	December 31, 2019	September 30, 2019	Note
<u>2012</u>								
Second issued domestic unsecured nonconvertible corporate bonds - B	2012.12.7	2018.12.7~2019.12.7	1.36	\$ 3,900,000	\$ -	\$ -	\$ 1,950,000	Serial bonds, to be settled 50%, 50%
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 - A	2013.1.22	2019.1.22~2020.1.22	1.34	2,800,000	-	1,400,000	1,400,000	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 - B	2013.7.8	2019.7.8~2020.7.8	1.38	2,700,000	-	1,350,000	1,350,000	Serial bonds, to be settled 50%, 50%
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%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	September 30, 2020	December 31, 2019	September 30, 2019	Note
<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%
<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	-	-	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	-	-	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	-	-	Serial bonds, to be settled 50%, 50%
Less: Current portion of bonds payable					42,100,000	34,850,000	36,800,000	
					-	( 2,750,000)	( 4,700,000)	
					<u>\$ 42,100,000</u>	<u>\$ 32,100,000</u>	<u>\$ 32,100,000</u>	

(13) Long-term bank loans and notes payable

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>



Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2019	
Long-term bank loans					
Unsecured loans					
Taipei Fubon Bank	Jun. 10, 2019 ~ Jun. 10, 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	\$	4,526,367
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	LIBOR+1.55%	"		1,151,507
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, principal payable semi-annually after Apr. 16, 2017 with a two-year extension	LIBOR+1.45% and TAIFX+0.4% higher	"		55,523
Mega International Commercial Bank	Oct. 23, 2017 ~ Oct. 23, 2022, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	"		403,934
Mega International Commercial Bank	Nov. 17, 2016 ~ Nov. 17, 2021, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	"		1,179,866

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2019
Chang Hwa Bank	Sep. 7, 2017 ~ Sep. 7, 2022, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	None	\$ 181,252
Hua Nan Bank	Apr. 15, 2019 ~ Jan. 15, 2021, principal payable at maturity date	1.03%	"	500,000
Sino Pac Bank	Jun. 19, 2019 ~ Jun. 19, 2021, payable in full at maturity	1.02%	"	300,000
First Commercial Bank	Sep. 10, 2019 ~ Sep. 10, 2022, payable in full at maturity	1.02%	"	1,500,000
Mizuho Corporate Bank	Aug. 16, 2019 ~ Aug. 16, 2021, payable in full at maturity	1.00%	"	500,000
E. Sun Bank	Nov. 20, 2018 ~ Nov. 19, 2021, payable in full at maturity	1.03%	"	200,000
China Trust Bank	Sep. 17, 2019~ Sep. 17, 2021, payable in full at maturity	1.03%	"	500,000
Taipei Fubon Bank	Oct. 22, 2019 ~ Apr. 17, 2022, payable in full at maturity	0.89%	"	1,000,000
Bangkok Bank	Dec. 3, 2018 ~ Dec. 2, 2020, payable in full at maturity	1.03%	"	200,000
Far Eastern International Bank	Sep. 20, 2019 ~ Sep. 6, 2022, payable in full at maturity	1.00%	"	700,000
Mega International Commercial Bank	Aug. 21, 2019 ~ Aug. 21, 2021, payable in full at maturity	0.98%	"	1,000,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2019
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi- annually after Apr. 21, 2017; interest payable monthly	1.63%	Land	\$ 4,033,333
Hua Nan Bank China Trust Bank ANZ	Apr. 1, 2018 ~ Mar. 31, 2021, principal payable annually	4.25%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	119,783
				18,051,565
Less: Current portion of long-term loans				( 3,937,482)
				<u>\$ 14,114,083</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2019	
Long-term bank loans					
Unsecured loans					
Taipei Fubon Bank	Jun. 10, 2019 ~ Jun. 10, 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	\$	4,656,240
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	LIBOR+1.55%	"		1,125,258
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, principal payable semi-annually after Apr. 16, 2017 with a two-year extension	LIBOR+1.45% and TAIFX+0.4% higher	"		116,406
Mega International Commercial Bank	Oct. 23, 2017 ~ Oct. 23, 2022, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	"		433,620
Mega International Commercial Bank	Nov. 17, 2016 ~ Nov. 17, 2021, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	"		757,079

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2019
Chang Hwa Bank	Sep. 7, 2017 ~ Sep. 7, 2022, principal payable semi-annually after 18 months	1 to 5 years (including 5 years) rate of CBC, 4.75%	None	\$ 184,332
Hua Nan Bank	Apr. 15, 2019 ~ Jan. 15, 2021, principal payable at maturity date	1.03%	"	500,000
Sino Pac Bank	Jun. 19, 2019 ~ Jun. 19, 2021, payable in full at maturity	1.02%	"	300,000
First Commercial Bank	Sep. 10, 2019 ~ Sep. 10, 2022, payable in full at maturity	1.02%	"	1,500,000
Mizuho Corporate Bank	Aug. 16, 2019 ~ Aug. 16, 2021, payable in full at maturity	1.00%	"	500,000
E. Sun Bank	Nov. 20, 2018 ~ Nov. 19, 2021, payable in full at maturity	1.03%	"	200,000
China Trust Bank	Sep. 17, 2019~ Sep. 17, 2021, payable in full at maturity	1.03%	"	500,000
KGI Bank	Jun. 20, 2019 ~ Jun. 20, 2021, payable in full at maturity	1.05%	"	200,000
Taipei Fubon Bank	Mar. 22, 2019 ~ Mar. 22, 2021, payable in full at maturity	0.94%	"	800,000
Bangkok Bank	Dec. 3, 2018 ~ Dec. 2, 2020, payable in full at maturity	1.03%	"	200,000
Far Eastern International Bank	Sep. 20, 2019 ~ Sep. 6, 2022, payable in full at maturity	1.00%	"	700,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2019	
Unsecured loans					
HSBC	Dec. 10, 2018 ~ Dec. 10, 2020, payable in full at maturity	1.01%	None	\$	1,500,000
Mega International Commercial Bank	Aug. 21, 2019 ~ Aug. 21, 2021, payable in full at maturity	0.98%	"		1,000,000
Secured loans					
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi- annually after Apr. 21, 2017; interest payable monthly	1.63%	Land		5,377,778
Hua Nan Bank China Trust Bank ANZ	Apr. 1, 2018 ~ Mar. 31, 2021, principal payable annually	4.40%~4.45%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.		223,082
					20,773,795
Less: Current portion of long-term loans				(	3,359,709)
				\$	17,414,086

- A. The collaterals for long-term bank loans are described in Note 8.
- B. The Group has signed contracts for syndicated loans with Mega Bank and others on November 14, 2013 to finance plant construction for Formosa Ha Tinh Steel Corp. Information is as follows:
- Total credit line: \$12,100,000
  - Interest rate: Based on the agreement with the banks
  - Period: 7 years
  - Collateral: Land in Six Naphtha Cracking Plant, Mailiao Township, Yunlin County
- The Group is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 100% at the end of each year. In the event the Group fails to meet the required covenants, a capital increase has to be completed by June of the following year.
- In the first half of 2020, the abovementioned loans were settled before maturity.
- C. Formosa Industries Corp.'s long-term borrowing from banks is for the plant construction. The borrowing is guaranteed by Nan Ya Plastics Corp.'s drawn note of \$436,890.

(14) 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 \$39,320 and \$47,295, \$119,277 and \$141,943 for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$124,492.
- 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 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, 2020 and 2019. 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, 2020 and 2019 were \$78,539 and \$94,952, \$248,245 and \$291,800 respectively.

(15) Capital stock

- A. As of September 30, 2020, 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, 2020 and 2019 are set forth below:

Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2020			
		Beginning shares	Additions	Disposal	Ending shares
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>
Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2019			
		Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	12,169,610	-	-	12,169,610
	Formosa Advanced Technologies Co.	<u>15,249,000</u>	<u>1,563,000</u>	<u>-</u>	<u>16,812,000</u>
		<u>27,418,610</u>	<u>1,563,000</u>	<u>-</u>	<u>28,981,610</u>

Note: Formosa Taffeta Co., Ltd. has lost control over Formosa Advanced Technologies Co., Ltd. since December 16, 2019 and Formosa Advanced Technologies Co., Ltd. is not included in the company's consolidated financial statements.

- C. The market value of treasury stocks was \$67.7 and \$86.7 (in dollars) per share at September 30, 2020 and 2019, respectively.
- D. The above treasury stocks of the parent company were purchased by subsidiaries.

(16) 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, 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 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>

For the nine-month period ended September 30, 2019

	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 of subsidiaries	Others
At January 1, 2019	\$ 2,710,554	\$ 5,514,032	\$ 269,792	\$ 371,892	\$ -	\$ 217,872
Dividends allocated to subsidiaries	-	-	44,726	-	-	-
Effect from net stockholding of associates recognised using the equity method	-	-	-	( 4,649)	-	-
Changes in ownership interests in subsidiaries	-	-	2,170	6	163	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	( 67)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	6,869
At September 30, 2019	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 316,688</u>	<u>\$ 367,249</u>	<u>\$ 163</u>	<u>\$ 224,674</u>

(17) 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 2019 and 2018 earnings had been resolved at the stockholders' meeting on June 5, 2020 and June 5, 2019, respectively. Details are as follows:

For the years ended December 31,				
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 2,970,224		\$ 4,876,932	
Special reserve	6,156,414		7,040,540	
Cash dividends	22,272,508	\$ 3.80	36,339,355	\$ 6.20
	<u>\$ 31,399,146</u>		<u>\$ 48,256,827</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.

