

**FORMOSA TAFFETA CO., LTD. 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.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months 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.

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

Except as explained in the following paragraph, 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 the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method) of NT\$16,708,208 thousand and NT\$21,101,934 thousand, constituting 23% and 24% of the consolidated total assets, and total liabilities of NT\$4,504,846 thousand and NT\$5,535,205 thousand, constituting 25% and 28% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total comprehensive (loss) income (including share of profit of associates accounted for using the equity method and share of profit of associates and other comprehensive income of associates) amounting to (NT\$18,465) thousand, NT\$221,604 thousand, NT\$109,860 thousand and NT\$529,807 thousand, constituting 1%, (5%), (2%) and (39%) of the total comprehensive income for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, 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 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, 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 months and nine months then ended and its consolidated cash flows for the nine months 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.

***Emphasis of matter – Disposal of partial equity in Formosa Advanced Technologies Co., Ltd.***

As stated in Note 6(6) of the 2019 consolidated financial statements, the Company's Board of Directors during its meeting on December 13, 2019 resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co., Ltd. The equity transfer procedure was completed on December 16, 2019. After the disposal, the Company lost its control over Formosa Advanced Technologies Co., Ltd. Our opinion is not modified in respect of this matter.

Wu, Han-Chi

Liang, Hua-Ling

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 TAFFETA CO., LTD. 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		Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,919,670	4	\$ 3,236,624	4	\$ 2,404,683	3
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		12	-	119	-	625	-
1120	Current financial assets at fair	6(3)						
	value through other							
	comprehensive income		1,143,823	2	1,446,808	2	3,360,317	4
1140	Current contract assets		-	-	-	-	1,292,107	2
1150	Notes receivable, net	6(4)	36,159	-	27,399	-	85,852	-
1160	Notes receivable - related	7						
	parties		10,267	-	6,395	-	3,705	-
1170	Accounts receivable, net	6(4)	2,820,667	4	3,115,039	4	4,604,023	5
1180	Accounts receivable - related	7						
	parties		135,010	-	223,189	-	1,978,563	2
1200	Other receivables	7	213,648	-	365,837	1	365,829	-
130X	Inventory	6(5)	6,818,746	10	8,083,639	10	8,525,015	10
1410	Prepayments		443,337	1	683,781	1	688,309	1
1470	Other current assets		232,417	-	323,927	-	376,619	-
11XX	Total current assets		14,773,756	21	17,512,757	22	23,685,647	27
Non-current assets								
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		32,744,140	46	40,448,025	50	42,075,838	47
1550	Investments accounted for	6(6)						
	using the equity method		9,304,568	13	8,158,239	10	3,361,131	4
1600	Property, plant and equipment	6(7) and 8	12,569,983	18	12,698,739	16	18,496,412	21
1755	Right-of-use assets	6(8)	1,037,953	1	1,090,720	1	1,121,696	1
1760	Investment property, net	7	521,866	1	543,924	1	-	-
1840	Deferred income tax assets		116,295	-	137,962	-	96,317	-
1900	Other non-current assets		185,092	-	171,507	-	480,696	-
15XX	Total non-current assets		56,479,897	79	63,249,116	78	65,632,090	73
1XXX	Total assets		\$ 71,253,653	100	\$ 80,761,873	100	\$ 89,317,737	100

(Continued)

**FORMOSA TAFFETA CO., LTD. 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) and 8	\$ 3,397,628	5	\$ 3,753,377	5	\$ 3,805,447	4
2110	Short-term notes and bills payable	6(11)	700,000	1	-	-	300,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	80	-	448	-
2150	Notes payable		157,077	-	221,426	-	168,817	-
2160	Notes payable - related parties	7	106,909	-	49,088	-	194,688	-
2170	Accounts payable		938,210	1	1,208,744	2	1,856,257	2
2180	Accounts payable - related parties	7	714,010	1	1,160,956	1	1,136,130	1
2200	Other payables	6(13) and 7	985,391	2	1,375,784	2	1,927,581	2
2230	Current income tax liabilities	6(27)	73,572	-	397,971	-	447,192	1
2280	Current lease liabilities		137,977	-	130,043	-	133,539	-
2300	Other current liabilities	6(14)	230,222	-	185,281	-	247,188	-
21XX	<b>Total current liabilities</b>		<u>7,440,996</u>	<u>10</u>	<u>8,482,750</u>	<u>10</u>	<u>10,217,287</u>	<u>11</u>
	<b>Non-current liabilities</b>							
2540	Long-term borrowings	6(14)	8,929,030	12	6,459,892	8	7,992,654	9
2570	Deferred income tax liabilities		379,043	1	373,749	-	304,267	-
2580	Non-current lease liabilities		670,982	1	719,752	1	738,491	1
2600	Other non-current liabilities		499,062	1	501,831	1	573,847	1
25XX	<b>Total non-current liabilities</b>		<u>10,478,117</u>	<u>15</u>	<u>8,055,224</u>	<u>10</u>	<u>9,609,259</u>	<u>11</u>
2XXX	<b>Total liabilities</b>		<u>17,919,113</u>	<u>25</u>	<u>16,537,974</u>	<u>20</u>	<u>19,826,546</u>	<u>22</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital	6(16)						
3110	Common stock		16,846,646	24	16,846,646	21	16,846,646	19
	Capital surplus	6(17)						
3200	Capital surplus		1,295,085	2	1,289,642	2	1,274,676	1
	Retained earnings	6(18)						
3310	Legal reserve		8,560,207	12	8,041,335	10	8,041,335	9
3320	Special reserve		2,214,578	3	2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		7,810,240	11	10,835,954	13	8,986,985	10
	Other equity interest	6(19)						
3400	Other equity interest		16,626,848	23	25,010,157	31	26,237,942	29
3500	Treasury stocks	6(16)	( 19,064)	-	( 19,064)	-	( 19,065)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>53,334,540</u>	<u>75</u>	<u>64,219,248</u>	<u>80</u>	<u>63,583,097</u>	<u>71</u>
36XX	Non-controlling interest	6(19)	-	-	4,651	-	5,908,094	7
3XXX	<b>Total equity</b>		<u>53,334,540</u>	<u>75</u>	<u>64,223,899</u>	<u>80</u>	<u>69,491,191</u>	<u>78</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant event after the balance sheet date	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 71,253,653</u>	<u>100</u>	<u>\$ 80,761,873</u>	<u>100</u>	<u>\$ 89,317,737</u>	<u>100</u>

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

**FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)  
(Reviewed, Not Audited)

Items			Three months ended September 30				Nine months ended September 30			
			2020		2019		2020		2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	\$ 6,595,319	100	\$ 8,854,923	100	\$ 21,627,329	100	\$ 28,443,860	100
5000	Operating costs	6(5)(24)(25) and 7	( 6,086,725)	( 92)	( 7,905,281)	( 89)	( 19,436,710)	( 90)	( 25,270,924)	( 89)
5900	Net operating margin		508,594	8	949,642	11	2,190,619	10	3,172,936	11
	Operating expenses	6(24)(25) and 7								
6100	Selling expenses		( 382,721)	( 6)	( 444,525)	( 5)	( 1,214,323)	( 5)	( 1,357,058)	( 5)
6200	General and administrative expenses		( 204,847)	( 3)	( 242,253)	( 3)	( 632,369)	( 3)	( 721,746)	( 2)
6000	Total operating expenses		( 587,568)	( 9)	( 686,778)	( 8)	( 1,846,692)	( 8)	( 2,078,804)	( 7)
6900	Operating profit (loss)		( 78,974)	( 1)	262,864	3	343,927	2	1,094,132	4
	Non-operating income and expenses									
7100	Interest income	6(21)	3,032	-	11,705	-	10,115	-	22,024	-
7010	Other income	6(22) and 7	157,144	2	145,876	2	1,376,826	6	2,101,653	8
7020	Other gains and losses	6(23)	( 72,400)	( 1)	( 13,154)	-	( 89,320)	-	( 18,224)	-
7050	Finance costs	6(26)	( 16,579)	-	( 57,905)	( 1)	( 118,967)	( 1)	( 174,114)	( 1)
7060	Share of profit of associates and joint ventures accounted for using the equity method	6(6)	152,986	2	138,308	2	384,260	2	234,876	1
7000	Total non-operating income and expenses		224,183	3	224,830	3	1,562,914	7	2,166,215	8
7900	<b>Profit before income tax</b>		145,209	2	487,694	6	1,906,841	9	3,260,347	12
7950	Income tax expense	6(27)	6,601	-	( 58,558)	( 1)	( 117,657)	( 1)	( 453,018)	( 2)
8000	<b>Profit for the period from continuing operations</b>		151,810	2	429,136	5	1,789,184	8	2,807,329	10
8100	Profit (loss) from discontinued operations	6(9)	-	-	356,294	4	( 484)	-	957,739	3
8200	<b>Profit for the period</b>		\$ 151,810	2	\$ 785,430	9	\$ 1,788,700	8	\$ 3,765,068	13

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**FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)  
(Reviewed, Not Audited)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>	6(19)								
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(3)								
8316 Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income		(\$ 3,183,685)	( 48)	(\$ 5,482,509)	( 62)	(\$ 7,848,801)	( 36)	(\$ 5,202,291)	( 18)
8320 Share of other comprehensive loss of associates and joint ventures accounted for using the equity method		( 68,189)	( 1)	( 3,317)	-	( 200,138)	( 1)	( 801)	-
8310 Other comprehensive loss that will not be reclassified to profit or loss		( 3,251,874)	( 49)	( 5,485,826)	( 62)	( 8,048,939)	( 37)	( 5,203,092)	( 18)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations		( 87,801)	( 1)	( 69,426)	( 1)	( 354,324)	( 2)	60,674	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		( 28,566)	( 1)	2,929	-	( 64,168)	-	22,775	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		( 116,367)	( 2)	( 66,497)	( 1)	( 418,492)	( 2)	83,449	-
8300 <b>Total other comprehensive loss for the period</b>		(\$ 3,368,241)	( 51)	(\$ 5,552,323)	( 63)	(\$ 8,467,431)	( 39)	(\$ 5,119,643)	( 18)
8500 <b>Total comprehensive loss for the period</b>		(\$ 3,216,431)	( 49)	(\$ 4,766,893)	( 54)	(\$ 6,678,731)	( 31)	(\$ 1,354,575)	( 5)
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 151,810	2	\$ 595,847	7	\$ 1,788,942	8	\$ 3,255,474	11
8620 Non-controlling interest		-	-	189,583	2	( 242)	-	509,594	2
		<u>\$ 151,810</u>	<u>2</u>	<u>\$ 785,430</u>	<u>9</u>	<u>\$ 1,788,700</u>	<u>8</u>	<u>\$ 3,765,068</u>	<u>13</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		(\$ 3,216,431)	( 49)	(\$ 4,859,536)	( 55)	(\$ 6,678,489)	( 31)	(\$ 1,798,562)	( 7)
8720 Non-controlling interest		-	-	92,643	1	( 242)	-	443,987	2
		<u>(\$ 3,216,431)</u>	<u>( 49)</u>	<u>(\$ 4,766,893)</u>	<u>( 54)</u>	<u>(\$ 6,678,731)</u>	<u>( 31)</u>	<u>(\$ 1,354,575)</u>	<u>( 5)</u>
	6(28)	<u>B e f o r e</u>	<u>A f t e r</u>	<u>B e f o r e</u>	<u>A f t e r</u>	<u>B e f o r e</u>	<u>A f t e r</u>	<u>B e f o r e</u>	<u>A f t e r</u>
		<u>T a x</u>	<u>T a x</u>	<u>T a x</u>	<u>T a x</u>	<u>T a x</u>	<u>T a x</u>	<u>T a x</u>	<u>T a x</u>
<b>Basic and diluted earnings per share (in dollars)</b>									
Profit for the period from continuing operations		\$ 0.09	\$ 0.09	\$ 0.29	\$ 0.26	\$ 1.13	\$ 1.06	\$ 1.94	\$ 1.67
Profit for the period from discontinued operations		-	-	0.25	0.21	-	-	0.72	0.56
Non-controlling interest		-	-	( 0.17)	( 0.11)	-	-	( 0.52)	( 0.30)
Profit attributable to common shareholders of the parent		<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.37</u>	<u>\$ 0.36</u>	<u>\$ 1.13</u>	<u>\$ 1.06</u>	<u>\$ 2.14</u>	<u>\$ 1.93</u>
<b>Assuming shares held by subsidiaries are not deemed as treasury stock:</b>									
Profit for the period from continuing operations		\$ 0.09	\$ 0.09	\$ 0.29	\$ 0.25	\$ 1.13	\$ 1.06	\$ 1.94	\$ 1.67
Profit for the period from discontinued operations		-	-	0.25	0.21	-	-	0.72	0.56
Non-controlling interest		-	-	( 0.17)	( 0.11)	-	-	( 0.52)	( 0.30)
Profit attributable to common shareholders of the parent		<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.37</u>	<u>\$ 0.35</u>	<u>\$ 1.13</u>	<u>\$ 1.06</u>	<u>\$ 2.14</u>	<u>\$ 1.93</u>

