Stock Code:1303

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2019 and 2018

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Independent Auditors' Review Report

To the Board of Directors of NAN YA PLASTICS CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of NAN YA PLASTICS CORPORATION and its subsidiaries (the "Consolidated Company") as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019 and 2018, as well as the changes in equity and 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 the 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards 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 stated in Note 4 (b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $83,646,667 thousand and $80,023,257 thousand, constituting 14.86% and 13.61% of consolidated total assets as of September 30, 2019 and 2018, total liabilities amounting to $17,806,042 thousand and $7,402,802 thousand, constituting 8.66% and 3.78% of consolidated total liabilities as of September 30, 2019 and 2018, respectively, and total comprehensive income (loss) amounting to $(1,750,727) thousand, $(2,206,452) thousand, $(1,038,166) thousand and $3,498,258 thousand, constituting 27.28%, (25.78)%, (9.80)% and 6.90% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Furthermore, as stated in Note 6 (g), the other equity accounted investments of the Consolidated Company in its investee companies of $41,152,781 thousand and $36,446,307 thousand as of September 30, 2019 and 2018, respectively, and its equity in net earnings on these investee companies of $414,989 thousand, $275,193 thousand, $796,130 thousand and $765,450 thousand for the three months and nine months ended September 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, 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 Consolidated Company as of September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, as well as its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of certain subsidiaries of the Consolidated Company. Those financial statements were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the review reports of other auditors. The financial statements of those subsidiaries reflect the total assets amounting to $100,324,086 thousand and $106,111,125 thousand, constituting 17.82% and 18.05% of consolidated total assets as of September 30, 2019 and 2018, respectively, and total operating revenues amounting to $19,389,101 thousand, $22,198,316 thousand, $54,872,784 thousand and $62,880,624 thousand, constituting 26.97%, 25.61%, 25.56% and 24.62% of consolidated total operating revenues for the three months and nine months ended September 30, 2019 and 2018, respectively.

We did not review the financial statements of certain investee companies, which represented the investment in other entities accounted for using the equity method of the Consolidated Company. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for those investee companies, is based solely on the review report of another auditor. The aforementioned investments accounted for using the equity method amounted to $75,051,365 thousand and $80,288,938 thousand, constituting 13.33% and 13.66% of consolidated total assets as of September 30, 2019 and 2018, respectively, and the related shares of profit of associates and joint ventures accounted for using the equity method amounted to $2,875,256 thousand, $4,784,541 thousand, $6,860,755 thousand and $14,844,112 thousand, constituting 32.34%, 23.41%, 31.67% and 26.63% of consolidated total profit before tax for the three months and nine months ended September 30, 2019 and 2018, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are

Kuo, Hsin-Yi and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)
November 8, 2019