(18) Other equity items

	<u>Hedging reserve</u>	<u>Unrealised gain (loss)</u>	<u>Currency translation</u>	<u>Total</u>
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>

	<u>Hedging reserve</u>	<u>Unrealised gain (loss)</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2019	(\$ 15,865)	\$ 110,762,790	(\$ 1,813,251)	\$ 108,933,674
Revaluation:				
–Group	-	( 7,090,138)	-	( 7,090,138)
–Associates	-	182,739	-	182,739
Revaluation transferred to retained earnings:				
–Group	-	1,755	-	1,755
Cash flow hedges:				
–Associates	16,058	-	-	16,058
Currency translation differences:				
–Group	-	-	( 909,218)	( 909,218)
–Tax of Group	-	-	179,386	179,386
–Associates	-	-	197,454	197,454
At September 30, 2019	<u>\$ 193</u>	<u>\$ 103,857,146</u>	<u>(\$ 2,345,629)</u>	<u>\$ 101,511,710</u>

(19) Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Sales revenue	\$ 59,979,802	\$ 77,643,621
Service revenue	94,156	127,583
Other operating revenue	78,552	102,546
	60,152,510	77,873,750
Less: Income from discontinued operations	-	( 2,485,875)
	<u>\$ 60,152,510</u>	<u>\$ 75,387,875</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Sales revenue	\$ 180,006,030	\$ 250,519,934
Service revenue	368,070	347,635
Other operating revenue	227,864	305,072
	180,601,964	251,172,641
Less: Income from discontinued operations	( 17,555)	( 6,986,532)
	<u>\$ 180,584,409</u>	<u>\$ 244,186,109</u>

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

B. Contract assets

Formosa Advanced Technologies Co., Ltd. derives revenue from the transfer of IC packaging and testing services over time. The related contract assets are as follows:

	September 30, 2020	December 31, 2019
Contract assets—revenue	\$ -	\$ -
	September 30, 2019	January 1, 2019
Contract assets—revenue	\$ 1,292,107	\$ 788,643

C. The IC packaging and testing service contracts of Formosa Advanced Technologies Co., Ltd. all expire within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(20) Interest income

	For the three-month periods ended September 30,	
	2020	2019
Interest income:		
Interest income from bank deposits	\$ 61,506	\$ 52,618
Interest from current account with others	73,161	37,643
Other interest income	890	2,020
	135,557	92,281
Less: Interest income from discontinued operations	-	(2,126)
	\$ 135,557	\$ 90,155
	For the nine-month periods ended September 30,	
	2020	2019
Interest income:		
Interest income from bank deposits	\$ 183,463	\$ 209,641
Interest from current account with others	134,798	118,689
Other interest income	5,362	8,859
	323,623	337,189
Less: Interest income from discontinued operations	(72)	(9,167)
	\$ 323,551	\$ 328,022

(21) Other income

For the three-month periods ended September 30,		
	2020	2019
Rent income	\$ 34,071	\$ 38,701
Dividend income	4,034,712	8,127,131
Other income, others	244,694	254,105
	4,313,477	8,419,937
Less: Income from discontinued operations	-	( 71,408)
	<u>\$ 4,313,477</u>	<u>\$ 8,348,529</u>

For the nine-month periods ended September 30,		
	2020	2019
Rent income	\$ 103,666	\$ 104,472
Dividend income	5,113,321	10,027,079
Other income, others	710,102	763,728
	5,927,089	10,895,279
Less: Income from discontinued operations	-	( 177,079)
	<u>\$ 5,927,089</u>	<u>\$ 10,718,200</u>

(22) Other gains and losses

For the three-month periods ended September 30,		
	2020	2019
Gain on disposal of property, plant and equipment	\$ 837,855	\$ 5,501
Net currency exchange loss	( 303,926)	( 85,133)
Net (loss) gain on financial assets (liabilities) at fair value through profit or loss	( 60,042)	24,860
Other losses	( 52,988)	( 92,940)
	420,899	( 147,712)
Less: Operating gains from discontinued operations	-	( 995)
	<u>\$ 420,899</u>	<u>(\$ 148,707)</u>

	For the nine-month periods ended September 30,	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 843,925	\$ 14,163
Gain on disposal of investments	165	-
Net currency exchange (loss) gain	( 459,460)	475,700
Net (loss) gain on financial assets (liabilities) at fair value through profit or loss	( 80,565)	128,170
Other losses	( 177,113)	( 228,381)
	126,952	389,652
Less: Operating gains from discontinued operations	157	( 20,543)
	<u>\$ 127,109</u>	<u>\$ 369,109</u>

(23) Finance costs

	For the three-month periods ended September 30,	
	2020	2019
Interest expense:		
Bank loans	\$ 129,262	\$ 254,594
Corporate bonds	134,781	147,743
Current account with others	51,172	3,991
Discount	6,255	53,867
Other interest expenses	29,806	27,851
	351,276	488,046
Less: Capitalisation of qualifying assets	( 41,887)	( 22,495)
	309,389	465,551
Less: Finance costs of discontinued operations	-	( 1,388)
Finance costs	<u>\$ 309,389</u>	<u>\$ 464,163</u>

	For the nine-month periods ended September 30,	
	2020	2019
Interest expense:		
Bank loans	\$ 548,318	\$ 899,515
Corporate bonds	402,067	435,363
Current account with others	56,271	8,946
Discount	71,085	141,947
Other interest expenses	111,735	46,816
	1,189,476	1,532,587
Less: Capitalisation of qualifying assets	( 120,278)	( 66,662)
	1,069,198	1,465,925
Less: Finance costs of discontinued operations	-	( 4,222)
Finance costs	<u>\$ 1,069,198</u>	<u>\$ 1,461,703</u>

(24) Expenses by nature

	For the three-month periods ended September 30,	
	2020	2019
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 3,282,377	\$ 3,774,502
Employee benefit expense	3,237,872	3,890,670
Amortisation	956,017	900,773
	<u>7,476,266</u>	<u>8,565,945</u>
Less: Employee benefit expenses from discontinued operations	-	( 381,037)
Less: Depreciation charges on property, plant and equipment and right-of-use assets from discontinued operations	-	( 399,157)
	<u>\$ 7,476,266</u>	<u>\$ 7,785,751</u>

  

	For the nine-month periods ended September 30,	
	2020	2019
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 10,040,174	\$ 11,216,836
Employee benefit expense	10,110,853	11,656,439
Amortisation	2,705,605	2,663,826
	<u>22,856,632</u>	<u>25,537,101</u>
Less: Employee benefit expenses from discontinued operations	( 535)	( 1,129,313)
Less: Depreciation charges on property, plant and equipment and right-of-use assets from discontinued operations	( 231)	( 1,198,370)
	<u>\$ 22,855,866</u>	<u>\$ 23,209,418</u>

(25) Employee benefit expense

	For the three-month periods ended September 30,	
	2020	2019
Wages and salaries	\$ 2,756,464	\$ 3,304,691
Labor and health insurance fees	224,057	268,254
Pension costs	117,859	142,247
Other personnel expenses	139,492	175,478
	<u>3,237,872</u>	<u>3,890,670</u>
Less: Employee benefit expenses from discontinued operations	-	( 381,037)
	<u>\$ 3,237,872</u>	<u>\$ 3,509,633</u>



	For the nine-month periods ended September 30,	
	2020	2019
Wages and salaries	\$ 8,641,766	\$ 9,941,327
Labor and health insurance fees	679,931	806,481
Pension costs	367,522	433,743
Other personnel expenses	421,634	474,888
	<u>10,110,853</u>	<u>11,656,439</u>
Less: Employee benefit expenses from discontinued operations	( 535)	( 1,129,313)
	<u>\$ 10,110,318</u>	<u>\$ 10,527,126</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, 2020 and 2019, employees' remuneration (bonuses) was accrued at \$9,895, \$12,759, \$9,895 and \$29,380, respectively. The aforementioned amount was recognised in salary expenses.