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



FORMOSA TAFFETA CO., LTD. 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						
								Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations					
<u>Nine months ended September 30, 2019</u>												
Balance at January 1, 2019		\$ 16,846,646	\$ 1,268,860	\$ 7,567,594	\$ 2,214,578	\$ 9,743,048	(\$ 744,846 )	\$ 32,036,824	(\$19,500 )	\$ 68,913,204	\$ 6,055,486	\$ 74,968,690
Profit for the period		-	-	-	-	3,255,474	-	-	-	3,255,474	509,594	3,765,068
Other comprehensive income (loss)	6(19)	-	-	-	-	-	83,375	( 5,137,411 )	-	( 5,054,036 )	( 65,607 )	( 5,119,643 )
Total comprehensive income (loss)		-	-	-	-	3,255,474	83,375	( 5,137,411 )	-	( 1,798,562 )	443,987	( 1,354,575 )
Appropriations of 2018 earnings	6(18)											
Legal reserve		-	-	473,741	-	( 473,741 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 3,537,796 )	-	-	-	( 3,537,796 )	-	( 3,537,796 )
Disposal of treasury stock	6(16)(17)	-	1,194	-	-	-	-	-	435	1,629	-	1,629
Expired cash dividends transferred to capital surplus		-	46	-	-	-	-	-	-	46	-	46
Adjustment of cash dividends paid to consolidated subsidiaries acquired	6(17)	-	4,606	-	-	-	-	-	-	4,606	-	4,606
Paid expired cash dividends transferred to capital surplus	6(17)	-	( 30 )	-	-	-	-	-	-	( 30 )	-	( 30 )
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	( 591,379 )	( 591,379 )
Balance at September 30, 2019		\$ 16,846,646	\$ 1,274,676	\$ 8,041,335	\$ 2,214,578	\$ 8,986,985	(\$ 661,471 )	\$ 26,899,413	(\$19,065 )	\$ 63,583,097	\$ 5,908,094	\$ 69,491,191

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent											
Notes	Retained Earnings					Other Equity Interest					
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
<u>Nine months ended September 30, 2020</u>											
Balance at January 1, 2020	\$ 16,846,646	\$ 1,289,642	\$ 8,041,335	\$ 2,214,578	\$ 10,835,954	(\$ 1,055,651 )	\$ 26,065,808	(\$19,064 )	\$ 64,219,248	\$ 4,651	\$ 64,223,899
Profit for the period	-	-	-	-	1,788,942	-	-	-	1,788,942	( 242 )	1,788,700
Other comprehensive loss	6(19)	-	-	-	-	( 418,492 )	( 8,048,939 )	-	( 8,467,431 )	-	( 8,467,431 )
Total comprehensive income (loss)		-	-	-	1,788,942	( 418,492 )	( 8,048,939 )	-	( 6,678,489 )	( 242 )	( 6,678,731 )
Appropriations of 2019 earnings	6(18)										
Legal reserve		-	-	518,872	-	( 518,872 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,211,662 )	-	-	( 4,211,662 )	-	( 4,211,662 )
Paid expired cash dividends transferred to capital surplus	6(17)	-	( 40 )	-	-	-	-	-	( 40 )	-	( 40 )
Adjustment of cash dividends paid to consolidated subsidiaries acquired	6(17)	-	5,483	-	-	-	-	-	5,483	-	5,483
Disposal of equity instruments at fair value through other comprehensive income	6(19)	-	-	-	-	( 84,122 )	84,122	-	-	-	-
Decrease in non-controlling interest	6(19)	-	-	-	-	-	-	-	-	( 4,409 )	( 4,409 )
Balance at September 30, 2020		<u>\$ 16,846,646</u>	<u>\$ 1,295,085</u>	<u>\$ 8,560,207</u>	<u>\$ 2,214,578</u>	<u>\$ 7,810,240</u>	<u>(\$ 1,474,143 )</u>	<u>\$ 18,100,991</u>	<u>(\$19,064 )</u>	<u>\$ 53,334,540</u>	<u>\$ 53,334,540</u>

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

**FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

		Nine months ended September 30	
	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit from continuing operations before tax		\$ 1,906,841	\$ 3,260,347
(Loss) profit from discontinued operations before tax	6(9)	( 484 )	1,220,666
Profit before tax		1,906,357	4,481,013
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(24)	1,005,212	2,194,542
Interest expense	6(8)(26)	118,967	178,336
Interest income	6(21)	( 10,115 )	( 31,191 )
Dividend income	6(22)	( 1,156,765 )	( 2,134,212 )
Loss (gain) on valuation of financial assets	6(2)(23)	107	( 2,010 )
Gain on valuation of financial liabilities	6(12)(23)	( 80 )	( 326 )
Share of profit of associates and joint ventures accounted for using the equity method	6(6)	( 384,260 )	( 234,876 )
Gain on disposal of investments	6(23)	( 165 )	-
Gain on disposal and scrap of property, plant and equipment	6(23)	( 1,034 )	( 26,381 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	480,875
Current contract assets		-	( 503,464 )
Notes receivable, net	(	8,760 )	30,659
Notes receivable - related parties	(	3,872 )	724
Accounts receivable , net		294,877	( 493,746 )
Accounts receivable - related parties		88,179	( 750,135 )
Other receivables		151,194	( 39,807 )
Inventory		1,264,893	185,022
Prepayments		197,543	( 231,306 )
Other current assets		91,510	107,207
Guarantee deposits paid		-	( 3,071 )
Changes in operating liabilities			
Notes payable	(	64,349 )	( 82,759 )
Notes payable - related parties		57,821	( 141,142 )
Accounts payable	(	270,534 )	543,656
Accounts payable - related parties	(	446,946 )	140,119
Other payables	(	371,006 )	( 11,526 )
Other current liabilities		104,832	( 28,080 )
Other non-current liabilities	(	2,769 )	21,738
Cash inflow generated from operations		2,560,837	3,649,859
Interest received		11,110	31,972
Cash dividends received		1,595,848	2,245,784
Interest paid	(	127,346 )	( 190,578 )
Income tax paid	(	413,449 )	( 652,663 )
Net cash flows from operating activities		3,627,000	5,084,374

(Continued)

**FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income		( \$ 129,080 )	( \$ 373,096 )
Acquisition of property, plant and equipment	6(29)	( 877,550 )	( 1,817,317 )
Proceeds from disposal of property, plant and equipment		10,721	66,503
Decrease in other non-current assets		( 13,585 )	( 77,550 )
Acquisition of investment accounted for using the equity method		( 1,353,514 )	-
Disposal of subsidiary	6(29)	( 23,556 )	-
Net cash flows used in investing activities		( 2,386,564 )	( 2,201,460 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(30)	( 355,749 )	166,909
Increase in short-term notes and bills payable	6(30)	700,000	300,000
Payment of long-term borrowings		( 7,058,059 )	( 8,072,206 )
Increase in long-term borrowings		9,470,652	8,000,000
Cash dividends paid		( 4,214,432 )	( 4,129,205 )
Expired cash dividends paid		( 40 )	( 30 )
Payment of lease principal	6(8)	( 106,742 )	( 112,775 )
Net cash flows used in financing activities		( 1,564,370 )	( 3,847,307 )
Effect of foreign exchange rate		6,980	( 22,820 )
Net decrease in cash and cash equivalents		( 316,954 )	( 987,213 )
Cash and cash equivalents at beginning of period	6(1)	3,236,624	3,391,896
Cash and cash equivalents at end of period	6(1)	\$ 2,919,670	\$ 2,404,683

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(REVIEWED, NOT AUDITED)

**1. HISTORY AND ORGANIZATION**

- (1) Formosa Taffeta Co., Ltd. (the “Company”) was incorporated on April 19, 1973 under the provisions of the Company Law of the Republic of China (R.O.C.). Factories were established in Douliou City of Yulin County, R.O.C. On December 24, 1985, the Company’s common stock was officially listed on the Taiwan Stock Exchange. The major operations of the Company’s various departments are as follows:

<u>Business departments</u>	<u>Major activities</u>
Primary department: Fabrics, dyeing and others	Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs
Secondary department: Cord fabrics, petroleum	Cord, plastic bags, refineries for gasoline, diesel, crude oil and the related petroleum products, cotton fibers, blending fibers and protection fibers
Formosa Advanced Technologies Co., Ltd. (Note)	Assembly, testing, model processing and research and development of various integrated circuits

Note : The Group sold its 16% equity interest in Formosa Advanced Technologies Co., Ltd. and lost control over it on December 16, 2019. Therefore, the Group reclassified the investment from a consolidated entity to ‘investments accounted for using the equity method’. Please refer to Note 6(6) for details.

- (2) Formosa Chemicals & Fiber Corp. has significant control over the Company since Formosa Chemicals & Fiber Corp. holds over half of the Board seats after the stockholders’ meeting on June 27, 2008. Since June 27, 2008, Formosa Chemicals & Fiber Corp. became the Company’s parent company and accordingly, the Company and its subsidiaries are included in its consolidated financial statements.
- (3) As of September 30, 2020, the Company and its subsidiaries (collectively referred herein as the “Group”) had 7,315 employees.

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These consolidated financial statements were authorized 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 endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

- A. 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 Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. The consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

##### (2) Basis of preparation

- A. Except for the following items, these 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 recognized 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 "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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:

The basis for preparation of the consolidated financial statements is the same with the consolidated financial statements as of and for the year ended December 31, 2019.

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	
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	-	-	46.68	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn products	100	100	100	Note 4
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones	100	100	100	Note 4
Formosa Taffeta Co., Ltd.	Formosa Taffeta Vietnam Co., Ltd.	Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies	100	100	100	Note 4
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	100	100	100	Note 4
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric for 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	-	50	50	Note 2 and Note 4



Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Export trading, entrepot trading, displaying goods, processing of exporting goods, warehousing and black and white and colour design and	-	100	100	Note 3
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100	100	100	Note 4
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman)	Holding Company	100	100	100	Note 4
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100	100	100	Note 4
Formosa Development Co., Ltd.	Public More Internation Company Ltd.	Employment service, manpower allocation and agency service etc.	100	100	100	Note 4

Note 1: The Group sold its 16% equity interest in Formosa Advanced Technologies Co., Ltd. and lost control over it on December 16, 2019. Therefore, the Group reclassified the investment from a consolidated entity to ‘investments accounted for using the equity method’. Please refer to Note 6(6) for details.

Note 2: The Group sold all interest in Schoeller F.T.C (Hong Kong) Co., Ltd on March 16, 2020.

Note 3: In July 2020, Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. has been dissolved.

Note 4: The financial statements of the entity as of and for the nine months ended September 30, 2020 and 2019 were not reviewed by independent auditors as the entity did not meet the definition of 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 and December 31, 2019, the Group had no non-controlling interests that are material to the Group.

As of September 30, 2019, the non-controlling interest amounted to \$5,908,094. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2019	
		Amount	Ownership (%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	\$ 5,909,907	53.32

Summarized financial information on the subsidiaries:

Balance sheets

	Formosa Advanced Technologies Co., Ltd.
	September 30, 2019
Current assets	\$ 6,287,991
Non-current assets	6,623,131
Current liabilities	( 1,229,925)
Non-current liabilities	( 597,351)
Total net assets	<u>\$ 11,083,846</u>

Statements of comprehensive income

	Formosa Advanced Technologies Co., Ltd.
	Three months ended September 30, 2019
Revenue	\$ 2,456,336
Profit before income tax	427,713
Income tax expense	( 71,896)
Profit for the period	355,817
Other comprehensive loss, net of tax	( 181,790)
Total comprehensive income for the period	<u>\$ 174,027</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 92,791</u>

	Formosa Advanced Technologies Co., Ltd.
	Nine months ended September 30, 2019
Revenue	\$ 6,899,134
Profit before income tax	1,218,713
Income tax expense	( 262,707)
Profit for the period	956,006
Other comprehensive loss, net of tax	( 123,182)
Total comprehensive income for the period	\$ 832,824
Comprehensive income attributable to non-controlling interest	\$ 444,062

#### Statements of cash flows

	Formosa Advanced Technologies Co., Ltd.
	Nine months ended September 30, 2019
Net cash provided by operating activities	\$ 1,647,828
Net cash used in investing activities	( 1,557,304)
Net cash used in financing activities	( 1,128,287)
Decrease in cash and cash equivalents	( 1,037,763)
Cash and cash equivalents, beginning of period	1,267,335
Cash and cash equivalents, end of period	\$ 229,572

#### (4) 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 recognized as expenses in that period when the employees render service.

##### B. Pensions

##### (a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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 Company in current period or prior periods. The liability recognized 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, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and recorded as retained earnings.
- iii. Past service costs are recognized 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. And, the related information is disclosed accordingly.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized 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. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(5) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognized 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 10% 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 recognized, 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 recognized 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, unrecognized and recognized 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 recognized 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, research and development expenditures 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 utilized.
- G. The interim period income tax expense is recognized 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.

##### **5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

There was no significant change during this period. Please refer to Note 5 to the consolidated financial statements as of and for the year ended December 31, 2019 for related information.

## 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	\$ 72,830	\$ 50,402	\$ 135,453
Checking accounts and demand deposits	1,166,864	1,393,841	1,757,676
Time deposits	1,366,064	983,331	290,625
Commercial paper	313,912	809,050	220,929
	<u>\$ 2,919,670</u>	<u>\$ 3,236,624</u>	<u>\$ 2,404,683</u>

A. The Group associates 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.

B. The rate range of time deposit on September 30, 2020, December 31, 2019 and September 30, 2019 are 0.02%~4.97%, 1.58%~5.57% and 1.75%~5.35%, respectively.

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

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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Forward foreign exchange contracts	\$ 12	\$ 119	\$ 625
Beneficiary certificates	-	-	-
	12	119	625
Valuation adjustment	-	-	-
	<u>\$ 12</u>	<u>\$ 119</u>	<u>\$ 625</u>

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

	<u>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Forward foreign exchange contracts	(\$ 600)	\$ 625
Beneficiary certificates	-	395
	<u>(\$ 600)</u>	<u>\$ 1,020</u>
	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Forward foreign exchange contracts	(\$ 107)	\$ 625
Beneficiary certificates	-	1,385
	<u>(\$ 107)</u>	<u>\$ 2,010</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:

Derivative Instruments	September 30, 2020			December 31, 2019		
	Contract Amount (Notional Principal)		Contract Period	Contract Amount (Notional Principal)		Contract Period
	(in thousands)			(in thousands)		
Current items:						
Forward foreign exchange contracts						
Taipei Fubon Bank	JPY	41,850	2020.9-2020.10	JPY	86,800	2019.12-2020.2
Taipei Fubon Bank		-	-	JPY	86,800	2019.12-2020.2

Derivative Instruments	September 30, 2019		
	Contract Amount (Notional Principal)		Contract Period
	(in thousands)		
Current items:			
Forward foreign exchange contracts			
Taipei Fubon Bank	JPY	83,180	2019.8-2019.10

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 of financial assets at fair value through profit or loss is provided in Note 12(3).