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2019 and 2018

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2019, December 31 and September 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current assets:						
1100	Cash and cash equivalents (notes 6(a) and (x))	$ 47,813,577	9	52,365,882	9	61,291,977	10
1110	Current financial assets at fair value through profit or loss (notes 6(b), (x))	4,143,095	1	4,017,249	1	4,873,558	1
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (x), and 8)	40,041,002	7	44,528,667	8	52,477,308	9
1150	Notes receivable, net (notes 6(d) and (x))	5,601,138	1	6,524,088	1	6,380,572	1
1170	Accounts receivable, net (notes 6(d) and (x))	38,316,325	7	39,237,627	7	44,877,726	8
1180	Accounts receivable due from related parties (notes 6(d), (x) and 7)	1,549,997	-	2,484,349	-	3,583,020	1
1200	Other receivables (note 6(e))	1,655,545	-	1,869,037	-	2,256,751	-
1210	Other receivables due from related parties (notes 6(e), (x), and 7)	7,951,132	1	6,117,870	1	5,845,235	1
130X	Inventories (note 6(f))	44,120,284	8	49,040,842	9	45,996,027	8
1470	Other current assets	4,290,066	1	4,088,930	1	4,752,968	1
	Total current assets	195,482,161	35	210,274,541	37	232,335,142	40
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (x))	1,058,413	-	1,047,877	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (x))	24,692,264	4	28,011,349	5	29,788,794	5
1550	Investments accounted for using equity method (notes 6(g) and 8)	165,798,430	30	169,871,136	30	167,845,903	29
1600	Property, plant and equipment (notes 6(h) and 8)	154,054,622	27	140,907,261	25	137,514,575	23
1755	Right-of-use assets (notes 6(i) and 7)	1,271,831	-	-	-	-	-
1782	Intangible assets (note 6(j))	2,341,881	-	2,486,740	-	2,535,026	-
1812	Technology development expense	32,039	-	37,385	-	39,171	-
1840	Deferred tax assets	5,516,709	1	5,519,863	1	5,399,262	1
1915	Prepayments for purchase of equipment	3,812,078	1	2,710,252	-	2,640,360	-
1937	Overdue receivables (note 6(d))	-	-	-	-	-	-
1975	Net defined benefit asset-non-current	-	-	1,040	-	6,448	-
1990	Other non-current assets	9,020,457	2	9,381,900	2	9,694,765	2
	Total non-current assets	367,598,724	65	359,974,803	63	355,464,304	60
	Total assets	$ 563,080,885	100	570,249,344	100	587,799,446	100

	Liabilities and Equity	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current liabilities:						
2100	Short-term borrowings (notes 6(l), (x), and (aa))	$ 31,498,633	6	21,253,381	4	19,442,795	3
2110	Short-term notes and bills payable (notes 6(k), (x) and (aa))	14,594,612	3	8,897,747	1	12,197,103	2
2170	Notes and accounts payable (note 6(x))	9,433,263	2	9,496,716	2	9,049,415	1
2180	Accounts payable to related parties (notes 6(x) and 7)	6,625,722	1	8,720,846	1	10,078,226	2
2200	Other payables (note 7)	19,791,640	3	20,233,152	4	21,288,176	4
2220	Other payables to related parties (notes 6(x) and 7)	98,600	-	-	-	-	-
2280	Current lease liabilities (notes 6(o),(x) , (aa), and 7)	204,623	-	-	-	-	-
2321	Current portion of bonds payable (notes 6(n), (x) and (aa))	6,396,774	1	5,946,931	1	5,946,759	1
2322	Current portion of long-term borrowings (note 6(m), (x) and (aa))	3,854,724	1	6,133,333	1	15,298,645	3
2399	Other current liabilities	1,639,178	-	1,109,441	-	1,364,796	-
	Total current liabilities	94,137,769	17	81,791,547	14	94,665,915	16
	Non-Current liabilities:						
2530	Bonds payable (notes 6(n), (x) and (aa))	54,236,261	10	52,584,524	9	54,331,043	9
2540	Long-term borrowings (notes 6(m), (x) and (aa))	15,721,983	3	6,137,472	1	6,796,463	1
2570	Deferred tax liabilities	13,124,345	2	12,639,024	3	12,389,524	2
2580	Non-current lease liabilities (notes 6(o), (x) , (aa) and 7)	337,703	-	-	-	-	-
2611	Long-term notes payable (notes 6(m), (x) and (aa))	5,096,600	1	7,096,550	1	4,995,070	1
2640	Net defined benefit liability-non-current	22,164,201	4	22,287,385	4	21,601,626	4
2645	Guarantee deposits	653,916	-	679,464	-	693,837	-
2670	Other non-current liabilities	80,118	-	128,386	-	373,596	-
	Total non-current liabilities	111,415,127	20	101,552,805	18	101,181,159	17
	Total liabilities	205,552,896	37	183,344,352	32	195,847,074	33
	Equity attributable to owners of parent (notes 6(r)):						
3110	Common Stock	79,308,216	14	79,308,216	14	79,308,216	13
3200	Capital surplus	26,608,158	5	26,672,119	5	26,737,596	5
3300	Retained earnings	200,060,637	35	220,788,020	39	217,844,697	37
3400	Others	40,603,465	7	48,903,842	8	56,945,992	10
36XX	Non-controlling interests	10,947,513	2	11,232,795	2	11,115,871	2
	Total equity	357,527,989	63	386,904,992	68	391,952,372	67
	Total liabilities and equity	$ 563,080,885	100	570,249,344	100	587,799,446	100