For the nine-month periods ended September 30, 2020 and 2019, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

Employees' compensation for 2019 as resolved by the Board of Directors was in agreement with the amount of \$31,930 recognised in profit or loss for 2019. Employees' compensation for 2019 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

		For the three-month periods ended September 30,	
		2020	2019
Current tax:			
Current tax on profits for the period	\$	517,625	\$ 426,722
Tax on undistributed surplus earnings	(	5,931)	-
Adjustments in respect of prior years		29,997	2,520
Total current tax		541,691	429,242
Deferred tax:			
Origination and reversal of temporary differences		66,764	( 15,863)
Effect of exchange rate		257	1,960
Total deferred tax		67,021	( 13,903)
Less: Income tax of discontinued operations		-	( 71,990)
Income tax expense	\$	608,712	\$ 343,349

  

		For the nine-month periods ended September 30,	
		2020	2019
Current tax:			
Current tax on profits for the period	\$	824,382	\$ 2,756,110
Tax on undistributed surplus earnings		212,776	600,595
Adjustments in respect of prior years	(	237,192)	( 3,903)
Total current tax		799,966	3,352,802
Deferred tax:			
Origination and reversal of temporary differences		226,110	423,715
Effect of exchange rate		1,176	323
Total deferred tax		227,286	424,038
Less: Income tax of discontinued operations		-	( 262,927)
Income tax expense	\$	1,027,252	\$ 3,513,913

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

	For the three-month periods ended September 30,	
	2020	2019
Currency translation differences	\$ 186,284	\$ 308,560

  

	For the nine-month periods ended September 30,	
	2020	2019
Currency translation differences	\$ 591,659	\$ 179,386

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

(27) 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, 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 three-month period ended September 30, 2019				
	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	\$ 13,854,442	\$ 13,439,103		\$ 2.38	\$ 2.30
Net income of non- controlling interest	<u>1,108,749</u>	<u>758,090</u>		<u>0.20</u>	<u>0.12</u>
Profit attributable to ordinary shareholders of the parent	<u>12,745,693</u>	<u>12,681,013</u>		<u>2.18</u>	<u>2.18</u>
Profit attributable to discontinued operations of the parent	<u>428,284</u>	<u>356,294</u>		<u>0.07</u>	<u>0.07</u>
Profit attributable to continuing operations of the parent	<u>\$ 12,317,409</u>	<u>\$ 12,324,719</u>	<u>5,832,205</u>	<u>\$ 2.11</u>	<u>\$ 2.11</u>
<u>For the nine-month period ended September 30, 2020</u>					
	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>

For the nine-month period ended September 30, 2019					
	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	\$ 34,117,990	\$ 30,341,150		\$ 5.85	\$ 5.20
Net income of non- controlling interest	<u>4,764,464</u>	<u>3,346,334</u>		<u>0.82</u>	<u>0.57</u>
Profit attributable to ordinary shareholders of the parent	<u>29,350,526</u>	<u>26,994,816</u>		<u>5.03</u>	<u>4.63</u>
Profit attributable to discontinued operations of the parent	<u>1,220,666</u>	<u>957,739</u>		<u>0.21</u>	<u>0.17</u>
Profit attributable to continuing operations of the parent	<u>\$ 28,129,860</u>	<u>\$ 26,037,077</u>	<u>5,832,205</u>	<u>\$ 4.82</u>	<u>\$ 4.46</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, 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	<u>783,304</u>	<u>280,234</u>		<u>0.13</u>	<u>0.05</u>
Profit attributable to ordinary shareholders of the parent	<u>13,352,468</u>	<u>13,246,826</u>		<u>2.28</u>	<u>2.26</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>\$ 13,352,468</u>	<u>\$ 13,246,826</u>	<u>5,861,186</u>	<u>\$ 2.28</u>	<u>\$ 2.26</u>

For the three-month period ended September 30, 2019					
	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	\$ 13,854,442	\$ 13,439,103		\$ 2.35	\$ 2.29
Net income of non- controlling interest	<u>1,108,749</u>	<u>758,090</u>		<u>0.18</u>	<u>0.12</u>
Profit attributable to ordinary shareholders of the parent	<u>12,745,693</u>	<u>12,681,013</u>		<u>2.17</u>	<u>2.17</u>
Profit attributable to discontinued operations of the parent	<u>428,284</u>	<u>356,294</u>		<u>0.07</u>	<u>0.07</u>
Profit attributable to continuing operations of the parent	<u>\$ 12,317,409</u>	<u>\$ 12,324,719</u>	<u>5,861,186</u>	<u>\$ 2.10</u>	<u>\$ 2.10</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>

For the nine-month period ended September 30, 2019					
	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	\$ 34,117,990	\$ 30,341,150		\$ 5.81	\$ 5.17
Net income of non- controlling interest	<u>4,767,464</u>	<u>3,346,334</u>		<u>0.81</u>	<u>0.56</u>
Profit attributable to ordinary shareholders of the parent	<u>29,350,526</u>	<u>26,994,816</u>		<u>5.00</u>	<u>4.61</u>
Profit attributable to discontinued operations of the parent	<u>1,220,666</u>	<u>957,739</u>		<u>0.20</u>	<u>0.17</u>
Profit attributable to continuing operations of the parent	<u>\$ 28,129,860</u>	<u>\$ 26,037,077</u>	<u>5,861,186</u>	<u>\$ 4.80</u>	<u>\$ 4.44</u>

(28) 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:

	For the nine-month period ended September 30, 2020	
Purchase consideration		
Cash paid	\$	145,527
Fair value of equity interest in Chia-Nan Enterprise Corp. held before the business combination		207,448
Fair value of the non-controlling interest		338,120
		<u>691,095</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		79,367
Accounts receivable		10,616
Other current assets		3,103
Property, plant and equipment		640,204
Non-current assets		13,457
Accounts payable	(	3,782)
Current tax liabilities	(	6,904)
Other payables	(	22,564)
Others current liabilities	(	22,234)
Non-current liabilities	(	168)
Total identifiable net assets		<u>691,095</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.

(29) Supplemental cash flow information

- A. Investing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2020	2019
Purchase of fixed assets	\$ 12,461,680	\$ 11,835,059
Add: Opening balance of payable on equipment	1,439,071	1,604,309
Less: Ending balance of payable on equipment	(1,087,846)	(884,070)
Cash paid during the period	<u>\$ 12,812,905</u>	<u>\$ 12,555,298</u>



B. Financing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2020	2019
Cash dividends distributed	\$ 22,272,508	\$ 36,339,355
Add: Opening balance of cash dividend payable	71,884	62,429
Less: Ending balance of cash dividend payable	( 74,409)	( 68,644)
Cash dividend paid	<u>\$ 22,269,983</u>	<u>\$ 36,333,140</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	<u>(\$ 23,556)</u>

(30) 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, 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>

	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, 2019	\$ 31,948,041	\$ 12,490,543	\$ 34,050,000	\$ 27,107,455	\$ 105,596,039
Changes in cash flow from financing activities	( 3,560,838)	106,380	2,750,000	( 6,255,011)	( 6,959,469)
Impact of changes in foreign exchange rate	-	-	-	( 78,649)	( 78,649)
At September 30, 2019	<u>\$ 28,387,203</u>	<u>\$ 12,596,923</u>	<u>\$ 36,800,000</u>	<u>\$ 20,773,795</u>	<u>\$ 98,557,921</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. (Liquidated on April 10, 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.	"

Names of related parties	Relationship with the Group
Mai Liao Harbor Administration Corp.	Other related party
Formosa Network Technology Corp.	"
Formosa Plastics Building Parking Lot	"
FPG Travel Service Co., Ltd.	"
Formosa Daikin Advanced Chemicals Co., Ltd.	"
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.	"
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 Industrues (Ningbo) Co., Ltd.	"
Nanya Plastic Industry (Anshan) Co., Ltd.	"
South Asia Electronic Materials (Kunshan) Co., Ltd.	"
Nan Ya Plastics Film (Nantong) Co., Ltd.	"
Nan Ya Plastics (Hui Zhou) Co., Ltd.	"
Nan Ya Chemical Fiber (Kunshan) Co., Ltd.	"
Nan Ya Draw-Textured Yarn (Kunshan) Co.,Ltd.	"
Nanya (Xiamen) Plastic Co.,Ltd.	"
NanYa Rigid Film (Guangzhou) Co., Ltd.	"
Asia Pactfic Investnent Co.	"
Nan Ya Printed Circuit Board Corp.	"

Names of related parties	Relationship with the Group
Formosa Automobile Corp.	Other related party
Taisuwang Commerce and Trade Co., Ltd.	"
Huaya Steel Co., Ltd.	"
Fuxin Special Steel Co., Ltd.	"

(2) Significant related party transactions

A. Sales of goods:

	For the three-month periods ended September 30,	
	2020	2019
Sales of goods:		
— Associates	\$ 4,561,491	\$ 3,626,733
— Other related parties	8,542,663	10,957,517
	<u>\$ 13,104,154</u>	<u>\$ 14,584,250</u>
	For the nine-month periods ended September 30,	
	2020	2019
Sales of goods:		
— Associates	\$ 12,530,619	\$ 15,387,057
— Other related parties	23,917,441	34,944,646
	<u>\$ 36,448,060</u>	<u>\$ 50,331,703</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:

	For the three-month periods ended September 30,	
	2020	2019
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 22,238,512	\$ 25,625,701
Others	1,783	832
— Other related parties	3,182,259	4,403,528
	<u>\$ 25,422,554</u>	<u>\$ 30,030,061</u>
	For the nine-month periods ended September 30,	
	2020	2019
Purchases of goods:		
— Associates		
Formosa Petrochemical Corp.	\$ 69,130,836	\$ 88,939,912
Others	4,158	2,109
— Other related parties	10,443,502	15,840,350
	<u>\$ 79,578,496</u>	<u>\$ 104,782,371</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, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Receivables from related parties:			
— Associates	\$ 1,446,675	\$ 1,444,696	\$ 874,667
— Other related parties	<u>3,468,734</u>	<u>3,699,054</u>	<u>5,137,899</u>
	<u>\$ 4,915,409</u>	<u>\$ 5,143,750</u>	<u>\$ 6,012,566</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, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables to related parties:			
— Associates			
Formosa Petrochemical Corp.	\$ 7,640,983	\$ 9,419,596	\$ 6,776,745
Others	-	-	705
— Other related parties	<u>1,164,417</u>	<u>1,958,397</u>	<u>1,575,265</u>
	<u>\$ 8,805,400</u>	<u>\$ 11,377,993</u>	<u>\$ 8,352,715</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>2020</u>	<u>2019</u>
Expansion and repair works of factory sites		
— Associates	\$ 173,487	\$ 116,249
— Other related parties	<u>92,298</u>	<u>69,898</u>
	<u>\$ 265,785</u>	<u>\$ 186,147</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Expansion and repair works of factory sites		
— Associates	\$ 337,083	\$ 318,229
— Other related parties	<u>354,817</u>	<u>241,648</u>
	<u>\$ 691,900</u>	<u>\$ 559,877</u>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables to related parties:			
— Associates	\$ -	\$ 250	\$ 15,159
— Other related parties	<u>165,918</u>	<u>13,070</u>	<u>76,508</u>
	<u>\$ 165,918</u>	<u>\$ 13,320</u>	<u>\$ 91,667</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, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
— Associates			
Formosa Heavy Industries Corp.	\$ 3,000,000	\$ 7,150,000	\$ 4,000,000
Others	<u>-</u>	<u>-</u>	<u>166,774</u>
	<u>3,000,000</u>	<u>7,150,000</u>	<u>4,166,774</u>
— Other related parties			
Formosa Plastics Marine Co., Ltd.	4,381,240	5,648,836	5,655,142
Others	<u>-</u>	<u>-</u>	<u>200,000</u>
	<u>4,381,240</u>	<u>5,648,836</u>	<u>5,855,142</u>
	<u>\$ 7,381,240</u>	<u>\$ 12,798,836</u>	<u>\$ 10,021,916</u>

ii. Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
— Associates		
Formosa Heavy Industries Corp.	\$ 11,331	\$ 13,878
Others	<u>-</u>	<u>2,975</u>
	<u>11,331</u>	<u>16,853</u>
— Other related parties		
Formosa Plastics Marine Co., Ltd.	14,116	20,350
Others	<u>-</u>	<u>431</u>
	<u>14,116</u>	<u>20,781</u>
	<u>\$ 25,447</u>	<u>\$ 37,634</u>

		For the nine-month periods ended September 30,	
		2020	2019
— Associates			
Formosa Heavy Industries Corp.	\$	38,158	\$ 51,648
Others		-	5,842
		<u>38,158</u>	<u>57,490</u>
— Other related parties			
Formosa Plastics Marine Co., Ltd.		48,926	61,274
Others		-	431
		<u>48,926</u>	<u>61,705</u>
	\$	<u>87,084</u>	\$ <u>119,195</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%~1.42% and 1.41%~3.48% per annum for the nine-month periods ended September 30, 2020 and 2019, respectively.

(b) Loans from related parties:

i. Ending balance of accounts payable - related parties

	September 30, 2020	December 31, 2019	September 30, 2019
— Associates	\$ <u>520,582</u>	\$ -	\$ -

ii. Interest expense

		For the three-month periods ended September 30,	
		2020	2019
— Associates		\$ <u>934</u>	\$ -
		For the nine-month periods ended September 30,	
		2020	2019
— Associates		\$ <u>934</u>	\$ <u>3</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% and 1.41% per annum for the nine-month periods ended September 30, 2020 and 2019.

G. Receivables for payment on behalf of others

	September 30, 2020	December 31, 2019	September 30, 2019
— Other related parties	(\$ <u>27</u> )	(\$ <u>27</u> )	(\$ <u>29</u> )

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

## H. Operating expenses

		For the three-month periods ended September 30,	
		2020	2019
Transportation charges			
— Other related parties			
Formosa Plastics Marine Corp.	\$	328,057	\$ 394,379
Formosa Plastics Transport (Ningbo) Corp.		236,265	244,883
Others		20,794	46,209
	\$	<u>585,116</u>	<u>\$ 685,471</u>

		For the nine-month periods ended September 30,	
		2020	2019
Transportation charges			
— Other related parties			
Formosa Plastics Marine Corp.	\$	1,097,476	\$ 1,009,936
Formosa Plastics Transport (Ningbo) Corp.		643,171	690,314
Others		118,680	167,788
	\$	<u>1,859,327</u>	<u>\$ 1,868,038</u>

## I. Rental revenue

		For the three-month periods ended September 30,	
		2020	2019
— Associates			
Formosa Petrochemical Corp.	\$	5,303	\$ 5,303
Others		2,975	3,087
		<u>8,278</u>	<u>8,390</u>
— Other related parties			
Nan Ya Plastics Corp.		6,582	6,598
Formosa Plastics Building Parking Lot		3,782	3,841
Formosa Network Technology Corp.		3,850	3,850
Others		7,361	7,507
		<u>21,575</u>	<u>21,796</u>
	\$	<u>29,853</u>	<u>\$ 30,186</u>



		For the nine-month periods ended September 30,	
		2020	2019
— Associates			
Formosa Petrochemical Corp.	\$	15,911	\$ 15,911
Others		8,924	9,260
		<u>24,835</u>	<u>25,171</u>
— Other related parties			
Nan Ya Plastics Corp.		19,209	19,793
Formosa Plastics Building Parking Lot		11,347	11,524
Formosa Network Technology Corp.		11,550	11,550
Others		22,375	22,522
		<u>64,481</u>	<u>65,389</u>
	\$	<u>89,316</u>	\$ <u>90,560</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

		For the three-month periods ended September 30,	
		2020	2019
Purchase of property, plant and equipment			
— Associates	\$	85,905	\$ 91,631
— Other related parties		-	46,354
	\$	<u>85,905</u>	\$ <u>137,985</u>

		For the nine-month periods ended September 30,	
		2020	2019
Purchase of property, plant and equipment			
— Associates	\$	173,487	\$ 222,721
— Other related parties			
Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.		1,233,875	-
Others		-	54,164
	\$	<u>1,407,362</u>	\$ <u>276,885</u>

(b) Acquisition of financial assets

For the three-month period ended September 30, 2020: None.

				For the three-month period ended September 30, 2019
	Accounts	No. of shares	Objects	Consideration
Formosa Resources Corp.	Investments accounted for using equity method	157,000,000	Formosa Resources Corp.	\$ 1,570,000
				For the nine-month period ended September 30, 2020
	Accounts	No. of shares	Objects	Consideration
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
				\$ 2,152,315
				For the nine-month period ended September 30, 2019
	Accounts	No. of shares	Objects	Consideration
FG Inc.	Investments accounted for using equity method	-	FG Inc.	\$ 764,280
Formosa Resources Corp.	Investments accounted for using equity method	157,000,000	Formosa Resources Corp.	1,570,000
				\$ 2,334,280

K. Donation:

	For the three-month periods ended September 30,	
	2020	2019
— Other related parties	\$ -	\$ -
	For the nine-month periods ended September 30,	
	2020	2019
— Other related parties	\$ -	\$ 8,698

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

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

(3) Key management compensation

	For the three-month periods ended September 30,	
	2020	2019
Salaries	\$ 12,173	\$ 19,830
Post-employment benefits	382	420
	<u>\$ 12,555</u>	<u>\$ 20,250</u>
	For the nine-month periods ended September 30,	
	2020	2019
Salaries	\$ 66,664	\$ 88,342
Post-employment benefits	1,139	1,284
	<u>\$ 67,803</u>	<u>\$ 89,626</u>

8. Pledged Assets

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

Pledged assets	Book value			Purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Property, plant and equipment	\$ 5,886,870	\$ 5,888,149	\$ 5,888,324	Collateral for bank loans
Inventory	17,610	21,264	21,264	Limited transfer for land tax reassessment and collateral
	<u>\$ 5,904,480</u>	<u>\$ 5,909,413</u>	<u>\$ 5,909,588</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

The details of commitments and contingencies as of September 30, 2020 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet paid amounted to \$7,212,745 thousand, RMB 838,505 thousand and VND 329,328,408 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 8,692 thousand, JPY 230,105 thousand and EUR 3,361 thousand.

(3) The provision of endorsements and guarantees to others are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Formosa Industries Corp.	\$ -	\$ 602,120	\$ 620,840
Formosa Resources Corp.	3,131,045	3,236,395	3,337,015
Formosa Group (Cayman) Corp.	7,281,500	7,526,500	7,760,500
Formosa Ha Tinh (Cayman) Corp.	26,361,281	27,708,143	28,594,627
Formosa Taffeta (Zhong Shan) Co., Ltd.	14,550	29,980	108,570
Formosa Taffeta (Vietnam) Co., Ltd.	381,867	603,494	529,348
Formosa Taffeta (Changshu) Co., Ltd.	375,424	293,174	350,695
Formosa Taffeta (Dong Nai) Co., Ltd.	2,642,773	2,876,937	2,994,134
Public More Internation Co., Ltd.	-	3,000	3,000
	<u>\$ 40,188,440</u>	<u>\$ 42,879,743</u>	<u>\$ 44,298,729</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 led by Mega International Commercial Bank, arranging the credit facilities of USD 155 million or equal value in 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.