(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	\$ 900,285	\$ 900,285	\$ 2,786,029
Unlisted stocks	100,000	100,000	100,000
	1,000,285	1,000,285	2,886,029
Valuation adjustment	143,538	446,523	474,288
	<u>\$ 1,143,823</u>	<u>\$ 1,446,808</u>	<u>\$ 3,360,317</u>

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 8,163,125	\$ 8,163,125	\$ 8,739,607
Unlisted stocks	<u>6,323,819</u>	<u>6,590,222</u>	<u>6,879,771</u>
	14,486,944	14,753,347	15,619,378
Valuation adjustment	<u>18,257,196</u>	<u>25,694,678</u>	<u>26,456,460</u>
	<u>\$ 32,744,140</u>	<u>\$ 40,448,025</u>	<u>\$ 42,075,838</u>

A. The Group has elected to classify equity 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 \$33,887,963, \$41,894,833 and \$45,436,155 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

B. Amounts recognized 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>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>3,251,874</u> )	(\$ <u>5,485,826</u> )
Cumulative losses reclassified to retained earnings due to derecognition	(\$ <u>84,122</u> )	\$ <u>-</u>

	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>8,048,939</u> )	(\$ <u>5,203,092</u> )
Cumulative losses reclassified to retained earnings due to derecognition	(\$ <u>84,122</u> )	\$ <u>-</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 \$33,887,963, \$41,894,833 and \$45,436,155, respectively.

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



(4) Notes and accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 36,159	\$ 27,399	\$ 85,852
Accounts receivable	\$ 2,883,397	\$ 3,178,274	\$ 4,674,690
Less: Allowance for bad debts	( 62,730)	( 63,235)	( 70,667)
	<u>\$ 2,820,667</u>	<u>\$ 3,115,039</u>	<u>\$ 4,604,023</u>

A. The ageing analysis of notes and accounts receivable is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Not past due	\$ 2,883,666	\$ 3,067,145	\$ 4,550,105
Up to 30 days	16,295	86,772	140,733
31 to 90 days	6,252	48,039	66,370
Over 90 days	13,343	3,717	3,334
	<u>\$ 2,919,556</u>	<u>\$ 3,205,673</u>	<u>\$ 4,760,542</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,919,556, \$3,205,673, and \$4,760,542, respectively.

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 Group's notes and accounts receivable were \$2,856,826, \$3,142,438 and \$4,689,875, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(3).

(5) Inventories

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,265,723	(\$ 106,179)	\$ 1,159,544
Supplies	250,524	( 4,185)	246,339
Work in process	2,291,388	( 5,441)	2,285,947
Finished goods	3,360,872	( 815,885)	2,544,987
Merchandise inventory	165,430	-	165,430
Materials in transit	136,995	-	136,995
Outsourced processed materials	205,553	( 97)	205,456
Construction in progress	55,478	-	55,478
Land for construction	18,570	-	18,570
	<u>\$ 7,750,533</u>	<u>(\$ 931,787)</u>	<u>\$ 6,818,746</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,310,964	(\$ 93,509)	\$ 1,217,455
Supplies	218,497	( 4,280)	214,217
Work in process	2,716,838	( 6,306)	2,710,532
Finished goods	3,865,595	( 901,854)	2,963,741
Merchandise inventory	302,421	-	302,421
Materials in transit	356,388	-	356,388
Outsourced processed materials	254,942	( 82)	254,860
Construction in progress	41,801	-	41,801
Land for construction	22,224	-	22,224
	<u>\$ 9,089,670</u>	<u>(\$ 1,006,031)</u>	<u>\$ 8,083,639</u>
September 30, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,749,693	(\$ 108,824)	\$ 1,640,869
Supplies	290,532	( 5,421)	285,111
Work in process	2,642,435	( 7,371)	2,635,064
Finished goods	3,577,648	( 609,556)	2,968,092
Merchandise inventory	239,321	-	239,321
Materials in transit	444,729	-	444,729
Outsourced processed materials	254,024	( 94)	253,930
Construction in progress	35,675	-	35,675
Land for construction	22,224	-	22,224
	<u>\$ 9,256,281</u>	<u>(\$ 731,266)</u>	<u>\$ 8,525,015</u>

Information about the inventories that were pledged to others as collateral is provided in Note 8.

The cost of inventories recognized as expense for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30,	
	2020	2019
Cost of inventories sold	\$ 6,109,092	\$ 9,974,268
Inventory valuation (gain) loss (Note 1)	( 10,610)	8,519
Others (Note 2)	( 11,757)	( 2,048)
	6,086,725	9,980,739
Less: Cost of inventories recognized as expense from discontinued operations	-	( 2,075,458)
	<u>\$ 6,086,725</u>	<u>\$ 7,905,281</u>

	Nine months ended September 30,	
	2020	2019
Cost of inventories sold	\$ 19,519,998	\$ 31,053,671
Inventory valuation (gain) loss (Note 1)	( 74,244)	47,066
Others (Note 2)	3,321	( 19,931)
	19,449,075	31,080,806
Less: Cost of inventories recognized as expense from discontinued operations	( 12,365)	( 5,809,882)
	<u>\$ 19,436,710</u>	<u>\$ 25,270,924</u>

Note 1: Gain on inventory for the nine months ended September 30, 2020 arose from inventories which were previously provided with allowance but were subsequently sold.

Note 2: Others consist of inventory overage/shortage, disposal of scrap and defective materials and service cost.

(6) Investments accounted for using the equity method

Items	September 30, 2020	December 31, 2019	September 30, 2019
Formosa Advanced Technologies Co., Ltd.	\$ 4,720,128	\$ 4,884,465	\$ -
Formosa Industries Co., Ltd.	1,954,089	2,010,641	2,090,391
Schoeller Textil AG	1,238,843	-	-
Quang Viet Enterprise Co., Ltd.	1,194,842	1,247,694	1,255,088
Nan Ya Photonics Inc.	181,118	-	-
Changshu Yu Yuan Development Co., Ltd.	15,548	15,439	15,652
	<u>\$ 9,304,568</u>	<u>\$ 8,158,239</u>	<u>\$ 3,361,131</u>

A. Owing to the capital increase of Schoeller Textil AG, the Board of Directors during its meeting on October 17, 2019 resolved to invest in Schoeller Textil AG in the amount of CHF 39,580 thousand for an equity interest of 50%. The Group obtained 50% equity interest in Schoeller Textil AG after the capital increase on March 18, 2020. As the Group has significant influence on Schoeller Textil AG, but not substantial control, the investment was accounted for using the equity method.

B. On December 13, 2019, the Company's Board of Directors resolved to dispose 16% equity interest in the Group's subsidiary, Formosa Advanced Technologies Co., Ltd., and the transfer of shares was completed on December 16, 2019. After the disposal, the Group's shareholding ratio decreased to 30.68% and the Group lost its substantial control over Formosa Advanced Technologies Co., Ltd. As the Group has significant influence on Formosa Advanced Technologies Co., Ltd., said investment was reclassified from consolidated entity to 'investments accounted for using the equity method'. Please refer to Note 6(9) for details.

- C. In August 2020, the Group increased its investment in Nan Ya Photonics Inc. by \$66,938 thousand. As of September 30, 2020, the Group's shareholding ratio was 15.22% and the Group was the director of the company. As the Group has significant influence over its operations, the investment is accounted for using the equity method.
- D. The investment income of \$152,986, \$138,308, \$384,260 and \$234,876 for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, respectively, were accounted for using the equity method based on the unreviewed financial statements of the investee companies, except for Formosa Advanced Technologies Co., Ltd.
- E. The Group is the director of Formosa Industries Co., Ltd. and Quang Viet Enterprise Co., Ltd. and has significant influence over its operations, thus, Formosa Industries Co., Ltd. and Quang Viet Enterprise Co., Ltd. are accounted for using the equity method.
- F. The Group's material associates, Quang Viet Enterprise Co., Ltd. and Formosa Advanced Technologies Co., Ltd., have quoted market prices as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Quang Viet Enterprise Co., Ltd.	\$ 2,074,497	\$ 2,826,494	\$ 2,603,349
Formosa Advanced Technologies Co., Ltd.	4,751,843	5,078,618	-
	<u>\$ 6,826,340</u>	<u>\$ 7,905,112</u>	<u>\$ 2,603,349</u>

F. Associates

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

Company name	Principal place of business	<u>Shareholding ratio</u>			Nature of relationship	Method of measurement
		<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>		
Formosa Advanced Technologies Co., Ltd.	Taiwan	30.68%	30.68%	Note	Associate	Equity method
Formosa Industries Co., Ltd.	Vietnam	10.00%	10.00%	10.00%	Associate	Equity method
Quang Viet Enterprise Co., Ltd.	Taiwan	17.99%	17.99%	17.99%	Associate	Equity method

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2020	December 31, 2019	September 30, 2019		
Changshu Yu Yuan Development Co., Ltd.	China	40.78%	40.78%	40.78%	Associate	Equity method
Schoeller Textil AG	Switzerland	50.00%	-	-	Associate	Equity method
Nan Ya Photonics Inc.	Taiwan	15.22%	-	-	Associate	Equity method

Note : Formosa Advanced Technologies Co., Ltd. used to be a subsidiary included in the consolidated financial statements on September 30, 2019.

- (b) The summarized financial information of the associates that are material to the Group is shown below:

Balance sheets

	Formosa Advanced Technologies Co., Ltd.	
	September 30, 2020	December 31, 2019
Current assets	\$ 6,759,313	\$ 6,631,748
Non-current assets	5,903,721	6,643,175
Current liabilities	( 1,199,534)	( 1,250,356)
Non-current liabilities	( 566,958)	( 594,494)
Total net assets	<u>\$ 10,896,542</u>	<u>\$ 11,430,073</u>
Share in associate's net assets	\$ 3,343,364	\$ 3,519,210
Difference	<u>1,376,764</u>	<u>1,365,255</u>
Carrying amount of the associate	<u>\$ 4,720,128</u>	<u>\$ 4,884,465</u>

	Formosa Industries Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 15,359,426	\$ 11,143,747	\$ 19,773,533
Non-current assets	18,209,862	20,787,398	21,129,704
Current liabilities	( 7,295,046)	( 7,560,572)	( 14,777,020)
Non-current liabilities	( 7,634,702)	( 5,165,507)	( 6,123,659)
Total net assets	<u>\$ 18,639,540</u>	<u>\$ 19,205,066</u>	<u>\$ 20,002,558</u>
Share in associate's net assets	\$ 1,863,955	\$ 1,920,507	\$ 2,000,256
Difference	<u>90,134</u>	<u>90,134</u>	<u>90,135</u>
Carrying amount of the associate	<u>\$ 1,954,089</u>	<u>\$ 2,010,641</u>	<u>\$ 2,090,391</u>

Statements of comprehensive income

	Formosa Advanced Technologies Co., Ltd.	
	Three months ended September 30, 2020	Nine months ended September 30, 2020
Revenue	\$ 2,380,770	\$ 7,342,406
Profit for the period from continuing operations	\$ 354,902	\$ 1,086,685
Other comprehensive loss, net of tax	( 220,023)	( 647,371)
Total comprehensive income	<u>\$ 134,879</u>	<u>\$ 439,314</u>

	Formosa Industries Co., Ltd.	
	Three months ended September 30, 2020	2019
Revenue	\$ 4,721,185	\$ 6,626,196
Profit for the period from continuing operations		
(Total comprehensive income)	<u>\$ 55,094</u>	<u>\$ 154,209</u>

	Formosa Industries Co., Ltd.	
	Nine months ended September 30, 2020	2019
Revenue	\$ 14,412,797	\$ 21,178,472
Profit for the period from continuing operations		
(Total comprehensive income)	<u>\$ 71,717</u>	<u>\$ 572,891</u>

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

As of September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$2,630,351, \$1,263,133 and \$1,270,740, respectively.