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended September 30				For the nine months ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(u) and 7)**	$ 71,885,358	100	86,687,821	100	214,657,229	100	255,361,902	100
5000	**Operating costs (notes 6(f), (p), (v), 7 and 12)**	65,258,868	91	73,782,327	85	194,692,802	91	215,019,489	84
5910	Less: Unrealized (realized) profit from affiliated companies (note 7)	7,778	-	(14,033)	-	(12,412)	-	(38,305)	-
	Gross profit from operation	6,618,712	9	12,919,527	15	19,976,839	9	40,380,718	16
	Operating expenses (notes 6(j), (p), (v), 7 and 12):								
6100	Selling expenses	2,482,393	3	2,663,370	3	7,201,379	3	7,822,863	3
6200	Administrative expenses	2,163,020	3	2,537,252	3	6,221,385	3	6,963,591	3
	Total operating expenses	4,645,413	6	5,200,622	6	13,422,764	6	14,786,454	6
	Net Operating income	1,973,299	3	7,718,905	9	6,554,075	3	25,594,264	10
	Non-operating income and expenses (notes 6(g), (o), (w) and 7):								
7010	Other income	3,276,817	4	4,320,982	5	5,569,137	3	5,748,113	2
7020	Other gains and losses	195,996	-	15,910	-	669,254	-	822,497	-
7050	Finance costs	(523,421)	(1)	(436,326)	-	(1,252,487)	(1)	(1,310,424)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	3,968,556	6	8,819,398	10	10,124,994	5	24,887,112	10
	Total non-operating income and expenses	6,917,948	9	12,719,964	15	15,110,898	7	30,147,298	12
	Profit before tax	8,891,247	12	20,438,869	24	21,664,973	10	55,741,562	22
7950	Less: Income tax expenses (note 6(q))	753,522	1	2,102,481	3	2,724,435	1	7,534,693	3
	Profit	8,137,725	11	18,336,388	21	18,940,538	9	48,206,869	19
8300	**Other comprehensive income (loss) (note 6(g) and (r)):**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,064,008)	(15)	(2,156,600)	(2)	(7,990,696)	(4)	5,389,678	2
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(593,091)	(1)	(4,335,050)	(5)	744,180	1	(2,101,261)	(1)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	(171,261)	-
		(11,657,099)	(16)	(6,491,650)	(7)	(7,246,516)	(3)	3,459,678	1
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**								
8361	Exchange differences on translation	(2,901,761)	(4)	(3,291,094)	(4)	(1,120,289)	(1)	(792,686)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,593	-	4,239	-	15,366	-	(6,359)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	135,016	-
		(2,899,168)	(4)	(3,286,855)	(4)	(1,104,923)	(1)	(934,061)	-
8300	**Other comprehensive income**	(14,556,267)	(20)	(9,778,505)	(11)	(8,351,439)	(4)	2,525,617	1
8500	**Total comprehensive income**	$ (6,418,542)	(9)	8,557,883	10	10,589,099	5	50,732,486	20
	Profit, attributable to:								
8610	Owners of parent	$ 8,017,606	11	18,281,396	21	18,926,725	9	48,415,788	19
8620	Non-controlling interests	120,119	-	54,992	-	13,813	-	(208,919)	-
		$ 8,137,725	11	18,336,388	21	18,940,538	9	48,206,869	19
	Comprehensive income attributable to:								
8710	Owners of parent	$ (6,461,545)	(9)	8,603,640	10	10,626,348	5	50,975,467	20
8720	Non-controlling interests	43,003	-	(45,757)	-	(37,249)	-	(242,981)	-
		$ (6,418,542)	(9)	8,557,883	10	10,589,099	5	50,732,486	20