(5) Contingencies - litigation

- A. In August 2019, Taiwan Cooperative Bank Ltd. and DBS Bank (Taiwan) Ltd. filed a complaint against the Group's subsidiaries, Formosa Taffeta Co., Ltd. ("Formosa Taffeta") and Formosa Taffeta Dong Nai Co., Ltd. ("Formosa Taffeta Dong Nai"), alleging that several employees of Formosa Taffeta and Formosa Taffeta Dong Nai, instead of making truthful representations during the credit assessment procedures, cooperated with New Site Industries, Inc. ("New Site") and New Brite Industries, Inc. ("New Brite") to conduct false statements and providing misleading information with regard to the fact that New Site and New Brite owned the accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, thereby causing losses to the plaintiffs. As a result, the plaintiffs alleged that Formosa Taffeta and Formosa Taffeta Dong Nai shall be liable for the losses incurred due to the poor supervision. Formosa Taffeta and Formosa Taffeta Dong Nai Co., Ltd. have appointed an attorney to represent them. Based on the opinion of the Group's legal counsel, it is difficult to predict the judge's decision at this stage as the case is still in the course of preliminary proceedings at the court of first instance. Therefore, the outcome and impact of the case cannot yet be determined.

B. In February 2020, O-Bank Co., Ltd. filed a complaint against the Group's subsidiary, Formosa Taffeta Co., Ltd. ("Formosa Taffeta"), alleging that several employees of Formosa Taffeta, instead of making truthful representations during the credit assessment procedures, cooperated with New Site Industries, Inc. ("New Site"), New Brite Industries, Inc. ("New Brite"), Highlite Industries, INC. and Loomtech Industries, Inc. (collectively referred herein as "New Brite Group") in making false statements and providing misleading information with regard to the fact that New Brite Group owned the accounts receivable due from Formosa Taffeta, thereby causing losses to the plaintiffs. As a result, the plaintiffs alleged that Formosa Taffeta shall be liable for the losses incurred due to the poor supervision. Formosa Taffeta has appointed an attorney to represent them. Based on the opinion of the Group's legal counsel, it is difficult to predict the judge's decision at this stage as the case is still in the course of preliminary proceedings at the court of first instance. Therefore, the outcome and impact of the case cannot yet be determined.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Due to the impact of COVID-19, 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 fluctuation in international crude oil prices. Consequently, the Group's operating revenue decreased by nearly 26% on a year-over-year basis in the first three quarters of 2020, resulting in a decrease in consolidated profit before tax of almost 63%. Although the Group has consolidated profit before tax and turned its losses into profits in the second and third quarter of 2020 compared to the first quarter, the overall impact of the pandemic on the financial position and performance of the Group in 2020 relies on the subsequent control of the pandemic and recovery momentum in the consumption market.

(2) Litigation

The Company's operating permit and bituminous coal usage permit for co-generation equipment, M16, M17 and M22, have expired on September 28, 2016. The Company has applied for permit extension in June, 2016, however, after months of investigation and review, the Changhua County Government stated that improvements were not satisfactory and decided to revoke the extension application on September 29, 2016. The Company filed a suspension application with Taichung High Administrative Court on September 30, 2016 and asked for continued operations until judgement on the administrative lawsuit has been rendered. Meanwhile, the Company filed an administrative appeal with the Executive Yuan.

Under the Taichung High Administrative Court judgement, the suspension application filed regarding discontinued operations of M16, M17 and M22 had been denied. The loss or dangerous status of discontinued operation of co-generation equipment claimed by the Company was considered 'possible' but not 'certain' before November 1, 2016, and the discontinued operation has not resulted in plant shutdown and industry safety hazard.

The Company's Changhua plant was forced to shut down and consequently, incurred losses due to the lack of vapor power. The Company will explore all available legal remedies in filing a claim for indemnity and protect stockholders' and the Company's interest.

Because of the Changhua plant shutdown, the Company has assessed that part of idle production equipment may not be recoverable. Accordingly, the Company recognised impairment loss on property, plant and equipment amounting to \$466,785 for the year ended December 31, 2016.

On November 16, 2017, the Company received a violation decision from Changhua County Government of an enhanced fine amounting to NT\$1.244 billion pursuant to Article 7 of Environmental Impact Assessment Act. The fine was levied on the ground that the indigenous coal used in the combined heat and power system is contrary to that indicated in the Environmental Impact Statement. The lawyers have filed an appeal with the Environmental Protection Administration (EPA) on behalf of the Company on November 22, 2017. On December 19, 2017, Changhua County Government consented to suspend the fine until the appeal was concluded as stated in Letter No. Fu-Sho-Huan-Zong-Zi-1060429733. On December 11, 2017, the Company stated its opinion in EPA to dispute the fine. On February 14, 2018, the Company was informed that the decision on the appeal was postponed for two months in EPA's Letter No. Huan-Shu-Zi-1070014111. On March 8, 2018, the EPA ruled to revoke the violation decision of Changhua County Government amounting to NT\$1.244 billion and dismiss the Company's suspension application. Subsequently, the Company submitted an application to the EPA for the withdrawal of the appeal on April 18, 2019, which has been approved by the EPA on April 19, 2019.

### (3) 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 ending December 31, 2020 is the same as that for the year ending December 31, 2019. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group's debt-to-capital ratio was 20%, 17% and 17%, respectively.

(4) Financial instruments

A. Financial instruments by category

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 3,963,442	\$ 4,044,087	\$ 4,143,323
Financial assets at fair value through other comprehensive income	136,558,032	177,684,482	177,082,043
Financial assets at amortised cost	55,751,390	63,980,006	63,263,609
	<u>\$ 196,272,864</u>	<u>\$ 245,708,575</u>	<u>\$ 244,488,975</u>
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ -	\$ 80	\$ 448
Financial liabilities at amortised cost	128,957,786	127,501,867	125,024,872
Lease liability	855,553	908,769	926,628
	<u>\$ 129,813,339</u>	<u>\$ 128,410,716</u>	<u>\$ 125,951,948</u>

Note: Financial assets measured at amortised cost include cash and cash equivalents, contract assets, accounts and notes receivable, other receivables, 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 (11).
- 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 (11).
      - 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, 2020				
Foreign Currency				
	<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>		<u>Book Value (NTD)</u>
<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

  

December 31, 2019				
Foreign Currency				
	<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>		<u>Book Value (NTD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 472,123	30.11	\$	14,215,624
JPY : NTD	260,581	0.28		72,963
<u>Non-monetary items</u>				
RMB : NTD	\$ 12,218,534	4.32	\$	52,784,067
USD : NTD	534,034	30.11		16,079,764
VND : NTD	7,761,862,792	0.0013		10,090,422
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 42,257	30.11	\$	1,272,358
JPY : NTD	137,348	0.28		38,457
USD : RMB	5,930	30.11		178,552
USD : VND	327,003	30.11		9,846,060

September 30, 2019

Foreign Currency				
	<u>Amount (In Thousands)</u>		<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 514,711		31.04	\$ 15,976,629
JPY : NTD	316,917		0.29	91,906
<u>Non-monetary items</u>				
RMB : NTD	\$ 11,927,868		4.39	\$ 52,363,341
USD : NTD	599,566		31.04	18,610,529
VND : NTD	7,848,537,108		0.0013	10,203,098
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 70,017		31.04	\$ 2,173,328
JPY : NTD	181,698		0.29	52,692
USD : VND	356,400		31.04	11,062,656

- 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, 2020 and 2019 amounted to (\$303,926), (\$85,133), (\$459,460) and \$475,700, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the nine-month period ended September 30, 2020

Sensitivity analysis				
	<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<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	-

For the nine-month period ended September 30, 2019

Sensitivity analysis					
		Effect on	Effect on other		
Degree of variation		profit or loss	comprehensive		
			income		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	159,766	\$	-
JYP : NTD	1%		919		
<u>Non-monetary items</u>					
RMB : NTD	1%	\$	-	\$	523,633
USD : NTD	1%		-		186,105
VND : NTD	1%		-		102,031
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	21,733	\$	-
JPY : NTD	1%		527		-
USD : VND	1%		110,627		

#### 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, 2020 and 2019 would have increased/decreased by \$31,707 and \$33,142, 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 \$1,365,580 and \$1,770,820, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and 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, 2020 and 2019, 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, 2020 and 2019, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine-month periods then ended would have been \$143,466 and \$166,190 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, and the contract cash flows of instruments stated 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, 2020, December 31, 2019 and September 30, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$128,665, \$0 and \$0, 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, 2020, December 31, 2019 and September 30, 2019, 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, 2020</u>				
Expected loss rate	0.15%~0.34%	3.65%~13.76%	63.58%~88.38%	94.25%~100%
Total book value	\$ 26,418,038	\$ 266,507	\$ 10,739	\$ 61,472
Loss allowance	\$ 75,329	\$ 15,271	\$ 6,252	\$ 58,704
<u>At December 31, 2019</u>				
Expected loss rate	0.07%~0.87%	5.49%~7.50%	55.23%~100%	97.34%~100%
Total book value	\$ 27,956,124	\$ 184,961	\$ 59,370	\$ 177,743
Loss allowance	\$ 59,989	\$ 11,897	\$ 37,863	\$ 177,644
<u>At September 30, 2019</u>				
Expected loss rate	0.04%~0.27%	2.74%~7.07%	26.25%~100%	79.72%~100%
Total book value	\$ 31,443,924	\$ 438,605	\$ 82,922	\$ 177,582
Loss allowance	\$ 44,312	\$ 18,144	\$ 52,120	\$ 177,582