	Three months ended September 30,	
	2020	2019
Loss for the period from continuing operations	(\$ 117,039)	(\$ 206,454)
Other comprehensive income (loss), net of tax	23,742	( 39,760)
Total comprehensive loss	<u>(\$ 93,297)</u>	<u>(\$ 246,214)</u>
	Nine months ended September 30,	
	2020	2019
Profit for the period from continuing operations	\$ 42,815	\$ 175,064
Other comprehensive income (loss), net of tax	1,524	( 801)
Total comprehensive income	<u>\$ 44,339</u>	<u>\$ 174,263</u>

(7) Property, plant and equipment

2020

	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>						
Cost	\$ 2,195,581	\$ 10,464,411	\$ 22,122,591	\$ 4,969,124	\$ 518,109	\$ 40,269,816
Accumulated depreciation	( 13,535)	( 6,124,307)	( 16,754,076)	( 4,523,421)	-	( 27,415,339)
Accumulated impairment	( 155,738)	-	-	-	-	( 155,738)
	<u>\$ 2,026,308</u>	<u>\$ 4,340,104</u>	<u>\$ 5,368,515</u>	<u>\$ 445,703</u>	<u>\$ 518,109</u>	<u>\$ 12,698,739</u>
Opening net book amount as at January 1	\$ 2,026,308	\$ 4,340,104	\$ 5,368,515	\$ 445,703	\$ 518,109	\$ 12,698,739
Additions	-	-	-	212	919,692	919,904
Disposals	( 2,410)	-	( 4,723)	( 2,529)	( 25)	( 9,687)
Transfers	-	84,699	708,776	55,933	( 849,408)	-
Depreciation charge	-	( 244,632)	( 565,705)	( 58,494)	-	( 868,831)
Disposals - discontinued operations	-	-	-	( 15)	-	( 15)
Net exchange differences	( 11)	( 62,185)	( 90,886)	( 6,028)	( 11,017)	( 170,127)
Closing net book amount as at September 30	<u>\$ 2,023,887</u>	<u>\$ 4,117,986</u>	<u>\$ 5,415,977</u>	<u>\$ 434,782</u>	<u>\$ 577,351</u>	<u>\$ 12,569,983</u>
<u>At September 30</u>						
Cost	\$ 2,193,039	\$ 10,459,810	\$ 23,082,379	\$ 4,953,875	\$ 577,351	\$ 41,266,454
Accumulated depreciation	( 13,414)	( 6,341,824)	( 17,666,402)	( 4,519,093)	-	( 28,540,733)
Accumulated impairment	( 155,738)	-	-	-	-	( 155,738)
	<u>\$ 2,023,887</u>	<u>\$ 4,117,986</u>	<u>\$ 5,415,977</u>	<u>\$ 434,782</u>	<u>\$ 577,351</u>	<u>\$ 12,569,983</u>



2019

	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>						
Cost	\$ 2,202,809	\$ 11,402,399	\$ 44,120,710	\$ 8,938,006	\$ 1,310,921	\$ 67,974,845
Accumulated depreciation	( 14,616)	( 6,199,016)	( 34,499,873)	( 8,334,527)	-	( 49,048,032)
Accumulated impairment	( 155,738)	-	( 117)	-	-	( 155,855)
	<u>\$ 2,032,455</u>	<u>\$ 5,203,383</u>	<u>\$ 9,620,720</u>	<u>\$ 603,479</u>	<u>\$ 1,310,921</u>	<u>\$ 18,770,958</u>
Opening net book amount as at January 1						
	\$ 2,032,455	\$ 5,203,383	\$ 9,620,720	\$ 603,479	\$ 1,310,921	\$ 18,770,958
Additions	3,014	-	1,900	65	1,821,631	1,826,610
Disposals	( 53)	-	( 36,953)	( 3,116)	-	( 40,122)
Transfers	-	39,808	1,780,769	70,269	( 1,890,846)	-
Depreciation charge	( 2,864)	( 270,734)	( 1,682,542)	( 123,931)	-	( 2,080,071)
Net exchange differences	( 340)	1,072	14,578	541	3,186	19,037
Closing net book amount as at September 30	<u>\$ 2,032,212</u>	<u>\$ 4,973,529</u>	<u>\$ 9,698,472</u>	<u>\$ 547,307</u>	<u>\$ 1,244,892</u>	<u>\$ 18,496,412</u>
<u>At September 30</u>						
Cost	\$ 2,202,505	\$ 11,414,244	\$ 45,349,229	\$ 8,914,773	\$ 1,244,892	\$ 69,125,643
Accumulated depreciation	( 14,555)	( 6,440,715)	( 35,650,640)	( 8,367,466)	-	( 50,473,376)
Accumulated impairment	( 155,738)	-	( 117)	-	-	( 155,855)
	<u>\$ 2,032,212</u>	<u>\$ 4,973,529</u>	<u>\$ 9,698,472</u>	<u>\$ 547,307</u>	<u>\$ 1,244,892</u>	<u>\$ 18,496,412</u>

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

	Three months ended September 30,	
	2020	2019
Amount capitalized	\$ 1,354	\$ 2,796
	Nine months ended September 30,	
	2020	2019
Amount capitalized	\$ 4,633	\$ 8,359
Range of the interest rates for capitalization	0.99%~4.25%	0.99%~4.8%

- B. The components and useful lives of property, plant and equipment are as follows:

Items	Significant components	Estimated useful lives
Land improvements	Pipelines	3 ~ 15 years
Buildings	Factory and gasoline stations	10 ~ 60 years
Machinery and equipment	Impregnating machine, dyeing machine and other machinery equipment	2 ~ 20 years
Transportation equipment	Pallet trucks and fork lift trucks	3 ~ 15 years
Other equipment	Cogeneration power generation equipment	2 ~ 17 years

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

- D. Certain regulations restrict ownership of land to individuals. Accordingly, the titles of land which the Company has acquired for future plant expansion is under the name of third parties. Such land titles were transferred and mortgaged to the Company. As of September 30, 2020, December 31, 2019 and September 30, 2019, the land mortgaged to the Company was \$808,300.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land. Rental contracts are typically made for periods of 3 to 25 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	September 30, 2019
	Carrying amount	Carrying amount
Right-of-use asset - land	\$ 1,037,953	\$ 1,121,696

	Three months ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Right-of-use asset - land	\$ 37,534	\$ 38,350

	Nine months ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Right-of-use asset - land	\$ 114,323	\$ 114,471

C. For the nine months ended September 30, 2020 and 2019, the additions to right-of-use assets were \$100,856 and \$135,997, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	Three months ended September 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,957	\$ 2,071
Expense on short-term lease contracts	1,106	485

	Nine months ended September 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,692	\$ 7,411
Expense on short-term lease contracts	1,802	1,561

E. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$106,742 and \$112,775, respectively.

(9) Discontinued operations

A. On October 17, 2019, the Company's Board of Directors resolved to sell all equity interest in the Group's subsidiary, Schoeller F.T.C (Hong Kong) Co., Ltd., to Schoeller Textil AG. The selling price was \$6,028. Schoeller F.T.C (Hong Kong) Co., Ltd. was presented as discontinued operations as it has met the definition of discontinued operations. The transfer of shares was completed on March 16, 2020.

On December 13, 2019, the Company's Board of Directors resolved to sell its 16% equity interest in the Group's subsidiary, Formosa Advanced Technologies Co., Ltd., to Nan Ya Technology Corp. and Nan Ya Printed Circuit Board Corp. for a consideration of \$2,514,064. Formosa Advanced Technologies Co., Ltd. was presented as discontinued operations as it has met the definition of discontinued operations. The transfer of shares was completed on December 16, 2019. As the Group has significant influence on Formosa Advanced Technologies Co., Ltd., said investment was reclassified from a consolidated entity to 'investments accounted for using the equity method'.

Please refer to Note 6(6) for details.

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

	Nine months ended September 30,	
	2020	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

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

	Three months ended September 30, 2019
Operating revenue	\$ 2,485,874
Operating costs	( 2,075,458)
Operating expenses	( 55,273)
Total non-operating income and expenses	73,141
Profit before tax of discontinued operations	428,284
Income tax expense	( 71,990)
Profit after tax of discontinued operations	356,294
Profit from discontinued operations	\$ 356,294

	Nine months ended September 30,	
	2020	2019
Operating revenue	\$ 17,555	\$ 6,986,532
Operating costs	( 12,365)	( 5,809,882)
Operating expenses	( 5,589)	( 158,551)
Total non-operating income and expenses	( 85)	202,567
(Loss) profit before tax of discontinued operations	( 484)	1,220,666
Income tax expense	-	( 262,927)
(Loss) profit after tax of discontinued operations	( 484)	957,739
(Loss) profit from discontinued operations	(\$ 484)	\$ 957,739

D. The proceeds for the transfer of shares of Schoeller F.T.C (Hong Kong) Co., Ltd. in March 2020 amounted to \$6,028 resulting to a gain on disposal of \$165.

E. The Group completed the Formosa Advanced Technologies Co., Ltd.'s transfer of shares in December 2019 for a disposal proceeds amounting to \$2,514,064. The gain on disposal is as follows:

Gain on disposal of shares	\$	684,314
Gain on retained investment remeasured at fair value		<u>1,332,446</u>
Gain on disposal of discontinued operations	\$	<u>2,016,760</u>

(10) Short-term borrowings

Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	<u>\$ 3,397,628</u>	0.9%~3.6%	Property, plant and equipment and Inventories
Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 3,741,053	1.40%~4.35%	Property, plant and equipment and Inventories
Purchase loans	<u>12,324</u>	0.37%	–
	<u>\$ 3,753,377</u>		
Type of borrowings	September 30, 2019	Interest rate range	Collateral
Bank borrowings			
Mortgage loan	<u>\$ 3,805,447</u>	1.40%~3.70%	Property, plant and equipment and Inventories

(11) Short-term notes and bills payable

	September 30, 2020	December 31, 2019	September 30, 2019
Commercial paper payable	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Interest rate	<u>0.39%</u>	<u>-</u>	<u>0.70%</u>

The abovementioned commercial paper payable is issued by Taishin International Bank and China Bills Finance Corporation, etc.

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

Items	September 30, 2020	December 31, 2019	September 30, 2019
Financial liabilities held for trading			
Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 448</u>

A. The Group recognized net gain of \$48, \$6, \$80 and \$326 on financial liabilities held for trading for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

Derivative Financial Liabilities	December 31, 2019			September 30, 2019		
	Contract Amount (Notional Principal) (in thousands)	Contract Period		Contract Amount (Notional Principal) (in thousands)	Contract Period	
Current items:						
Forward foreign exchange contracts						
Taipei Fubon Bank	JPY 86,800	2019.12~2020.2		JPY 83,180	2019.8~2019.10	
Taipei Fubon Bank	-	-		JPY 83,180	2019.9~2019.10	

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies. However, these forward foreign exchange contracts do not meet all conditions of hedge accounting and are not accounted for under hedge accounting.

(13) Other payables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Salaries and year-end bonus payable	\$ 351,055	\$ 530,508	\$ 634,120
Dividends payable	13,332	10,562	14,478
Accrued utilities expenses	93,792	85,840	162,829
Commission payable	62,830	50,384	57,425
Payable on equipment	2,716	3,262	72,107
Others	461,666	695,228	986,622
	<u>\$ 985,391</u>	<u>\$ 1,375,784</u>	<u>\$ 1,927,581</u>

(14) Long-term borrowings

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Credit borrowings	\$ 8,987,088	\$ 6,519,783	\$ 8,123,082
Less: Current portion	( 58,058)	( 59,891)	( 130,428)
	<u>\$ 8,929,030</u>	<u>\$ 6,459,892</u>	<u>\$ 7,992,654</u>
Interest rate	<u>0.72%~2.80%</u>	<u>0.89%~4.25%</u>	<u>0.94%~4.52%</u>

(15) Pensions

- A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 12% 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 employees pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$5,482, \$7,257, \$16,444 and \$21,771 for the three months ended September 30, 2020 and 2019, and nine months 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 are \$70,751.
- B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (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 China subsidiaries, Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd., and Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of the employees' monthly salaries and wages. The contribution percentage was between 10% and 20%. Other than the monthly contributions, the Group has no further obligations.

- (c) The Company's subsidiaries, Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Dong Nai) Co., Ltd., have defined contribution plans. Contributions of social security to an independent fund administered by the government in accordance with the pension regulations of local governments are based on certain percentage of employees' salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) Formosa Taffeta (Hong Kong) Co., Ltd. and Schoeller FTC (Hong Kong) Co., Ltd. have defined contribution plans whereby contributions are made to the mandatory provident fund based on a percentage of the employees' salaries and wages as full-time employees' pension benefit.
- (e) Formosa Taffeta (Cayman) Co., Ltd. does not have a pension plan, and is not required to have one under local regulations.
- (f) The pension costs under the defined contribution pension plans of the Group for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019 were \$15,310, \$38,384, \$67,081 and \$113,297, respectively.

(16) Share capital

- A. As of September 30, 2020, the Company's issued capital was \$16,846,646, consisting of 1,684,665,000 shares of common stock, with a par value of \$10 per share.
- B. For the nine months ended September 30, 2020 and 2019, changes in the number of treasury stocks are as follows (in thousands of shares):

Reason for reacquisition	Investee company	Nine months ended September 30, 2020			
		Beginning shares	Additions	Disposal	Ending shares
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,193	-	-	2,193

Reason for reacquisition	Investee company	Nine months ended September 30, 2019			
		Beginning shares	Additions	Disposal	Ending shares
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,243	-	(50)	2,193

- C. The abovementioned treasury stocks were acquired by the subsidiary, Formosa Development Co., Ltd., for investment purposes.



(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law 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.

Nine months ended September 30, 2020					
	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Donated assets received	Changes in net equity of associates and joint ventures accounted for under equity method	Other
At January 1, 2020	\$ 31,097	\$ 1,650	\$ 2,032	\$ 1,249,276	\$ 5,587
Paid expired cash dividends transferred to capital surplus	-	-	-	-	( 40)
Adjustment of cash dividends paid to consolidated subsidiaries	5,483	-	-	-	-
At September 30, 2020	<u>\$ 36,580</u>	<u>\$ 1,650</u>	<u>\$ 2,032</u>	<u>\$ 1,249,276</u>	<u>\$ 5,547</u>
Nine months ended September 30, 2019					
	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Donated assets received	Changes in net equity of associates and joint ventures accounted for under equity method	Other
At January 1, 2019	\$ 25,297	\$ 1,650	\$ 2,032	\$ 1,236,557	\$ 3,324
Disposal of treasury shares	1,194	-	-	-	-
Adjustment of cash dividends paid to consolidated subsidiaries	4,606	-	-	-	-
Expired cash dividends transferred to capital surplus	-	-	-	46	-
Paid expired cash dividends transferred to capital surplus	-	-	-	-	( 30)
At September 30, 2019	<u>\$ 31,097</u>	<u>\$ 1,650</u>	<u>\$ 2,032</u>	<u>\$ 1,236,603</u>	<u>\$ 3,294</u>

(18) Retained earnings

- A. According to the R.O.C. Securities Exchange Law No. 41, a company should reserve the amount equal to any valuation or contra-account in the stockholders' equity in the fiscal year from the net income and prior unappropriated earnings as special reserve. If the valuation or contra-account in stockholders' equity belongs to prior periods, the same amount from prior period earnings should be considered special reserve and cannot be distributed. The special reserve includes: i) reserve for special purposes, ii) investment income recognised under the equity method, iii) net proceeds from the recognition of financial asset transactions; only when the accumulated value decreases should the special reserve be adjusted by the same amount, subject to the provisions in this section; and iv) other special reserves set out by legal provisions.
- B. The Company's dividend policy is summarized below:  
As the Company operates in a volatile business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to 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 Company's paid-in capital.
- D. The appropriations of 2019 and 2018 earnings had been resolved at the stockholders' meeting on June 19, 2020 and June 20, 2019, respectively. Details are summarized below:

	2019 earnings		2018 earnings	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 518,872		\$ 473,741	
Cash dividends	4,211,662	\$ 2.50	3,537,796	\$ 2.10

The estimated appropriations of 2019 and 2018 earnings proposed by the Board of Directors were the same as the actual appropriations approved by the shareholders. Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange Corporation.