	Basic earnings per share (note 6(t)):	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
9710	Income from continuing operations	$ 1.12	1.03	2.58	2.31	2.73	2.39	7.03	6.08
	Income from non-controlling equity	(0.08)	(0.02)	(0.13)	-	(0.18)	-	(0.37)	0.02
9750	Income attributable to shareholders of the parent	$ 1.04	1.01	2.45	2.31	2.55	2.39	6.66	6.10

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings			Items of other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 79,308,216	26,158,472	57,873,852	86,932,416	63,674,176	(6,026,197)	-	47,691,196	7,729	-	355,619,860	11,599,899	367,219,759
Effects of retrospective application	-	-	-	-	1,206,363	-	60,594,455	(47,691,196)	(7,729)	7,729	14,109,622	(1,172)	14,108,450
Balance at January 1, 2018 after adjustment	79,308,216	26,158,472	57,873,852	86,932,416	64,880,539	(6,026,197)	60,594,455	-	-	7,729	369,729,482	11,598,727	381,328,209
Legal reserve appropriated	-	-	5,452,101	-	(5,452,101)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,819,825	(6,819,825)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(40,447,190)	-	-	-	-	-	(40,447,190)	-	(40,447,190)
Reversal of special reserve	-	-	-	(14,822)	14,822	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Other changes in capital surplus	-	579,124	-	-	-	-	-	-	-	-	579,124	-	579,124
Profit for the nine months ended September 30, 2018	-	-	-	-	48,415,788	-	-	-	-	-	48,415,788	(208,919)	48,206,869
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	189,674	(892,053)	3,268,417	-	-	(6,359)	2,559,679	(34,062)	2,525,617
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	48,605,462	(892,053)	3,268,417	-	-	(6,359)	50,975,467	(242,981)	50,732,486
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(239,875)	(239,875)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(382)	-	-	-	-	-	(382)	-	(382)
Balance at September 30, 2018	$ 79,308,216	26,737,596	63,325,953	93,737,419	60,781,325	(6,918,250)	63,862,872	-	-	1,370	380,836,501	11,115,871	391,952,372
Balance at January 1, 2019	$ 79,308,216	26,672,119	63,325,953	93,737,091	63,724,976	(5,705,296)	54,624,319	-	-	(15,181)	375,672,197	11,232,795	386,904,992
Legal reserve appropriated	-	-	5,274,602	-	(5,274,602)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,106,008	(6,106,008)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(39,654,108)	-	-	-	-	-	(39,654,108)	-	(39,654,108)
Reversal of special reserve	-	-	-	(1,433)	1,433	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Other changes in capital surplus	-	(63,961)	-	-	-	-	-	-	-	-	(63,961)	-	(63,961)
Profit for the nine months ended September 30, 2019	-	-	-	-	18,926,725	-	-	-	-	-	18,926,725	13,813	18,940,538
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	(1,069,227)	(7,246,516)	-	-	15,366	(8,300,377)	(51,062)	(8,351,439)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	18,926,725	(1,069,227)	(7,246,516)	-	-	15,366	10,626,348	(37,249)	10,589,099
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(248,033)	(248,033)
Balance at September 30, 2019	$ 79,308,216	26,608,158	68,600,555	99,841,666	31,618,416	(6,774,523)	47,377,803	-	-	185	346,580,476	10,947,513	357,527,989