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

	September 30, 2020	December 31, 2019	September 30, 2019
Not past due	\$ 26,418,038	\$ 27,956,124	\$ 31,443,924
Up to 30 days	266,507	184,961	439,605
31 to 90 days	10,739	59,370	82,922
91 to 180 days	61,472	177,743	177,582
	<u>\$ 26,756,756</u>	<u>\$ 28,378,198</u>	<u>\$ 32,144,033</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:

For the nine-month period ended September 30, 2020			
	Accounts receivable	Contract assets	Notes receivable
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>

For the nine-month period ended September 30, 2019			
	Accounts receivable	Contract assets	Notes receivable
At January 1	\$ 252,085	\$ -	\$ -
Provision for impairment	40,437	-	-
Effect of exchange rate changes	( 365)	-	-
At September 30	<u>\$ 292,157</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, 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	-

<u>December 31, 2019</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	\$ 181,049	\$ 157,493	\$ 283,025	\$ 432,252
Bonds payable	2,750,000	-	13,800,000	18,300,000
Long-term borrowings	3,937,482	6,657,498	7,456,585	-

<u>September 30, 2019</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	\$ 170,617	\$ 149,278	\$ 306,250	\$ 383,305
Bonds payable	4,700,000	3,150,000	9,950,000	19,000,000
Long-term borrowings	3,359,709	12,606,430	4,807,656	-

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

Derivative financial liabilities:

<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>
Forward exchange contracts	\$ -	\$ -	\$ -	\$ -

<u>December 31, 2019</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	\$ 80	\$ -	\$ -	\$ -

<u>September 30, 2019</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	\$ 448	\$ -	\$ -	\$ -

- 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.

(5) 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, 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	112,524,543	2,143,858	21,889,631	136,558,032
	<u>\$ 112,524,543</u>	<u>\$ 6,107,300</u>	<u>\$ 21,889,631</u>	<u>\$ 140,521,474</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>December 31, 2019</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	\$ -	\$ 119	\$ -	\$ 119
Fund	-	4,043,968	-	4,043,968
Financial assets at fair value through other comprehensive income				
Equity securities	143,847,398	2,553,194	31,283,890	177,684,482
	<u>\$ 143,847,398</u>	<u>\$ 6,597,281</u>	<u>\$ 31,283,890</u>	<u>\$ 181,728,569</u>

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 80	\$ -	\$ 80
<u>September 30, 2019</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	\$ -	\$ 625	\$ -	\$ 625
Fund	-	4,142,698	-	4,142,698
Financial assets at fair value through other comprehensive income				
Equity securities	141,541,882	2,452,332	33,087,829	177,082,043
	<u>\$ 141,541,882</u>	<u>\$ 6,595,655</u>	<u>\$ 33,087,829</u>	<u>\$ 181,225,366</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 448	\$ -	\$ 448

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, 2020 and 2019, 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, 2020 and 2019:

	<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>21,889,631</u>

	For the nine-month period ended September 30, 2019	
	Non-derivative equity instrument	
At January 1	\$	41,526,281
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 (		8,493,994)
Effect of exchange rate changes		55,542
At September 30	\$	33,087,829

- G. For the nine-month periods ended September 30, 2020 and 2019, there was no transfer into or out from Level 3.
- 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 on 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, 2020	Fair value at December 31, 2019	Fair value at September 30, 2019	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non- derivative equity instrument:						
Unlisted shares	\$ 10,453,438	\$ 14,897,653	\$ 13,807,269	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
	1,059,962	1,199,050	1,261,952	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
	10,376,231	15,187,187	18,018,608	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, 2020		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
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>
		December 31, 2019		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
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>148,977</u>	\$ <u>148,977</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>11,991</u>	\$ <u>11,991</u>

			September 30, 2019	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
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>138,073</u>	\$ <u>138,073</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>12,620</u>	\$ <u>12,620</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: Please refer to table 6.
- 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 7.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and (11); 12(4) and (5).
- J. Significant intragroup transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information on investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 12.

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

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. Furthermore, 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, 2020

	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies 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>\$ -</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>\$ -</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>\$ -</u>	<u>\$ 399,969,936</u>	<u>(\$ 114,499,103)</u>	<u>\$ -</u>	<u>\$488,374,968</u>

For the nine-month period ended September 30, 2019

	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Other divisions	Reconciliation and offset	Discontinued operation	Total
External revenue	\$ 22,918,981	\$ 30,512,293	\$ 48,797,249	\$ 77,509,899	\$20,753,665	\$ 6,899,134	\$ 43,781,420	\$ -	(\$ 6,986,532)	\$244,186,109
Internal revenue	47,743,297	20,384,184	2,694,283	10,559,546	315,989	-	26,161,846	( 107,859,145)	-	-
Total revenue	<u>\$ 70,662,278</u>	<u>\$ 50,896,477</u>	<u>\$ 51,491,532</u>	<u>\$ 88,069,445</u>	<u>\$21,069,654</u>	<u>\$ 6,899,134</u>	<u>\$ 69,943,266</u>	<u>(\$ 107,859,145)</u>	<u>(\$ 6,986,532)</u>	<u>\$244,186,109</u>
Segment profit (loss)	<u>\$ 3,406,502</u>	<u>\$ 4,100,642</u>	<u>\$ 808,606</u>	<u>\$ 3,840,767</u>	<u>\$ 3,602,477</u>	<u>\$ 1,218,713</u>	<u>\$ 22,614,744</u>	<u>(\$ 5,474,461)</u>	<u>(\$ 1,220,666)</u>	<u>\$ 32,897,324</u>
Total assets of segments	<u>\$ 33,781,216</u>	<u>\$ 30,968,313</u>	<u>\$ 33,403,171</u>	<u>\$ 45,849,433</u>	<u>\$76,753,122</u>	<u>\$ 12,911,122</u>	<u>\$ 439,377,246</u>	<u>(\$ 121,989,065)</u>	<u>\$ -</u>	<u>\$551,054,558</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, 2020

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 September 30, 2020 (Note 3)	Balance at September 30, 2020 (Note 8)	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
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 8,500,000	\$ 6,000,000	\$ -	1.23~1.42	1	2	Additional operating capital	\$ -	-	\$ -	\$ 75,173,409	\$ 150,346,818	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.23~1.42	1	2	Additional operating capital	-	-	-	75,173,409	150,346,818	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	8,500,000	6,000,000	-	1.23~1.42	1	2	Additional operating capital	-	-	-	75,173,409	150,346,818	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	-	1.23~1.42	2	1	Additional operating capital	-	-	-	60,138,727	120,277,455	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	15,800,000	9,000,000	3,000,000	1.23~1.42	2	1	Additional operating capital	-	-	-	60,138,727	120,277,455	-
0	The Company	Formosa Plastics Marine Co., Ltd.	Other receivables-related parties	Yes	8,063,567	7,341,240	4,381,240	1.23~1.42	2	1	Additional operating capital	-	-	-	60,138,727	120,277,455	-
0	The Company	Formosa FCFC Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.23~1.42	2	1	Additional operating capital	-	-	-	60,138,727	120,277,455	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2020 (Note 3)	Balance at September 30, 2020 (Note 8)	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
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	\$ 1,600,000	\$ 1,600,000	\$ -	1.23~1.42	2	1	Additional operating capital	\$ -	-	\$ -	\$ 60,138,727	\$ 120,277,455	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.23~1.42	2	1	Additional operating capital	-	-	-	60,138,727	120,277,455	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	13,500,000	6,000,000	-	1.23~1.42	1	2	Additional operating capital	-	-	-	75,173,409	150,346,818	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	7,501,349	7,454,462	7,454,462	3.24~3.48	1	2	Additional operating capital	-	-	-	8,228,221	16,456,441	-

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, 2020.