- E. As of September 30, 2020, December 31, 2019 and September 30, 2019, unpaid stock dividends amounted to \$13,332, \$10,562 and \$14,478, respectively.

F. For information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(19) Other equity items

	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2020	\$ 26,065,808	(\$ 1,055,651)	\$ 4,651
Change in unrealized gain or loss on available-for-sale financial assets			
— Parent company	( 7,848,801)	-	-
— Associates	( 200,138)	-	-
Revaluation transferred to retained earnings	84,122	-	-
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	- ( 354,324)	-	-
— Associates	- ( 64,168)	-	-
Net income of non-controlling interest	-	-	( 242)
Net change of non-controlling interest	-	-	( 4,409)
September 30, 2020	<u>\$ 18,100,991</u>	<u>(\$ 1,474,143)</u>	<u>\$ -</u>
	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2019	\$ 32,036,824	(\$ 744,846)	\$ 6,055,486
Change in unrealized gain or loss on available-for-sale financial assets			
— Parent company	( 5,136,610)	-	-
— Associates	( 801)	-	-
— Non-controlling interest	-	-	( 65,681)
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	-	60,600	-
— Associates	-	22,775	-
— Non-controlling interest	-	-	74
Net income of non-controlling interest	-	-	509,594
Cash dividends paid by consolidated subsidiaries	-	-	( 591,379)
September 30, 2019	<u>\$ 26,899,413</u>	<u>(\$ 661,471)</u>	<u>\$ 5,908,094</u>

(20) Operating revenue

	Three months ended September 30,	
	2020	2019
Sales revenue	\$ 6,569,193	\$ 11,264,309
Service revenue	26,126	76,488
	6,595,319	11,340,797
Less: Operating revenue from discontinued operations	-	( 2,485,874)
	<u>\$ 6,595,319</u>	<u>\$ 8,854,923</u>

	Nine months ended September 30,	
	2020	2019
Sales revenue	\$ 21,486,941	\$ 35,237,026
Service revenue	157,943	193,366
	21,644,884	35,430,392
Less: Operating revenue from discontinued operations	( 17,555)	( 6,986,532)
	<u>\$ 21,627,329</u>	<u>\$ 28,443,860</u>

(21) Interest income

	Three months ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 3,032	\$ 13,831
Less: Interest income from discontinued operations	-	( 2,126)
	<u>\$ 3,032</u>	<u>\$ 11,705</u>

	Nine months ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 10,187	\$ 31,191
Less: Interest income from discontinued operations	( 72)	( 9,167)
	<u>\$ 10,115</u>	<u>\$ 22,024</u>

(22) Other income

	Three months ended September 30,	
	2020	2019
Dividend income	\$ 84,585	\$ 190,688
Other income	72,559	26,596
	157,144	217,284
Less: Other income from discontinued operations	-	( 71,408)
	<u>\$ 157,144</u>	<u>\$ 145,876</u>

	Nine months ended September 30,	
	2020	2019
Dividend income	\$ 1,156,765	\$ 2,134,212
Other income	220,061	144,520
	1,376,826	2,278,732
Less: Other income from discontinued operations	-	( 177,079)
	<u>\$ 1,376,826</u>	<u>\$ 2,101,653</u>

(23) Other gains and losses

	Three months ended September 30,	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 15,841	\$ 4,750
Foreign exchange (losses) gains	( 68,444)	9,980
Forward foreign exchange contracts		
Net (loss) gain on financial assets at fair value through profit or loss	( 600)	1,020
Net gain on financial liabilities at fair value through profit or loss	48	6
Bank charges	( 7,567)	( 9,507)
Other losses	( 11,678)	( 18,408)
	( 72,400)	( 12,159)
Less: Other losses (gains) from discontinued operations	-	( 995)
	<u>(\$ 72,400)</u>	<u>(\$ 13,154)</u>

	Nine months ended September 30,	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 1,034	\$ 26,381
Gain on disposals of investments	165	-
Foreign exchange (losses) gains	( 11,158)	59,380
Forward foreign exchange contracts		
Net (loss) gain on financial assets at fair value through profit or loss	( 107)	2,010
Net gain on financial liabilities at fair value through profit or loss	80	326
Bank charges	( 21,797)	( 27,994)
Other losses	( 57,694)	( 57,784)
	( 89,477)	2,319
Less: Other (gains) losses from discontinued operations	157	( 20,543)
	<u>(\$ 89,320)</u>	<u>(\$ 18,224)</u>

(24) Expenses by nature

	Three months ended September 30,	
	2020	2019
Employee benefit expense	\$ 749,122	\$ 1,251,142
Depreciation charges	342,378	719,227
	1,091,500	1,970,369
Less: Employee benefit expense from discontinued operations	-	( 381,037)
Depreciation charges	-	( 399,157)
	<u>\$ 1,091,500</u>	<u>\$ 1,190,175</u>

	Nine months ended September 30,	
	2020	2019
Employee benefit expense	\$ 2,486,684	\$ 3,835,458
Depreciation charges	1,005,212	2,194,542
	3,491,896	6,030,000
Less: Employee benefit expense from discontinued operations	( 535)	( 1,129,313)
Depreciation charges	( 231)	( 1,198,370)
	<u>\$ 3,491,130</u>	<u>\$ 3,702,317</u>

(25) Employee benefit expense

	Three months ended September 30,	
	2020	2019
Wages and salaries	\$ 618,863	\$ 1,042,550
Labor and health insurance fees	75,384	119,436
Pension costs	20,792	45,640
Other personnel expenses	34,083	43,516
	749,122	1,251,142
Less: Employee benefit expense from from discontinued operations	-	( 381,037)
	<u>\$ 749,122</u>	<u>\$ 870,105</u>

  

	Nine months ended September 30,	
	2020	2019
Wages and salaries	\$ 2,063,179	\$ 3,213,439
Labor and health insurance fees	235,470	359,129
Pension costs	83,525	135,067
Other personnel expenses	104,510	127,823
	2,486,684	3,835,458
Less: Employee benefit expense from from discontinued operations	( 535)	( 1,129,313)
	<u>\$ 2,486,149</u>	<u>\$ 2,706,145</u>

- A. In accordance with the Company's Articles of Incorporation, a ratio of distributable profit of the current year after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.05%-0.5% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.
- B. For the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, employees' compensation was accrued at \$500, \$500, \$1,500 and \$1,500, respectively; while directors' and supervisors' remuneration was accrued at \$250, \$250, \$750 and \$750, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of profit of current year distributable for the nine months ended September 30, 2020. The employees' compensation and directors' and supervisors' remuneration for 2019 as approved by shareholders were the same as the amounts shown in the 2019 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Finance costs

	Three months ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 15,976	\$ 60,018
Other financial expense	1,957	2,071
Less: Capitalization of qualifying assets	( 1,354)	( 2,796)
Less: Finance costs from discontinued operations	-	( 1,388)
	<u>\$ 16,579</u>	<u>\$ 57,905</u>

	Nine months ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 115,908	\$ 179,284
Other financial expense	7,692	7,411
Less: Capitalization of qualifying assets	( 4,633)	( 8,359)
Less: Finance costs from discontinued operations	-	( 4,222)
	<u>\$ 118,967</u>	<u>\$ 174,114</u>

(27) Income tax

A. Income tax (benefit) expense

	Three months ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 4,583	\$ 132,112
Tax on undistributed surplus earnings	( 5,930)	-
Adjustments in respect of prior period	-	2,520
Impact of change in exchange rate	327	( 391)
Total current tax	( 1,020)	134,241
Deferred tax:		
Origination and reversal of temporary differences	( 5,581)	( 3,693)
Total deferred tax	( 5,581)	( 3,693)
Less: Income tax expense from discontinued operations	-	( 71,990)
Income tax (benefit) expense	<u>(\$ 6,601)</u>	<u>\$ 58,558</u>



	Nine months ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 82,520	\$ 440,005
Land value increment tax	566	-
Tax on undistributed surplus earnings	12,535	232,354
Adjustments in respect of prior period	( 6,104)	36,369
Impact of change in exchange rate	360	( 536)
Total current tax	<u>89,877</u>	<u>708,192</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>27,780</u>	<u>7,753</u>
Total deferred tax	<u>27,780</u>	<u>7,753</u>
Less: Income tax expense from discontinued operations	<u>-</u>	<u>( 262,927)</u>
Income tax expense	<u>\$ 117,657</u>	<u>\$ 453,018</u>

- B. The income tax returns of the Company, Formosa Development Co., Ltd. and Public More Internation Company Ltd. through 2018 have all been assessed and approved by the Tax Authority.
- C. Starting from January 1, 2007, the enterprise income tax of Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd. and Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. is based on 25% of income generated within and outside Mainland China. In addition, Formosa Taffeta (Zhong Shan) Co., Ltd. was certified as high-tech enterprise by Guangdong Provincial Government and accordingly, is entitled to the applicable income tax rate of 15% for 3 years from 2018.
- D. The income tax rate of Formosa Taffeta Vietnam Co., Ltd. was approved by the Vietnam government to be 10% for 15 years from the year of official establishment (December 1993). The Company was granted income tax exemption for 4 years from the first profit-making year and 20% income tax exemption for the next 4 years.
- E. The income tax rate of Formosa Taffeta Dong Nai Co., Ltd. was approved by the Vietnam government to be 15% for 12 years from the year of official establishment (October 2006); 20% after 12 years. Formosa Taffeta Dong Nai Co., Ltd. was granted income tax exemption for 3 years from the first profit-making year and income tax reduction was half of the 15% income tax rate or half of the 20% income tax rate for the next 4 to 10 years.
- F. In accordance with local tax regulations, the applicable income tax rate of Schoeller F.T.C. (Hong Kong) Co., Ltd. and indirectly owned subsidiary, Formosa Taffeta (Hong Kong) Co., Ltd., was 16.5%.

(28) Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share is profit or loss attributable to the common stockholders of the Company divided by the weighted average number of outstanding common stocks for the period.

Three months ended September 30, 2020					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
Net income	\$ 145,209	\$ 151,810	1,682,471	\$ 0.09	\$ 0.09
Three months ended September 30, 2019					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
Net income	\$ 487,694	\$ 429,136	1,682,439	\$ 0.29	\$ 0.26
Profit from discontinued operations	428,284	356,294		0.25	0.21
Profit attributable to the non-controlling interest	( 288,587)	( 189,583)		( 0.17)	( 0.11)
Profit attributable to owners of the parent	<u>\$ 627,391</u>	<u>\$ 595,847</u>		<u>\$ 0.37</u>	<u>\$ 0.36</u>

Nine months ended September 30, 2020					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	\$ 1,906,841	\$ 1,789,184	<u>1,682,471</u>	\$ 1.13	\$ 1.06
Profit from discontinued operations	( 484)	( 484)		-	-
Profit attributable to the non-controlling interest	<u>242</u>	<u>242</u>		-	-
Profit attributable to owners of the parent	<u>\$ 1,906,599</u>	<u>\$ 1,788,942</u>		<u>\$ 1.13</u>	<u>\$ 1.06</u>
Nine months ended September 30, 2019					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	\$ 3,260,347	\$ 2,807,329	<u>1,682,439</u>	\$ 1.94	\$ 1.67
Profit from discontinued operations	1,220,666	957,739		0.72	0.56
Profit attributable to the non-controlling interest	( 878,536)	( 509,594)		( 0.52)	( 0.30)
Profit attributable to owners of the parent	<u>\$ 3,602,477</u>	<u>\$ 3,255,474</u>		<u>\$ 2.14</u>	<u>\$ 1.93</u>

The following is earnings per share assuming the shares of the Company held by its subsidiary, Formosa Development Co., Ltd., are not deemed as treasury stock:

Three months ended September 30, 2020					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
Net income	<u>\$ 145,209</u>	<u>\$ 151,810</u>	<u>1,684,665</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>
Three months ended September 30, 2019					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
Net income	<u>\$ 487,694</u>	<u>\$ 429,136</u>	<u>1,684,665</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>
Profit from discontinued operations	428,284	356,294		0.25	0.21
Profit attributable to the non-controlling interest	( 288,587)	( 189,583)		( 0.17)	( 0.11)
Profit attributable to owners of the parent	<u>\$ 627,391</u>	<u>\$ 595,847</u>		<u>\$ 0.37</u>	<u>\$ 0.35</u>
Nine months ended September 30, 2020					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
Net income	<u>\$ 1,906,841</u>	<u>\$ 1,789,184</u>	<u>1,684,665</u>	<u>\$ 1.13</u>	<u>\$ 1.06</u>
Profit from discontinued operations	( 484)	( 484)		-	-
Profit attributable to the non-controlling interest	<u>242</u>	<u>242</u>		<u>-</u>	<u>-</u>
Profit attributable to owners of the parent	<u>\$ 1,906,599</u>	<u>\$ 1,788,942</u>		<u>\$ 1.13</u>	<u>\$ 1.06</u>

Nine months ended September 30, 2019					
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	\$ 3,260,347	\$ 2,807,329	<u>1,684,665</u>	\$ 1.94	\$ 1.67
Profit from discontinued operations	1,220,666	957,739		0.72	0.56
Profit attributable to the non-controlling interest	( 878,536)	( 509,594)		( 0.52)	( 0.30)
Profit attributable to owners of the parent	<u>\$ 3,602,477</u>	<u>\$ 3,255,474</u>		<u>\$ 2.14</u>	<u>\$ 1.93</u>

B. Employees' compensation could be distributed in the form of stock. It does not have significant effect on the financial statements and earnings per share for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30,	
	2020	2019
Purchase of property, plant and equipment	\$ 919,904	\$ 1,826,610
Add: Opening balance of payable on equipment	3,262	62,814
Ending balance of prepayment on equipment	95,499	-
Less: Ending balance of payable on equipment	( 2,716)	( 72,107)
Opening balance of prepayment on equipment	( 138,399)	-
Cash paid during the period	<u>\$ 877,550</u>	<u>\$ 1,817,317</u>

B. Disposal of subsidiaries:

	Nine months ended September 30, 2020
Selling price	\$ 6,028
Less: Cash of subsidiaries	( 29,584)
	<u>(\$ 23,556)</u>

Net value of Schoeller F.T.C. (Hong Kong) Co., Ltd. on March 16, 2020 was \$5,863.