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 21,664,973	55,741,562
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,580,171	12,086,925
Amortization expense	945,453	1,410,756
Net profit on financial assets or liabilities at fair value through profit or loss	(125,846)	(168,649)
Interest expense	1,252,487	1,310,424
Interest income	(877,381)	(750,328)
Dividend income	(3,237,584)	(3,605,790)
Share of profit of associates and joint ventures accounted for using equity method	(10,124,994)	(24,887,112)
Loss on disposal of property, plant and equipment	24,302	64,174
Property, plant and equipment transferred to expenses	23,086	11,674
Realized profit from affiliated companies	(12,412)	(38,305)
Unrealized foreign exchange profit or loss	112,278	(48,587)
Other revenue, overdue dividends and compensation of board and directors	3,364	2,481
Gain on reversal of impairment loss of property, plant and equipment	(59)	(9,781)
Total adjustments to reconcile profit (loss)	(437,135)	(14,622,118)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	922,950	(332,909)
Decrease (increase) in accounts receivable (including related parties)	1,797,589	(4,463,345)
Decrease (increase) in other receivable	134,650	(182,000)
Decrease (increase) in inventories	5,005,921	(5,980,762)
(Increase) decrease in other current assets	(227,962)	593,325
Total changes in operating assets	7,633,148	(10,365,691)
Decrease in notes and accounts payable	(2,155,111)	(839,947)
Increase in other payable	1,196,428	1,853,150
Increase in other current liabilities	529,737	154,378
Decrease in net defined benefit liability	(122,144)	(190,739)
Total changes in operating liabilities	(551,090)	976,842
Total changes in operating assets and liabilities	7,082,058	(9,388,849)
Total adjustments	6,644,923	(24,010,967)
Cash inflow generated from operations	28,309,896	31,730,595
Interest received	956,223	844,564
Dividends received	20,261,092	20,851,992
Interest paid	(1,007,503)	(1,305,817)
Income taxes paid	(4,193,899)	(6,657,985)
Net cash flows from operating activities	44,325,809	45,463,349
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,676,070)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,972
Acquisition of financial assets designated at fair value through profit or loss	-	772,908
Acquisition of investments accounted for using equity method	(1,801,570)	-
Acquisition of property, plant and equipment	(22,495,812)	(10,763,248)
Proceeds from disposal of property, plant and equipment	89,659	57,908
Increase in refundable deposits	(5,016)	(23,760)
Increase in other receivables due from related parties	(1,833,262)	8,502,506
Acquisition of right-of-use assets	(71,043)	-
Increase in other non-current assets	(5,200,770)	(8,099,285)
Net cash flows used in investing activities	(31,317,814)	(11,227,069)
Cash flows from (used in) financing activities:		
Increase in short-term loans	10,251,286	10,161,798
Increase in short-term notes and bills payable	5,700,000	4,200,000
Proceeds from issuing bonds	6,289,880	10,483,744
Repayments of bonds	(4,200,000)	(6,135,122)
Proceeds from long-term debt	14,388,650	3,200,000
Repayments of long-term debt	(7,075,680)	(4,445,824)
Decrease in other borrowings (long-term notes payables)	(2,000,000)	-
Decrease in guarantee deposits received	(25,548)	(10,839)
Increase in other payables to related parties	98,600	-
Payment of lease liabilities	(157,717)	-
(Decrease) increase in other non-current liabilities	(29,499)	42,011
Cash dividends paid	(39,639,407)	(40,395,321)
Change in non-controlling interests	(248,033)	(203,342)
Net cash flows from financing activities	(16,647,468)	(23,102,895)
Effect of exchange rate changes on cash and cash equivalents	(912,832)	(226,175)
Net increase in cash and cash equivalents	(4,552,305)	10,907,210
Cash and cash equivalents at beginning of period	52,365,882	50,384,767
Cash and cash equivalents at end of period	$ 47,813,577	61,291,977

See accompanying notes to Consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nan Ya Plastics Corporation was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Company engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. It has gone through several capital increases and established many divisions. Currently, the Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. It also has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 8, 2019.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Consolidated Company believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Consolidated Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Consolidated Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Consolidated Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(c).

On transition to IFRS 16, the Consolidated Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Consolidated Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Consolidated Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Consolidated Company. Under IFRS 16, the Consolidated Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Consolidated Company decided to apply recognition exemptions to short-term leases of buildings that have a lease term of 12 months or less.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Consolidated Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

  - their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Consolidated Company applied this approach to its largest property leases; or
  - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Consolidated Company applied this approach to all other lease.