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, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2020 (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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Formosa Industries Corp., Vietnam	1	\$ 13,988,631	\$ 454,950	\$ -	\$ -	\$ -	-	\$ 390,901,728	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	195,450,864	7,582,500	7,281,500	7,281,500	-	2.42	390,901,728	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	195,450,864	20,907,973	19,728,380	19,728,380	-	6.56	390,901,728	N	N	N	-
0	The Company	Formosa Resources Corporation	6	195,450,864	3,260,475	3,131,045	3,131,045	-	1.04	390,901,728	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	34,667,451	998,250	960,300	14,550	-	1.70	69,334,902	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	34,667,451	1,603,250	1,542,300	381,867	-	2.73	69,334,902	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	2	34,667,451	1,663,750	1,600,500	375,424	-	2.83	69,334,902	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	34,667,451	4,295,500	4,132,200	2,642,773	-	7.31	69,334,902	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Co., Ltd.	6	34,667,451	7,017,217	6,632,901	6,632,901	-	11.73	69,334,902	N	N	N	-
2	Formosa Development Co.,	Public More Internation Company	2	185,030	3,000	-	-	-	-	370,060	Y	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 Compa

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, 2020

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, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	486,978,692	\$ 38,276,525	7.65	\$ 38,276,525	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	63,621,500	1,852,658	14.97	1,852,658	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	413,327,750	24,593,001	5.21	24,593,001	-
The Company	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	334,815,409	19,251,886	11.30	19,251,886	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	14,723,422	198,030	3.09	198,030	-
The Company	Mega Private US Dollar Money Market Funds	-	Financial assets at fair value through profit or loss - current	12,477,992	3,963,429	-	3,963,429	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	39,562,740	831,213	17.98	831,213	-
The Company	Stocks_Formosa Plastic Corp. U.S.A.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	8,999	2,381,486	2.92	2,381,486	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets at fair value through other comprehensive income - non-current	15,002,811	2,067,087	2.00	2,067,087	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,070,151	12,885	0.79	12,885	-
The Company	Stocks_Yi-Jih Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	300,000	13,755	1.51	13,755	-

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of September 30, 2020				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	\$ 41,180	1.41	\$ 41,180	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related parties	Financial assets at fair value through other comprehensive income- non-current	355,880	228,749	18.22	228,749	-
The Company	Stocks_Formosa Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	18,255,356	240,423	18.00	240,423	-
The Company	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,925,000	95,940	12.50	95,940	-
The Company	Stocks_Formosa Plastics Marine Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,428,500	298,730	15.00	298,730	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,622	4,055,618	19.00	4,055,618	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income - non-current	3,750,000	21,225	3.91	21,225	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,500,000	20,125	1.97	20,125	-
FCFC International (Cayman) Limited	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	621,178,219	7,779,748	11.43	7,779,748	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	865,373	11,639	0.18	11,639	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Lithium Iron Oxide Corp.	Other related parties	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 parties	Financial assets at fair value through other comprehensive income - non-current	251,120	8,237	1.07	8,237	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,100,000	22,008	4.67	22,008	-

Table 3, Page 2

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of September 30, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	423,720	\$ 3,860	0.46	\$ 3,860	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma (Cayman), Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,559,814	1,160,085	13.42	1,160,085	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets at fair value through other comprehensive income - non-current	26,597,922	165,439	18.68	165,439	-
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	823,883	0.21	823,883	3
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	32	-	-	-	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	640	50	-	50	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	482,194	28,691	0.01	28,691	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	10,000,000	291,199	2.35	291,199	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	7,711,010	443,383	0.25	443,383	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	365,267,576	29,221,406	3.83	29,221,406	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - non-current	191,885	6,481	0.45	6,481	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	14,400	38,345	10.00	38,345	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets at fair value through other comprehensive income - non-current	789,000	20,699	1.20	20,699	-



Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,348,731	\$ 11,617	3.17	\$ 11,617	-
Formosa Taffeta Co., Ltd.	FG INC	Other related parties	Financial assets at fair value through other comprehensive income - non-current	600	329,122	3.00	329,122	-
Formosa Taffeta Co., Ltd.	NKFG Co.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	5,540,000	55,400	2.50	55,400	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	209,010,676	2,617,687	3.85	2,617,687	-
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	68,538	0.13	68,538	-

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 (15).

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, 2020

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, 2020		Addition (Note 3)		Number of shares	Disposal (Note 3)				Gain (loss) on disposal		Balance as at September 30, 2020	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value					Number of shares	Amount
The Company	FC INC.	Investments accounted for using equity method	FC INC.	Related parties	6,000	\$ 2,605,772	-	\$ 737,727	-	\$ -	\$ -	\$ -	\$ -	-	-	6,000	\$ 3,183,855
Formosa Taffeta Co., Ltd. (Note 6)	Schoeller Textil AG	Investments accounted for using equity method	Schoeller Textil AG	Related parties	-	-	21,874	1,285,507	-	-	-	-	-	-	-	21,874	1,238,843

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 NTS10 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.

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, 2020

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 Industries Corp., Vietnam	Polymerization equipment correction instrument	Note	\$ 1,233,875	Paid	Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	Other related parties	-	-	-	\$ -	Bargaining	For production and manufacturing	-

Note: On January 24, 2019, the Board of Directors resolved to acquire the asset, and the price of the asset was paid on March 24, 2020.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Disposal 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, 2020

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Property	Event Date	Acquisition Date	Book Value	Transaction Amount	Collection Status	Gain (loss) on disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other Terms
Tah Shin Spinning Corp.	No. 1371-1372, Fengkou Section, Xinhua District, Tainan City and No.1938-1944, 1947-1950, 2093, Taizi Temple Subsection, Xinhua Section, Xinhua District, Tainan City	2020/4/17	1984/12/31	\$ 3,143	\$ 1,061,427	\$ 1,061,427	\$ 822,378	I-Hwa Industrial Co. Ltd.	-	Disposal of idle land and buildings	Valuation amount of \$979,050 by Zhan-Mao Real Estate Appraisers Firm and valuation amount of \$984,800 by Cushman & Wakefield Real Estate Appraisers Firm	-

Note 1: The appraisal result should be presented in the 'Pricing Reference' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the 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 shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: Gain on disposal includes expense for transaction and land value increment tax.

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, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

			Differences in transaction terms compared to third party transactions ( Note 1 )								
			Transaction			Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1 )
The Company	Formosa Plastics Corp.	Other related parties	Sales	(\$ 1,639,038) (	1)	30 days	\$ -	-	\$ 212,462	2	-
The Company	Nan Ya Plastics Corp.	Other related parties	Sales	( 15,038,401) (	13)	30 days	-	-	1,659,770	13	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	( 712,013) (	1)	60 days	-	-	Notes receivable	71,168	21
The Company	Formosa Taffeta (Dong Nai) Corp.	Subsidiary	Sales	( 362,250)	-	60 days	-	-	Accounts receivable	180,994	1
The Company	Formosa Petrochemical Corp.	Associates	Sales	( 10,708,746) (	10)	30 days	-	-	75,595	1	-
The Company	Formosa Chemicals Industries (Ningbo) Co.,	Subsidiary	Sales	( 15,883,301) (	14)	90 days	-	-	1,239,684	9	-
The Company	Formosa Industries Corp.,	Subsidiary	Sales	( 1,050,878) (	1)	30 days	-	-	4,540,624	35	-
The Company	PFG Fiber Glass Corp.	Other related parties	Sales	( 326,875)	-	30 days	-	-	237,122	2	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	( 6,870,346) (	6)	30 days	-	-	40,616	-	-
The Company	Formosa Plastics Corp., U.S.A.	Other related parties	Sales	( 284,928)	-	30 days	-	-	374,387	3	-
The Company	Formosa Plastics Corp.	Other related parties	Purchases	2,911,599	3	30 days	-	-	( 311,833) (	3)	-
The Company	Nan Ya Plastics Corp.	Other related parties	Purchases	4,277,123	5	30 days	-	-	( 309,393) (	3)	-
The Company	Formosa Petrochemical Corp.	Associates	Purchases	61,330,690	68	30 days	-	-	( 7,043,252) (	65)	-
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	( 499,868) (	16)	30 days	-	-	48,804	7	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Associates	Sales	( 1,154,790) (	38)	90 days after shipped	-	-	434,880	65	-

							Differences in transaction terms compared to third party transactions ( Note 1 )						
Transaction							Notes/accounts receivable (payable)						
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote ( Note 1 )		
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Sales	(\$ 284,126)	( 9)	30 days	\$ -	-	\$ 27,987	4	-		
Formosa BP Chemicals Corp.	Formosa Plastics Corp.	Other related parties	Sales	( 103,457)	( 3)	15 days			14,569	2			
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Purchases	1,214,614	61	45days	-	-	( 154,459)	( 62)	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	Sales	( 1,913,842)	( 39)	30 days	-	-	236,435	33	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	Sales	( 1,653,541)	( 34)	30 days	-	-	214,754	30	-		
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	( 322,674)	( 7)	30 days	-	-	38,972	5	-		
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	( 3,888,275)	( 9)	90 days	-	-	482,140	4	-		
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	1,325,290	3	90 days	-	-	( 259,856)	( 4)	-		
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associates	Purchases	564,284	1	90 days	-	-	( 51,206)	( 1)	-		
Formosa Industries Corp	The Company	Parent company	Sales	( 296,546)	( 2)	60 days	-	-	36,317	2	-		
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Corp.	Associates	Sales	( 307,372)	( 2)	60 days	-	-	71,469	5	-		
Formosa Industries Corp.	Formosa Plastics Corp.	Other related parties	Purchases	239,877	2	30 days	-	-	( 29,921)	( 3)	-		
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Purchases	849,928	8	30 days	-	-	( 163,007)	( 18)	-		
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	( 812,210)	( 12)	30 days	-	-	152,997	25	-		
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	( 123,437)	( 2)	30 days after closing date	-	-	20,622	3			