(30) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2020	\$3,753,377	\$ -	\$ 6,519,783	\$ 10,273,160
Changes in cash flow from financing activities	( 355,749)	700,000	2,470,652	2,814,903
Impact of changes in foreign exchange rate	-	-	( 3,347)	( 3,347)
At September 30, 2020	<u>\$3,397,628</u>	<u>\$ 700,000</u>	<u>\$ 8,987,088</u>	<u>\$ 13,084,716</u>

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2019	\$3,638,538	\$ -	\$ 8,192,200	\$ 11,830,738
Changes in cash flow from financing activities	166,909	300,000	( 72,206)	394,703
Impact of changes in foreign exchange rate	-	-	3,088	3,088
At September 30, 2019	<u>\$3,805,447</u>	<u>\$ 300,000</u>	<u>\$ 8,123,082</u>	<u>\$ 12,228,529</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Formosa Chemical & Fibre Corp. (incorporated in R.O.C), which owns 37.4% of the Company's shares. The ultimate controlling party of the Company is Formosa Chemical & Fibre Corp.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Formosa Chemicals & Fibre Corporation	Parent company
Formosa Advanced Technologies Co., Ltd. (Note 1)	Associate
Quang Viet Enterprise Co., Ltd.	Associate
Formosa Industries Corp.	Associate
Schoeller Textil AG	Associate
Nan Ya Photonics Inc.	Associate
Schoeller Asia Co., Ltd. (Note 2)	Other related party
Formosa Biomedical Technology Corp.	Other related party
Toa Resin Corp.	Other related party
Formosa Petrochemical Corp.	Other related party
Formosa Heavy Industries Corp.	Other related party
Formosa Network Technology Corp.	Other related party
Formosa Plastics Corp.	Other related party
Formosa Plastics Transport Corp.	Other related party
Formosa Asahi Spandex Corp.	Other related party
Nan Ya Plastics Corp.	Other related party
Nan Ya PCB Corp.	Other related party
Yumaowu Enterprise Co., Ltd.	Other related party
Great King Garment Co., Ltd.	Other related party
Bellmart Industrial Co., Ltd.	Other related party
Yugen Yueh Co.,Ltd.	Other related party
Chang Gung Biotechnology Co., Ltd.	Other related party
Nan Ya Polyester Fiber (Kunshan) Corp.	Other related party
Nan Ya Plastic (Guangzhou) Co., Ltd.	Other related party
Nan Ya Technology Corp.	Other related party
Nan Ya Printed Circuit Board (Kunshan) Corp.	Other related party
Jiaxing Quang Viet Garment Co., Ltd.	Other related party
Yu Yuang Textile Co., Ltd.	Other related party
Yu Maowu Complex Co., Ltd.	Other related party
KONG YOU INDUSTRIAL CO., LTD.	Other related party
Kwang Viet Garment Co., Ltd.	Other related party
FG INC	Other related party
NKFG Corp.	Other related party
Schoeller Holding AG	Other related party

Note1 : The Group sold its 16% equity interest and lost its control over Formosa Advanced Technologies Co., Ltd. on December 16, 2019. Therefore, the investment in Formosa Advanced Technologies Co., Ltd. was reclassified as investment accounted for using the equity method.

Note 2 : The Group disposed all equity investment of Shoeller F.T.C (Hong Kong) Co., Ltd. on March 16, 2020. Therefore, Shoeller F.T.C (Hong Kong) Co., Ltd. was reclassified as other related party.

(3) Significant related party transactions and balances

A. Operating revenue

	Three months ended September 30,	
	2020	2019
Sales of goods:		
– Ultimate parent company	\$ 54	\$ 126
– Associates	24,131	23,098
– Other related party		
Nan Ya Technology Corp.	-	1,833,392
Others	137,910	243,321
	<u>\$ 162,095</u>	<u>\$ 2,099,937</u>
	Nine months ended September 30,	
	2020	2019
Sales of goods:		
– Ultimate parent company	\$ 987	\$ 781
– Associates	239,001	299,973
– Other related party		
Nan Ya Technology Corp.	-	5,183,993
Others	806,403	916,886
	<u>\$ 1,046,391</u>	<u>\$ 6,401,633</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases of goods

	Three months ended September 30,	
	2020	2019
Purchases of goods:		
– Ultimate parent company	\$ 326,094	\$ 465,897
– Associates	135,032	195,332
– Other related party		
Formosa Petrochemical Corp.	2,105,523	2,609,711
Others	175,715	438,122
	<u>\$ 2,742,364</u>	<u>\$ 3,709,062</u>



	Nine months ended September 30,	
	2020	2019
Purchases of goods:		
– Ultimate parent company	\$ 1,102,169	\$ 1,531,803
– Associates	456,587	693,013
– Other related party		
Formosa Petrochemical Corp.	6,009,980	8,069,789
Others	734,056	1,373,524
	<u>\$ 8,302,792</u>	<u>\$ 11,668,129</u>

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

#### C. Receivables from related parties

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts receivable:			
– Ultimate parent company	\$ 9	\$ 82	\$ 78
– Associates	18,900	72,254	19,607
– Other related party			
Nan Ya Technology Corp.	-	-	1,700,716
Others	126,368	157,248	261,867
	<u>\$ 145,277</u>	<u>\$ 229,584</u>	<u>\$ 1,982,268</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 45~120 days after the date of sale. There are no provisions held against receivables from related parties.

#### D. Notes and accounts payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts payable:			
– Ultimate parent company	\$ 306,825	\$ 550,298	\$ 628,951
– Associates	54,610	70,536	50,344
– Other related party			
Formosa Petrochemical Corp.	390,611	440,852	436,180
Others	68,873	148,358	215,343
	<u>\$ 820,919</u>	<u>\$ 1,210,044</u>	<u>\$ 1,330,818</u>

The payables to related parties arise mainly from purchase transactions and are due 15~60 days after the date of purchase. The payables bear no interest.

E. Property transactions and investment property

(a) Acquisition of property, plant and equipment:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Other related party	\$ -	\$ 46,354	\$ -	\$ 54,164

(b) Acquisition of financial assets:

				Nine months ended September 30, 2020
	Accounts	No. of shares (in thousand shares)	Object	Consideration
Other related party	Non-current financial assets at fair value through other comprehensive income	-	FG INC.	\$ 73,680
Other related party	Non-current financial assets at fair value through other comprehensive income	5,540	NKFG Corp.	\$ 55,400
Associates	Investments accounted for using the equity method	22	Scheoller Textil AG	\$ 1,285,507
				Nine months ended September 30, 2019
	Accounts	No. of shares (in thousand shares)	Object	Consideration
Other related party	Non-current financial assets at fair value through other comprehensive income	-	FG INC.	\$ 69,570

The group had no transaction from July 1 to September 30, 2020 and 2019, respectively.

(c) Rent income (shown as 'other income')

The Group leases buildings at No. 319, 329 and 331, Henan St., Douliu City, Yunlin County, No. 497-1, Sec. Neilin, land and employees' dorms at No. 132 and 136, Sec. Meilin river, Douliu City to Formosa Advanced Technologies Co., Ltd. Rents which were determined by reference to general rental price in local market are payable at the beginning of each month based on the mutual agreement. Rent income for the three months ended September 30, 2020 and nine months ended September 30, 2020 amounted to \$19,689 and \$40,698, respectively.

	Land	Buildings and structures	Total
At January 1, 2020			
Cost	\$ 7,892	\$ 906,122	\$ 914,014
Accumulated depreciation	<u>-</u>	<u>( 370,090)</u>	<u>( 370,090)</u>
	<u>\$ 7,892</u>	<u>\$ 536,032</u>	<u>\$ 543,924</u>
Opening net book amount as at January 1, 2020	\$ 7,892	\$ 536,032	\$ 543,924
Depreciation charge	<u>-</u>	<u>( 22,058)</u>	<u>( 22,058)</u>
Closing net book amount as at September 30, 2020	<u>\$ 7,892</u>	<u>\$ 513,974</u>	<u>\$ 521,866</u>
At September 30, 2020			
Cost	\$ 7,892	\$ 906,122	\$ 914,014
Accumulated depreciation	<u>-</u>	<u>( 392,148)</u>	<u>( 392,148)</u>
	<u>\$ 7,892</u>	<u>\$ 513,974</u>	<u>\$ 521,866</u>

Note: It mainly refers to transfers from property, plant and equipment to the investment property held by the Group. The fair value of the investment property held by the Group as at September 30, 2020 was \$732,100, which was by reference to the transaction prices of similar prices in the neighbouring areas.

#### F. Others

Formosa Taffeta (Dong Nai) Co., Ltd. was engaged by the related party, Formosa Industry, to provide management services to Nhon Trach 3 Industrial Zone. In accordance with the service consignment contract signed by Formosa Taffeta (Dong Nai) Co., Ltd. and Nhon Trach 3 Industrial Zone each year, Formosa Taffeta (Dong Nai) Co., Ltd. is responsible for managing land that is available for rent, meter reading and payment collection of water, electricity, steam and other public liquid sold to lessees in investment district, repairing and performing service on various public facilities of power plant. In accordance with the contract, Formosa Taffeta (Dong Nai) Co., Ltd.'s collectible service expense is as follows:

- i. Land lease expense: 3% of Formosa Industry's land rent revenue
- ii. Public liquid service expense: 3% of Formosa Industry's monthly sale of electricity to lessees in investment district
- iii. Management expense: the full amount of management expense collected from lessees in investment district to Formosa Industry is to be paid to the Company and its subsidiaries.

For the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, Formosa Taffeta (Dong Nai) Co., Ltd. has recognized lease service income in investment district of \$7,996, \$8,867, \$23,529 and \$26,228, respectively, for rendering the abovementioned consigned services. As of September 30, 2020, December 31, 2019 and September 30, 2019, the uncollected amount of \$2,977, \$3,220 and \$3,196, respectively, was

recognized under ‘other receivables’. For the above land leasing, as of September 30, 2020, December 31, 2019 and September 30, 2019, the management expense and utility expense which Formosa Taffeta (Dong Nai) Co., Ltd. is due to collect from the related party, Formosa Industry, amounted to \$19,304, \$30,901 and \$34,553, respectively.

(4) Key management compensation

	Three months ended September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 2,264	\$ 8,356
Post-employment benefits	-	14
	<u>\$ 2,264</u>	<u>\$ 8,370</u>

  

	Nine months ended September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 23,250	\$ 37,692
Post-employment benefits	-	68
	<u>\$ 23,250</u>	<u>\$ 37,760</u>

8. PLEDGED ASSETS

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

Item	Book Value			Purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Property, plant and equipment	\$ 136,736	\$ 137,261	\$ 137,436	Security for short-term borrowings
Inventories (Held-to-maturity land)	17,610	21,264	21,264	Security for short-term borrowings
	<u>\$ 154,346</u>	<u>\$ 158,525</u>	<u>\$ 158,700</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of September 30, 2020, the significant commitments and contingent liabilities are the outstanding letters of credit for materials and equipment purchases with various companies listed as follows:

Currency	Amount
USD	\$ 296
JPY	35,520
EUR	1,198

(2) Endorsements and guarantees

As of September 30, 2020, in order to assist the subsidiaries is obtaining credit line, the Company has guaranteed the following amounts for subsidiaries:

Name of company	September 30, 2020
Formosa Taffeta (Zhong Shan) Co., Ltd.	\$ 960,300
Formosa Taffeta Vietnam Co., Ltd.	1,542,300
Formosa Taffeta (Changshu) Co., Ltd.	1,600,500
Formosa Taffeta Dong Nai Co., Ltd.	4,132,200
Formosa HA Tinh (Cayman) Limited	6,632,901

(3) Contingencies - Significant lawsuit

- A. In August 2019, Taiwan Cooperative Bank Ltd. and DBS Bank (Taiwan) Ltd. filed a complaint against the Company and the subsidiary, Formosa Taffeta Dong Nai Co., Ltd, alleging that several employees of the Company and Formosa Taffeta Dong Nai Co., Ltd., instead of making the truthful representations during the credit assessment procedures, cooperated with New Site Industries Inc. and New Brite Industries Inc. to conduct false statements and provide misleading information with regard to the fact that New Site Industries Inc. and New Brite Industries Inc. owned the accounts receivable due from the Company and Formosa Taffeta Dong Nai Co., Ltd., thereby causing losses to the plaintiffs. As a result, the plaintiffs alleged that the Company and Formosa Taffeta Dong Nai Co., Ltd. shall be liable for the losses incurred due to poor supervision. The Company and Formosa Taffeta Dong Nai Co., Ltd. have appointed a legal counsel to represent them. Based on the opinion of the legal counsel, the ultimate outcome of this litigation is not presently determinable as the case is still in oral arguments proceedings, and no evidence investigation or substantive trial has been conducted.
- B. In August 2019, O-Bank Co., Ltd. filed a complaint against the Company. Several employees of the Company, instead of making the truthful representations during the credit assessment procedures, cooperated with New Site Industries Inc., New Brite Industries Inc., Highlite Industries, Inc. and Loomtech Industries Inc. (together referred herein as New Brite Group) to conduct false statements and provide misleading information with regard to the fact that New Site Industries Inc. and New Brite Industries Inc. owned the accounts receivable due from the Company, thereby causing losses to the plaintiffs. As a result, the plaintiffs alleged that the Company shall be liable for the losses incurred due to poor supervision. The Company has appointed a legal counsel to represent them. Based on the opinion of the legal counsel, the ultimate outcome of this litigation is not presently determinable as the case is still in the course of debate process.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

(1) The Group's operating revenue for the first three seasons of 2020 was less than 20% compared with the same period in 2019. This decline was driven by the COVID-19 outbreak, resulting in a sluggish global economy and the reduction and cancellation of major sporting events. In addition, the demand in the overall consumer market decreased due to the COVID-19 pandemic. However, there was no significant effect on the Group's financial position and assets impairment and the Group will continue to monitor the impact of future pandemic control conditions and consumer market demand.