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In addition, the Consolidated Company used the following practical expedients when applying IFRS 16 to leases.

— Applied a single discount rate to a portfolio of leases with similar characteristics.

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Consolidated Company recognized additional $1,394,800 of right-of-use assets and $624,278 of lease liabilities, recognizing the difference in retained earnings. When measuring lease liabilities, the Consolidated Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 3.10%.

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Consolidated Company's consolidated financial statements	$ 666,080
Discounted using the incremental borrowing rate at January 1, 2019	624,278
Lease liabilities recognized at January 1, 2019	**$ 624,278**

(b) The impact of IFRS issued by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

(Continued)

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The Consolidated Company assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020

Those which may be relevant to the Consolidated Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Consolidated Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

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(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

			Shareholding			
Investor	**The name of subsidiaries**	**Business activity**	**September 30, 2019**	**December 31, 2018**	**September 30, 2018**	**Note**
The Company	Nan Ya Plastics Corporation U.S.A.	production of plastic products	100.00 %	100.00 %	100.00 %	Note 3
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100.00 %	100.00 %	100.00 %	Note 3
The Company	Formosa Plastics Group Investment Corp.	investment	100.00 %	100.00 %	100.00 %	Note 3
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics and electronic products trading, investment	100.00 %	100.00 %	100.00 %	
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment	100.00 %	100.00 %	100.00 %	Note 3
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %	66.97 %	
The Company	Wen Fung Industrial Co., Ltd.	production of electronic components	100.00 %	100.00 %	100.00 %	Note 3
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %	50.00 %	Note 3
The Company	Nan Ya Plastics International (Cayman) Limited	investment	100.00 %	100.00 %	100.00 %	Note 3
The Company	PFG Fiber Glass Corporation	production of glass fiber	100.00 %	100.00 %	100.00 %	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited	investment	100.00 %	100.00 %	100.00 %	
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	retargeting	100.00 %	100.00 %	100.00 %	
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment	100.00 %	100.00 %	100.00 %	

(Continued)

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Notes to the Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	Shareholding September 30, 2019	Shareholding December 31, 2018	Shareholding September 30, 2018	Note
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, steam and electricity	100.00 %	100.00 %	100.00 %	Note 1
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	production of plastic products	- %	- %	100.00 %	Note 1
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	trading	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	trading	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of electronic materials, polyester products, steam and electricity	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of fiber	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %	Note 2
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd.	production of plastic film products	- %	- %	100.00 %	Note 2
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	100.00 %	100.00 %	100.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	85.00 %	85.00 %	85.00 %	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %	100.00 %	
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %	100.00 %	Note 3
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	production of chemical products	100.00 %	100.00 %	100.00 %	Note 3
PFG Fiber Glass (Hong Kong) Corporation Limited	PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	100.00 %	100.00 %	100.00 %	

Note 1 : On October 1, 2018, Nan Ya Plastics (Nantong) Co., Ltd and Nan Ya Plastics Film (Nantong) Co., Ltd merged into Nan Ya Plastics (Nantong) Co., Ltd.

Note 2 : On October 1, 2018, Nan Ya Plastics (Huizhou) Co., Ltd and Nan Ya Plastics Film (Huizhou) Co., Ltd merged into Nan Ya Plastics (Huizhou) Co., Ltd.

Note 3 : The aforementioned companies are non-significant subsidiaries, their financial statements have not been reviewed.

The Company holds fifty-percent voting shares of Nan Chung Petrochemical Corporation (Nan Chung), therefore, the general manager of Nan Chung has been designated by the Company. As the Company has control over the operations of Nan Chung, hence, the Company included Nan Chung as one of its subsidiaries in its consolidated financial statements.