Differences in transaction terms compared to third party transactions ( Note 1 )											
Transaction						Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote ( Note 1 )
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates	Sales	(\$ 366,650)	( 5)	30 days after closing date	\$ -	-	\$ 65,504	11	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	( 527,814)	( 8)	30 days after closing date	-	-	45,813	8	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	Sales	( 387,714)	( 6)	30 days after closing date	-	-	86,965	14	-
Formosa Biomedical Technology Corp.	Nan Ya Technology Corp.	Other related parties	Sales	( 111,579)	( 6)	30 days	-	-	2,263	1	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Enterprise Co., Ltd.	Associates	Sales	( 230,960)	( 1)	Pay by mail transfer 60 days after delivery	-	-	18,013	1	-
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related parties	Sales	( 181,185)	( 1)	Pay 120 days after delivery	-	-	30,651	2	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Corp.	Subsidiary	Sales	( 121,390)	( 1)	60 days after monthly billings	-	-	16,645	1	-
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related parties	Purchases	6,009,980	26	Pay every 15 days by mail transfer	-	-	( 390,611)	( 32)	-
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related parties	Purchases	442,010	2	Pay by mail transfer on the 15th of the following month	-	-	( 39,550)	( 3)	-
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	156,654	1	Pay by mail transfer on the 15th of the following month	-	-	( 16,825)	( 1)	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associates	Sales	( 177,162)	( 18)	60 days after monthly billings	-	-	79,036	48	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associates	Sales	( 153,720)	( 6)	60 days after monthly billings	-	-	32,071	5	-
Formosa Taffeta (Dong Nai) Co., Ltd.	The Company	Parent company	Sales	( 126,640)	( 5)	60 days after monthly billings	-	-	14,863	2	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	( 223,497)	( 8)	60 days after monthly billings	-	-	16,033	2	-
Formosa Taffeta (Vietnam) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	( 123,618)	( 7)	60 days after monthly billings	-	-	16,428	4	-

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, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020		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 parties	\$	212,462	11.53	\$	-	\$	210,749	\$	-
The Company	Nan Ya Plastics Corp.	Other related parties		1,659,770	11.19		-		1,659,770		-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	71,168	2.69		-		2,198		-
			Accounts receivable	180,994			-		80,562		-
The Company	Formosa Petrochemical Corp.	Associates		1,239,684	11.76		-		1,239,684		-
The Company	Formosa Industries Corp	Subsidiary		237,122	5.02		-		104,214		-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary		4,540,624	3.49		-		1,504,664		-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		374,387	12.98		-		374,387		-
The Company	Formosa Plastic Corp. U.S.A.	Associates		106,482	7.24				47,421		
Formosa BP Chemicals Corp	BP Chemicals (Malaysia) SDN Corp.	Associates		434,880	3.87		-		138,064		-
Formosa Idemitsu Petrochemical Corp.	The Company	Associates		152,997	8.03		-		152,997		-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates		236,435	10.63		-		149,879		-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties		214,754	10.40		-		214,754		-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties		482,140	9.77		-		482,140		-

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, 2020

Table 9

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	(\$ 15,883,301)	In regular terms	(9)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	( 6,870,346)	In regular terms	(4)

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, 2020

Table 10

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 Septemebr 30, 2020			Net profit (loss) of the investee for the nine- month period ended September 30, 2020	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 5,549	\$ 5,549	1,728,000	86.40	\$ 738,433	\$ 817,044	\$ 705,926	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	19,472,926	1,788,942	651,664	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	651,706,181	32.91	6,732,027	188,476	62,557	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	53,202	( 20,620)	( 6,873)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	299,272	299,272	6,566,384	33.33	1,148,221	270,048	90,008	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	67,095,139	( 2,799,240)	( 804,895)	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	547,030,137	24.94	11,700,261	6,534,746	1,629,766	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	34,012,602	34,012,602	56,000	100.00	56,719,274	4,430,245	4,430,245	-
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	Management	340	340	33,000	33.00	2,538	26	9	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	370,561	225,034	21,163,000	51.00	352,662	26,732	7,279	-
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	1,125,547	( 224,798)	( 111,080)	-
The Company	Formosa Industries Corp., Vietnam	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	7,938,795	71,717	30,480	-
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	1,201,500	1,201,500	120,150,000	50.00	1,471,176	( 3,735)	( 340)	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	226,672	4,027	981	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at Septemebr 30, 2020			Net profit (loss) of the investee for the nine- month period ended September 30, 2020	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	\$ 1,566,879	\$ 1,566,879	147,556,136	88.59	\$ 2,001,786	\$ 244,888	\$ 216,963	-
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	198,731	( 6,453)	( 6,453)	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	-	446,000	-	-	-	( 685,955)	( 228,652)	3
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Manufacturing of synthetic rubber	4,163,050	4,163,050	135,000,000	33.33	2,206,379	( 363,978)	( 121,315)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	7,415,940	7,415,940	741,594,000	25.00	6,330,101	324	81	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	12,500	25.00	660,685	116,318	29,080	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	100,000	100,000	10,000,000	33.33	70,117	( 16,218)	( 5,404)	-
The Company	FG INC.	United States	Investments	3,413,031	2,675,304	6,000	30.00	3,183,855	( 163,159)	( 50,778)	-
The Company	FCFC International (Cayman) Limited	Cayman Islands	Investments	17,823,278	17,823,278	50,000	100.00	7,779,823	( 13)	( 13)	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	29,959,815	29,959,815	-	100.00	41,169,732	3,555,040	3,555,040	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	96,029	( 5,846)	( 472)	-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	476,196	476,196	27,336,218	71.00	592,416	111,733	79,331	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at Septemebr 30, 2020			Net profit (loss) of the investee for the nine- month period ended September 30, 2020	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	\$ 29,610	\$ 29,610	-	100.00	(\$ 615)	\$ 798	\$ 798	-
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	13,107	6,539	3,727	-
Formosa Biomedical Technology Corp.	Formosa Bio& Energy Crop. (Japan)	Japan	Investments	5,018	-	18,105	51.00	4,587 (	848) (	431)	-
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	220,832	21,669	16,186	-
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	2,681,906	2,681,906	135,686,472	30.68	4,703,807	1,086,685	333,117	-
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	1,173,851	33,302	33,302	-
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	2,098,490	30,928	30,928	-
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	1,193,800	476,125	78,185	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	-	2,958	-	-	- (	484) (	242)	-

Investor	Investee (Note 1,2)	Location	Main business activities	Initial investment amount		Shares held as at Septemebr 30, 2020			Net profit (loss) of the investee for the nine- month period ended September 30, 2020	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
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	\$ 2,231,840	(\$ 16,311)	(\$ 16,311)	-
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	1,954,089	71,717	7,172	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	6,241,670	6,241,670	-	100.00	2,617,737	-	-	-
Formosa Taffeta Co., Ltd.	Schoeller Textil AG	Switzerland	Textile R&D, production and sales	1,285,507	-	21,874	50.00	1,238,843	( 75,991)	( 37,996)	-
Formosa Taffeta Co., Ltd.	Nan Ya Optical Corp.	Taiwan	LED lighting system, lighting piping engineering design planning, manufacturing and installation	179,204	-	7,013,871	15.22	181,118	4,683	2,600	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	16,321	1,086,685	1,157	-
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	5,000	-	100.00	12,339	5,403	5,403	-
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	-	10,000	0.01	1,042	476,125	48	-

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, 2020' 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, 2020' 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, 2020' 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.

Note3: Formosa Synthetic Rubber Corp. had been liquidated on April 10, 2020.

Formosa Chemicals and Fibre Corporation and subsidiaries  
Information on investments in Mainland China  
For the nine-month period ended September 30, 2020

Table 11

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee for the nine-month period ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020		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	\$ 875,204	100.00	\$ 875,204	\$ 15,527,142	\$ -	-	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	35,575,404	1	29,959,815	-	-	29,959,815	3,555,039	100.00	3,555,039	41,169,732	-	-	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	12,777,478	4	4,163,050	-	-	4,163,050	( 363,978)	33.33	( 121,315)	2,206,379	-	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	1	29,610	-	-	29,610	798	100.00	798	( 615)	-	-	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	52,842	100.00	52,842	1,778,532	-	-	3
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise exhibition, export processing, warehousing and design and drawing of black and white and colour graphs	15,273	1	15,273	-	12,008	-	( 347)	100.00	( 347)	-	-	-	4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Amount remitted from Taiwan to								Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee for the nine-month period ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Book value of investments in Mainland China as of September 30, 2020		
					Remitted to Mainland China	Remitted back to Taiwan							
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	\$ 34,180	100.00	\$ 34,180	\$ 1,060,887	-	5
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	70,788	2	-	-	-	-	( 56)	40.78	( 23)	15,548	-	6

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. It's paid-in capital is RMB\$13,592,920.

Note 2: Investment income recognized in current period is based on the financial reports reviewed by CPAs of the Taiwan parent company .

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2020 and September 30, 2020 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, 2020 and September 30, 2020 all amount to US\$570,000.

Note 5: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2020 and September 30, 2020 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 6: 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, 2020	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	\$ 41,464,647	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, 2020

Table 12

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				
	Amount	%	Amount	%	Balance at September 30, 2020	%	Balance at September 30, 2020	Purpose	Maximum balance during for the nine-month period ended September 30, 2020	Balance at September 30, 2020	Interest rate	Interest during for the nine-month period ended September 30, 2020	Others
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 8,283	0.05	\$ -	-	\$ 932	0.05	\$ 998,250	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-
Formosa Taffeta (Changshu) Co., Ltd.	15,992	0.10	-	-	5,939	0.33	1,663,750	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, 2020

Table 13

Expressed in thousands of NTD  
(Except as otherwise indicated)

Name of Major Shareholder	Shares	
	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%