### (2) Capital management

There was no significant change during this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2019 for related information.

### (3) 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	\$ 12	\$ 119	\$ 625
Financial assets at fair value through other comprehensive income	33,887,963	41,894,833	45,436,155
Financial assets at amortized cost	<u>6,135,421</u>	<u>6,974,483</u>	<u>9,442,655</u>
	<u>\$ 40,023,396</u>	<u>\$ 48,869,435</u>	<u>\$ 54,879,435</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 amortized cost	15,986,313	14,289,158	17,512,002
Lease liabilities	<u>808,959</u>	<u>849,795</u>	<u>872,030</u>
	<u>\$ 16,795,272</u>	<u>\$ 15,139,033</u>	<u>\$ 18,384,480</u>

Note: Financial assets at amortized cost includes cash, notes and accounts receivable (including related parties) and other receivables; financial liabilities at amortized cost includes short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables and long-term borrowings.

## B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group 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. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. Some of the Group's transactions are conducted in foreign currencies, which are subject to exchange rate fluctuation. The information on foreign currency denominated assets and liabilities are as follows:

September 30, 2020			
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 71,708	\$ 29.13	\$ 2,088,854
USD:VND	15,243	23,192.68	444,029
USD:RMB	18,475	6.81	538,177
<u>Non-monetary items</u>			
VND:NTD	5,003,518,312	0.0013	6,504,574
HKD:NTD	313,864	3.74	1,173,851
RMB:NTD	481,792	4.28	2,062,070
USD:NTD	89,864	29.13	2,617,738
CHF:NTD	39,216	31.59	1,238,833
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	5,667	6.81	165,080
USD:VND	105,999	23,192.68	3,087,751

December 31, 2019			
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 76,526	30.11	\$ 2,304,198
<u>Non-monetary items</u>			
VND:NTD	4,953,113,164	0.0013	6,439,047
HKD:NTD	299,251	3.86	1,155,108
RMB:NTD	467,986	4.32	2,021,701
USD:NTD	125,391	30.11	3,775,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	5,930	6.98	178,552
September 30, 2019			
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 121,969	31.04	\$ 3,785,918
USD:RMB	10,095	7.07	313,349
<u>Non-monetary items</u>			
VND:NTD	4,914,689,836	0.0013	6,389,097
HKD:NTD	297,039	3.96	1,176,274
RMB:NTD	643,818	4.39	2,826,361
USD:NTD	146,319	31.04	4,541,742
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4,173	31.04	129,530
USD:RMB	13,446	7.07	417,364

- ii. The total exchange (loss) income, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019 amounted to (\$68,444), \$9,980, (\$11,158) and \$59,380, respectively.



iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 20,889	\$ -
USD:VND	1%	4,440	-
USD:RMB	1%	5,382	-
<u>Non-monetary items</u>			
VND:NTD	1%	-	65,046
HKD:NTD	1%	-	11,739
RMB:NTD	1%	-	20,621
USD:NTD	1%	-	26,177
CHF:NTD	1%	-	12,388
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	1%	1,651	-
USD:VND	1%	30,878	-
Nine months ended September 30, 2019			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 37,859	\$ -
USD:RMB	1%	3,133	-
<u>Non-monetary items</u>			
VND:NTD	1%	-	63,891
HKD:NTD	1%	-	11,763
RMB:NTD	1%	-	28,264
USD:NTD	1%	-	45,417
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	1,295	-
USD:RMB	1%	4,174	-

### 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, financial assets at fair value through other comprehensive income and available-for-sale financial assets. 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 shares, open-end funds and beneficiary certificates issued by the domestic companies. 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, post-tax profit for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$0.1 and \$5, 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 \$338,880 and \$454,362, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine months 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 amortized 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. If the borrowing interest rate of NTD dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2020 and 2019 would have decreased/increased by \$71,200 and \$63,200, respectively. The main factor is that changes in interest expense result from floating rate borrowings.
- iv. If the borrowing interest rate of USD dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2020 and 2019 would have decreased/increased by \$232 and \$741, respectively. The main factor is that changes in interest expense result from 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.

- 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 good rating 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 following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable and contract assets in accordance with product types and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. 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.
- vii. The Group uses the forecastability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. 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 90 days past due	Total
<u>At September 30, 2020</u>					
Expected loss rate	1%	93%	100%	100%	
Total book value	\$ 2,883,666	\$ 16,295	\$ 6,252	\$ 13,343	\$ 2,919,556
Loss allowance	27,918	15,217	6,252	13,343	62,730

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>At December 31, 2019</u>					
Expected loss rate	1%	7%	55%	97%	
Total book value	\$ 3,067,145	\$ 86,772	\$ 48,039	\$ 3,717	\$ 3,205,673
Loss allowance	26,581	6,504	26,532	3,618	63,235
	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>At September 30, 2019</u>					
Expected loss rate	0%	7%	62%	100%	
Total book value	\$ 4,550,105	\$ 140,733	\$ 66,370	\$ 3,334	\$ 4,760,542
Loss allowance	16,273	9,890	41,170	3,334	70,667

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

	2020		
	Notes receivable	Accounts receivable	
At January 1	\$ -	(\$ 63,235)	
Effect of foreign exchange	-	505	
At September 30	<u>\$ -</u>	<u>(\$ 62,730)</u>	
	2019		
	Notes receivable	Accounts receivable	Contract assets
At January 1	\$ -	(\$ 71,033)	\$ -
Effect of foreign exchange	-	366	-
At September 30	<u>\$ -</u>	<u>(\$ 70,667)</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

- 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, time deposits, commercial paper and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at September 30, 2020, December 31, 2019 and September 30, 2019, the Group held money market position of \$36,734,803, \$45,081,174 and \$47,706,010, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Long-term borrowings (including current portion)				
September 30, 2020	\$ 58,058	\$ 8,229,030	\$ 700,000	\$ -
December 31, 2019	59,891	4,259,892	2,200,000	-
September 30, 2019	130,428	5,561,769	2,430,885	-
Lease liability				
September 30, 2020	\$ 137,977	\$ 118,430	\$ 255,907	\$ 296,645
December 31, 2019	130,043	106,487	232,019	381,246
September 30, 2019	133,539	129,307	276,513	332,671

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

#### (4) Fair value estimation

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates with quoted market prices 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 some unlisted stocks and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

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, short-term borrowings, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values.

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:

(a) The related information on the nature of the assets and liabilities is 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 measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 12	\$ -	\$ 12
Financial assets at fair value through other comprehensive income				
Equity securities	<u>30,517,413</u>	<u>291,199</u>	<u>3,079,351</u>	<u>33,887,963</u>
	<u>\$30,517,413</u>	<u>\$ 291,211</u>	<u>\$3,079,351</u>	<u>\$33,887,975</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 measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 119	\$ -	\$ 119
Financial assets at fair value through other comprehensive income				
Equity securities	<u>37,356,695</u>	<u>346,800</u>	<u>4,191,338</u>	<u>41,894,833</u>
	<u>\$37,356,695</u>	<u>\$ 346,919</u>	<u>\$4,191,338</u>	<u>\$41,894,952</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 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 measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 625	\$ -	\$ 625
Financial assets at fair value through other comprehensive income				
Equity securities	<u>40,111,015</u>	<u>333,100</u>	<u>4,992,040</u>	<u>45,436,155</u>
	<u>\$40,111,015</u>	<u>\$333,725</u>	<u>\$4,992,040</u>	<u>\$45,436,780</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 448</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. 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

- ii. 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 such as current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including applying a model using market information available at the consolidated balance sheet date.
- iii. 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.
- iv. 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.

D. For the nine months ended September 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2020 and 2019:

	<u>Nine months ended September 30, 2020</u>
	<u>Non-derivative equity instruments</u>
At January 1	\$ 4,191,338
Gains and losses recognized in other comprehensive income	
Recorded as unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 921,780)
Acquired during the period	129,080
Transfers out from level 3	( 196,388)
Effect of exchange rate changes	( 122,899)
At September 30	<u>\$ 3,079,351</u>

	<u>Nine months ended September 30, 2019</u>
	<u>Non-derivative equity instruments</u>
At January 1	\$ 5,868,738
Gains and losses recognized in other comprehensive income	
Recorded as unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 932,240)
Effect of exchange rate changes	55,542
At September 30	<u>\$ 4,992,040</u>

- F. The accounting segment is in charge of valuation procedures for fair value measurements being categorized 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, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- The accounting segment set 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 the supervisor of accounting segment monthly. The supervisor is responsible for managing and reviewing valuation processes.
- G. 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	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$	461,663	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 and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
		2,617,687	Net asset value	Not applicable	Not applicable
		Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$	415,853	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 and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
		3,775,485	Net asset value	Not applicable	Not applicable

	Fair value at September 30, 2019	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	\$ 450,364	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 and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
	4,541,676	Net asset value	Not applicable	Not applicable

H. 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 of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

<u>September 30, 2020</u>				
<u>Recognized in profit or loss</u>				
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	±1%	\$ <u>4,617</u>	\$ <u>4,617</u>

<u>December 31, 2019</u>				
<u>Recognized in profit or loss</u>				
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	±1%	<u>\$ 4,159</u>	<u>\$ 4,159</u>

<u>September 30, 2019</u>				
<u>Recognized in profit or loss</u>				
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	±1%	<u>\$ 4,504</u>	<u>\$ 4,504</u>

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

In accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers”, significant transactions for the nine months ended September 30, 2020 are stated as follows. Furthermore, the inter-company transactions were eliminated based on the financial statements of investees which were not reviewed by other independent auditors, except for the reviewed financial statements of Formosa Advanced Technologies Co., Ltd. The following disclosures are for reference only.

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

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 3.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(12) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

#### (3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 9.

#### 14. SEGMENT INFORMATION

##### (1) General information

- A. The Group operates and sets policies from product and service perspective; thus, management also identifies reportable segments using the same method.
- B. The Group has four reportable segments: First business group, Second business group consisting of Cord fabric department, Gasoline department and Formosa Advanced Technologies Co., Ltd. (FATC) department. Details are as follows:
  - (a) First business group: Mainly produces and sells woven, dyeing and finishing products and manages plants of overseas subsidiaries—Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Hong Kong) Co., Ltd., etc.
  - (b) Cord fabric department: Mainly produces and provides tire cords.
  - (c) Gasoline department: Mainly operates gasoline stations, sells gasoline and provides car washing.

##### (2) Measurement of segment information

The measurement based on each operating segment's profit before tax excludes the effects of non-recurring expenditure, i.e. from the unrealized gain or loss on financial instruments. Furthermore, interest income and expense are not allocated to operating segments.