(Continued)

(c) Lease (applicable from January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Consolidated Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Consolidated Company assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

– the Consolidated Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the Consolidated Company has the right to direct the use of the asset. The Consolidated Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Consolidated Company has the right to direct the use of an asset if either:

  - the Consolidated Company has the right to operate the asset; or

  - the Consolidated Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Consolidated Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Consolidated Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Consolidated Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Consolidated Company's incremental borrowing rate. Generally, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Consolidated Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Consolidated Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Consolidated Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Consolidated Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(iii) As a lessor

When the Consolidated Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Consolidated Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Consolidated Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Consolidated Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Consolidated Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Consolidated Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Consolidated Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2018.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to Note 6 of the 2018 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 1,942	1,454	1,306
Cash in banks	6,515,922	10,533,271	10,847,575
Time deposits	32,329,410	33,242,563	41,628,935
Cash equivalents	8,966,303	8,588,594	8,814,161
Cash and cash equivalents	$ 47,813,577	52,365,882	61,291,977

Please refer to note 6(x) for the interest rate risk and fair value sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Current financial assets designated as at fair value through profit or loss:			
Funds	$ 4,143,095	4,017,249	4,873,558

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	September 30, 2019	December 31, 2018	September 30, 2018
Non-current financial assets designated as at fair value through profit or loss:			
Foreign Bonds	$ 722,481	715,289	-
Foreign Stocks	335,932	332,588	-
Total	$ 1,058,413	1,047,877	-

Remeasurement at fair value recognized in profit or loss is disclosed in note 6(w).

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

Current financial assets at fair value through other comprehensive income

	September 30, 2019	December 31, 2018	September 30, 2018
Equity instruments at fair value through other comprehensive income:			
Stocks	$ 40,041,002	44,528,667	52,477,308

Non-current financial assets at fair value through other comprehensive income

	September 30, 2019	December 31, 2018	September 30, 2018
Debt instruments at fair value through other comprehensive income:			
Foreign bonds	$ -	-	681,981
Subtotal	-	-	681,981
Equity instruments at fair value through other comprehensive income:			
Stocks	24,692,264	28,011,349	28,655,388
Others	-	-	451,425
Subtotal	24,692,264	28,011,349	29,106,813
Total	$ 24,692,264	28,011,349	29,788,794

(i) Debt investments at fair value through other comprehensive income

The Consolidated Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

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(ii) Equity investments at fair value through other comprehensive income

The Consolidated Company designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Consolidated Company intends to hold for long-term for strategic purposes.

On April 16, 2018, the Consolidated Company participated in the proportional capital increase by cash of Formosa Ha Tinh (Cayman) Limited, at 11.43% ownership interest, with the total investment amounting to USD57,160 thousand (equivalent to $1,676,070).

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of September 30, 2019 and 2018.

(iii) For credit risk and market risk; please refer to note 6(x).

(iv) The financial assets at fair value through other comprehensive income of the Consolidated Company had been pledged as collateral; please refer to note 8.

(d) Notes and accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable from operating activities	$ 5,617,119	6,581,868	6,437,696
Accounts receivable	40,158,624	42,029,583	48,773,312
Overdue receivables	33,352	34,567	34,900
Less: Loss allowance	(341,635)	(399,954)	(404,590)
	$ 45,467,460	48,246,064	54,841,318

The Consolidated Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on September 30, 2019, December 31 and September 30, 2018. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision as of September 30, 2019, December 31 and September 30, 2018 amounted to $341,635, $399,954 and $404,590, respectively, expected loss rate less than 1%.

The Consolidated Company applies the expected credit losses to analysis of notes and accounts receivable as of September 30, 2019, December 31 and September 30, 2018 were determined as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Past due 1 to 90 days	$ 140,601	356,122	253,762
Past due 90 to 180 days	78,680	85,466	212,888
Past due 180 to 360 days	42,503	83,682	55,931
Past due over 360 days	44,767	76,580	113,990
	$ 306,551	601,850	636,571

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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The movement in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30	
	2019	**2018**
Balance at January 1, 2019 and 2018	$ 399,954	418,824
Impairment losses reversed	(56,165)	(7,707)
Foreign exchange gains/(losses)	(2,154)	(6,527)
Balance at September 30, 2019 and 2018	$ 341,635	404,590