(3) Information about segment profit or loss and assets

	Nine months ended September 30, 2020						
	First business group	Second business group			Adjustment and write-off	Discontinued operations	Total
		Cord fabric department	Gasoline department	Other segment			
<u>Segment revenue</u>							
Revenue from							
external customers	\$ 9,166,198	\$ 4,345,959	\$ 7,016,883	\$ 1,115,844	\$ -	(\$ 17,555)	\$ 21,627,329
Inter-segment revenue	<u>683,803</u>	<u>72,031</u>	<u>-</u>	<u>144,849</u>	<u>( 900,683)</u>	<u>-</u>	<u>-</u>
Total segment revenue	<u>\$ 9,850,001</u>	<u>\$ 4,417,990</u>	<u>\$ 7,016,883</u>	<u>\$ 1,260,693</u>	<u>(\$ 900,683)</u>	<u>(\$ 17,555)</u>	<u>\$ 21,627,329</u>
Segment income	<u>\$ 1,567,613</u>	<u>\$ 60,782</u>	<u>\$ 279,851</u>	<u>\$ 125,243</u>	<u>(\$ 127,132)</u>	<u>\$ 484</u>	<u>\$ 1,906,841</u>
<u>Segment assets</u>							
Identifiable assets	<u>\$ 12,650,592</u>	<u>\$ 5,296,568</u>	<u>\$ 1,276,213</u>	<u>\$ 3,417,540</u>	<u>(\$ 250,081)</u>	<u>\$ -</u>	\$ 22,390,832
Long-term investments							9,304,568
General assets							<u>39,558,253</u>
Total assets							\$ 71,253,653

Nine months ended September 30, 2019

	Second business group							
	First business group	Cord fabric department	Gasoline department	Other segment	FATC department	Adjustment and write-off	Discontinued operations	Total
<u>Segment revenue</u>								
Revenue from								
external customers	\$ 12,367,703	\$ 5,986,294	\$ 8,841,303	\$ 1,335,958	\$ 6,899,134	\$ -	(\$ 6,986,532)	\$ 28,443,860
Inter-segment revenue	<u>1,166,406</u>	<u>251,747</u>	<u>-</u>	<u>222,141</u>	<u>-</u>	<u>( 1,640,294)</u>	<u>-</u>	<u>-</u>
Total segment revenue	<u>\$ 13,534,109</u>	<u>\$ 6,238,041</u>	<u>\$ 8,841,303</u>	<u>\$ 1,558,099</u>	<u>\$ 6,899,134</u>	<u>(\$ 1,640,294)</u>	<u>(\$ 6,986,532)</u>	<u>\$ 28,443,860</u>
Segment income	<u>\$ 3,691,445</u>	<u>(\$ 25,300)</u>	<u>\$ 329,136</u>	<u>\$ 58,698</u>	<u>\$ 1,218,713</u>	<u>(\$ 1,054,606)</u>	<u>(\$ 957,739)</u>	<u>\$ 3,260,347</u>
<u>Segment assets</u>								
Identifiable assets	<u>\$ 14,593,354</u>	<u>\$ 6,607,639</u>	<u>\$ 1,282,502</u>	<u>\$ 3,245,612</u>	<u>\$ 7,967,989</u>	<u>(\$ 3,525)</u>	<u>(\$ 7,970,167)</u>	\$ 25,723,404
Long-term investments								3,361,131
General assets								<u>60,233,202</u>
Total assets								<u>\$ 89,317,737</u>

(4) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The total consolidated profit (loss) after adjustment and reconciliation information for profit after tax of reportable segments are provided in Note 14(3).

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine months ended September 30, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3,8)	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 3,8)	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/g uarantees to the party in Mainland China (Note 7)	Footnote
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	2	\$ 34,667,451	\$ 998,250	\$ 960,300	\$ 14,550	\$ -	1.80	\$ 69,334,902	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	2	34,667,451	1,603,250	1,542,300	381,867	-	2.89	\$ 69,334,902	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	2	34,667,451	1,663,750	1,600,500	375,424	-	3.00	\$ 69,334,902	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA DONG NAI CO., LTD.	2	34,667,451	4,295,500	4,132,200	2,642,773	-	7.75	\$ 69,334,902	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA HA TINH (CAYMAN) LIMITED	6	34,667,451	7,017,217	6,632,901	6,632,901	-	12.44	\$ 69,334,902	N	N	N	
1	FORMOSA DEVELOPMENT CO., LTD.	PUBLIC MORE INTERNATIONAL COMPANY LTD.	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 seven categories.

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide 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: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

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

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

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

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

Note 8: In accordance with the Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 1.3 times of the Company's net assets, and limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount.



FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the nine months ended September 30, 2020

Table 2

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 (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	Ultimate parent company	Current financial assets at fair value	12,169,610	\$ 823,882	0.21	\$ 823,882	
FORMOSA TAFFETA CO., LTD.	PACIFIC ELECTRIC WIRE AND CABLE CO., LTD.	-	through other comprehensive income	32	-	-	-	
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORPORATION	Other related party	Current financial assets at fair value	640	50	-	50	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	Other related party	through other comprehensive income	482,194	28,691	0.01	28,691	
FORMOSA TAFFETA CO., LTD.	ASIA PACIFIC INVESTMENT CO. (APIC)	Other related party	Current financial assets at fair value	10,000,000	291,199	2.35	291,199	
FORMOSA TAFFETA CO., LTD.	NAN YA TECHNOLOGY CORPORATION	Other related party	through other comprehensive income	7,711,010	443,383	0.25	443,383	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP.	Other related party	Non-current financial assets at fair value	365,267,576	29,221,406	3.83	29,221,406	
FORMOSA TAFFETA CO., LTD.	SYNTRONIX CORPORATION	-	through other comprehensive income	191,885	6,481	0.45	6,481	
FORMOSA TAFFETA CO., LTD.	TOA RESIN CORPORATION LIMITED	Other related party	Non-current financial assets at fair value	14,400	38,345	10.00	38,345	
FORMOSA TAFFETA CO., LTD.	SHIN YUN GAS CO., LTD.	-	through other comprehensive income	789,000	20,699	1.20	20,699	

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the nine months ended September 30, 2020

Table 2

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 (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
FORMOSA TAFFETA CO., LTD.	WK TECHNOLOGY FUND IV LIMITED	-	Non-current financial assets at fair value through other comprehensive income	1,348,731	\$ 11,617	3.17	\$ 11,617	
FORMOSA TAFFETA CO., LTD.	FG INC	Other related party	Non-current financial assets at fair value through other comprehensive income	600	329,122	3.00	329,122	
FORMOSA TAFFETA CO., LTD.	NKFG	Other related party	Non-current financial assets at fair value through other comprehensive income	5,540,000	55,400	2.50	55,400	
FORMOSA TAFFETA CO., LTD.	FORMOSA HA TINH (CAYMAN) LIMITED	Other related party	Non-current financial assets at fair value through other comprehensive income	209,010,676	2,617,687	3.85	2,617,687	
FORMOSA DEVELOPMENT CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Non-current financial assets at fair value through other comprehensive income	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.

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

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

FORMOSA TAFFETA CO., LTD. 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 months ended September 30, 2020

Table 3

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)(Note 4)		Disposal (Note 3)			Gain (loss) on disposal	Balance as at September 30, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount (Note 5)	Note
FORMOSA TAFFETA CO., LTD.	SCHOELLER TEXTIL AG	Investments accounted for using the equity method	SCHOELLER TEXTIL AG	Associate	-	\$ -	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 NT\$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 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 5: The difference between the amount of January 1, 2020 plus the purchases and minus the sales during the period, and the amount of September 30, 2020 is to recognize investment losses and financial statements translation differences of foreign operations.

FORMOSA TAFFETA CO., LTD. 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 months ended September 30, 2020

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions						
							(Note 1)		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases		Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
			Purchases (sales)	Amount	(sales)								
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Associate	Sales	(\$ 230,960)	( 1.43)	Pay by mail transfer 60 days after delivery	\$ -	-	Accounts receivable	\$ 18,013	1.01		
FORMOSA TAFFETA CO., LTD.	YUGEN YUEH CO., LTD.	Other related party	Sales	( 181,185)	( 1.12)	Pay 120 days after delivery	-	-	Accounts receivable	30,651	1.72		
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA DONG NAI CO., LTD.	Subsidiary	Sales	( 121,390)	( 0.75)	60 days after monthly billings	-	-	Accounts receivable	16,645	0.93		
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Other related party	Purchases	6,009,980	26.38	Pay every 15 days by mail transfer	-	-	Accounts payable	( 390,611)	( 31.91)		
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	Ultimate parent company	Purchases	712,013	3.13	Draw promissory notes due in 2 months after inspection	-	-	Notes payable	( 71,168)	( 5.81)		
									Accounts payable	( 180,994)	( 14.79)		
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	Other related party	Purchases	442,010	1.94	Pay every 15 days by mail transfer	-	-	Accounts payable	( 39,550)	( 3.23)		
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORP.	Other related party	Purchases	156,654	0.69	Pay every 15 days by mail transfer	-	-	Accounts payable	( 16,825)	( 1.37)		
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Associate	Sales	( 177,162)	( 17.55)	60 days after monthly billings	-	-	Accounts receivable	79,036	47.91		
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	Associate	Sales	( 153,720)	( 5.78)	60 days after monthly billings	-	-	Accounts receivable	32,071	4.99		
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Sales	( 126,640)	( 4.77)	60 days after monthly billings	-	-	Accounts receivable	14,863	2.31		

FORMOSA TAFFETA CO., LTD. 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 months ended September 30, 2020

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
Transaction							(Note 1)		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 2)
FORMOSA TAFFETA DONG NAI CO., LTD.	KWANG VIET GARMENT CO., LTD.	Other related party	Sales	(\$ 223,497) (	8.41)	60 days after monthly billings	\$ -	-	Accounts receivable	\$ 16,033	2.49	
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA INDUSTRY CO., LTD	Associate	Purchases	346,824	8.69	60 days after monthly billings	-	-	Accounts payable	( 33,576) (	9.21)	
FORMOSA TAFFETA DONG NAI CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	Ultimate parent company	Purchases	385,842	9.67	60 days after monthly billings	-	-	Accounts payable	( 54,663) (	14.99)	
FORMOSA TAFFETA VIETNAM CO., LTD.	KWANG VIET GARMENT CO., LTD.	Other related party	Sales	( 123,618) (	7.42)	60 days after monthly billings	-	-	Accounts receivable	16,428	4.18	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: 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 4: The transactions are disclosed by presenting revenues. The related transactions are not disclosed.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the nine months ended September 30, 2020

Table 5

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	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Purchases	\$ 712,013	Draw promissory notes due in 2 months after inspection		3.29
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Accounts payable	180,994	Draw promissory notes due in 2 months after inspection		0.25
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Notes payable	71,168	Draw promissory notes due in 2 months after inspection		0.10

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: The amount of transactions which is listed in the table is determined by its material.

## FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

## Information on investees

For the nine months ended September 30, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020 (Note 2(2))	Investment income (loss) recognized by the company for the nine months ended September 30, 2020 ( Note 2(3) )	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
FORMOSA TAFFETA CO., LTD.	FORMOSA DEVELOPMENT CO., LTD.	Taiwan	Handling urban land consolidation, 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, and 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.	QUANG VIET ENTERPRISE CO., LTD.	Taiwan	Processing and producion 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 FTC (HONG KONG) CO., LTD.	Hong Kong	Trading of textiles	-	2,958	-	0.00	-	- (	242)	
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. AND SUBSIDIARIES

## Information on investees

For the nine months ended September 30, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020 (Note 2(2))	Investment income (loss) recognized by the company for the nine months ended September 30, 2020 (Note 2(3))	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
FORMOSA TAFFETA CO., LTD.	FORMOSA INDUSTRIES CORPORATION	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	\$ 1,987,122	\$ 1,987,122	-	10	\$ 1,954,089	\$ 71,717	\$ 7,172	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CAYMAN) LIMITED	Cayman Islands	Investments	957,500	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 PHOTONICS INCORPORATION	Taiwan	Manufacturing, installing, and supervising the engineer design of LED illumination systems/illumination arrangements	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 INTERNATIONAL COMPANY LTD.	Taiwan	Employment service, manpower allocation and agency service etc	5,000	5,000	-	100.00	12,339	5,403	5,403	
PUBLIC MORE INTERNATIONAL COMPANY LTD.	QUANG VIET ENTERPRISE 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 months 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 months ended September 30, 2020' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.



FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine months ended September 30, 2020

Table 7

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 months 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 months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2020 (Note 2)	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 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	\$ -	Note 3
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	15,273	(1)	15,273	-	12,008	3,265	( 347)	100.00	( 347)	-	-	Note 4
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	-	Note 5
CHANG SHU YU YUAN DEVELOPMENT.CO., LTD.	Building and selling real estate	70,788	(2)	-	-	-	-	( 56)	40.78	( 23)	15,548	-	Note 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

Note 2: The amount of 'Investment income (loss) recognized by the Company for the nine months ended September 30, 2020 was derived from financial statements which were reviewed by independent auditors.

Note 3: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 and September 30, 2020 are both US\$46,400,000 (remitted out US\$46,388,800 and equipment amounted to US\$11,200).

Note 4: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 are both US\$570,000.

In July 2020, the Company has been dissolved, and the remaining property US\$409,496 has been remitted to Taiwan.

Note 5: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 is US\$42,000,000. Formosa Taffeta (Changshu) Co., Ltd. reduced its capital amounting to US\$900,000 and divided the housing land to establish a new company named Changshu Fushun Enterprise Management Co., Ltd. in March 2015. Thus, the original currency of paid-in capital and accumulated amount of remittance from Taiwan as of September 30, 2020 was US\$41,100,000.

Note 6: The Company was the surviving company after the consolidation of Changshu Yu Yuan Development.Co.,Ltd. and Changshu Fushun Enterprise Management Co., Ltd. Its paid-in capital is RMB\$13,592,920.

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
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	\$ 1,402,085	\$ 1,351,632	\$ 32,000,724
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	1,334,739	1,223,460	32,000,724

Note :

(1)The investment in FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. approved by the Investment Commission of MOEA is US\$46,400,000.

(2)The investment in XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD. approved by the Investment Commission of MOEA is US\$570,000.

In August 2020, the investment of XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD. has been written off by the Investment Commission of the Ministry of Economic Affairs (MOEA).

(3)The investment in FORMOSA TAFFETA (CHANG SHU) CO., LTD. approved by the Investment Commission of MOEA is US\$42,000,000.

Enterprise Management Co.,Ltd. Such investment is still awaiting approval by MOEA.

(4)The original currency of paid-in capital was translated at USD:TWD = 1:29.13

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the nine months ended September 30, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					Others
	Amount	%	Amount	%	Balance at September 30, 2020	%	Balance at September 30, 2020	Purpose	Maximum balance during the nine months ended September 30, 2020	Balance at September 30, 2020	Interest rate	Interest during the nine months ended September 30, 2020		
Investee in Mainland China														
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	\$ 8,283	0.05	\$ -	-	\$ 932	0.05	\$ 998,250	For short-tem loans from financial institutions	\$ -	\$ -	-	\$ -	-	
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	15,992	0.10	-	-	5,939	0.33	1,663,750	For short-tem loans from financial institutions	-	-	-	-	-	

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

September 30, 2020

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
FORMOSA CHEMICALS & FIBRE CORPORATION	630,022,431	37.40
CHANG GUNG MEDICAL FOUNDATION	97,599,254	5.79