As of September 30, 2019, December 31 and September 30, 2018, notes and accounts receivable which were overdue or under legal proceedings amounted to $33,352, $34,567 and $34,900. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

The Consolidated Company signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of September 30, 2019, December 31 and September 30, 2018, the outstanding accounts receivable factoring transactions between the Consolidated Company and the financial institutions were as follows:

	September 30, 2019			
	Purchaser	**Factoring Balance**	**Advanced Amount**	**Factoring Line**
Gold Circuit Electronics, Ltd	E. Sun Bank	$ 41,503	-	100,000

	December 31, 2018			
	Purchaser	**Factoring Balance**	**Advanced Amount**	**Factoring Line**
Gold Circuit Electronics, Ltd	E. Sun Bank	$ 33,704	-	100,000

	September 30, 2018			
	Purchaser	**Factoring Balance**	**Advanced Amount**	**Factoring Line**
Gold Circuit Electronics, Ltd	E. Sun Bank	$ 44,413	-	100,000

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(e) Other receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Other accounts receivable—other	$ 1,655,545	1,869,037	2,256,751
Other accounts receivable—loans to associates	7,951,132	6,117,870	5,845,235
Less: Loss allowance	-	-	-
Total	$ 9,606,677	7,986,907	8,101,986

Other receivables are financial assets with low credit risk, thus the Consolidated Company measured the loss allowance based on 12-month expected credit losses.

(f) Inventories

The components of inventories were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	$ 13,978,554	15,454,895	12,476,506
Work in process	10,813,615	12,788,826	11,864,679
Machinery and accessories in process	4,590,411	4,011,249	4,606,744
Raw materials	11,602,186	13,234,237	13,144,427
Supplies	1,146,482	832,700	949,629
Consigned-out raw materials	177,980	219,347	1,633,995
Consigned-out finished goods	13,098	9,612	33,963
Goods in transit	1,797,958	2,489,976	1,286,084
Inventories, net	$ 44,120,284	49,040,842	45,996,027

The details of the cost of sales were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Inventory that has been sold	$ 64,154,665	73,770,293	191,971,976	214,902,151
Write-down of inventories (Reversal of write-downs)	96,078	12,034	(126,448)	117,338
Unallocated production overheads	1,008,125	-	2,847,274	-
	$ 65,258,868	73,782,327	194,692,802	215,019,489

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(g) Investments accounted for using equity method

The components of the investments accounted for using equity method at the reporting date were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 165,310,532	169,446,506	167,361,895
Joint ventures	487,898	424,630	484,008
	$ 165,798,430	169,871,136	167,845,903

(i) Associates

The Consolidated Company's share of net income (loss) of associates were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
The Consolidated Company's share of net income of associates	$ 3,942,543	8,808,426	10,058,206	24,852,248

1) The unrealized translation gain or loss arising from the investment in foreign entities, which was determined on exchange rates as of September 30, 2019, December 31 and September 30, 2018, were recognized in comprehensive income.

2) The unrealized sales profits from downstream transactions with investees under the equity method are treated as deductions from gross income. The realized sales profits from downstream sales are added to gross income. Details of these transactions are disclosed in note 7.

3) In March and August, 2019, the Consolidated Company participated in the capital increase by cash of FG Inc. and Formosa Resources Corporation, with total investment amounting to USD7,500 thousand (equivalent to $231,570) and $1,570,000, respectively.

4) The Consolidated Company's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Carrying amount of individually insignificant associates' equity	$ 165,310,532	169,446,506	167,361,895

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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		For the three months ended September 30		For the nine months ended September 30	
		2019	**2018**	**2019**	**2018**
Attributable to the Consolidated Company:					
Net Income	$	3,942,543	8,808,426	10,058,206	24,852,248
Other comprehensive income		(565,179)	(4,263,539)	1,056,656	(1,821,083)
Total comprehensive income	$	3,377,364	4,544,887	11,114,862	23,031,165

(ii) Joint ventures

The Consolidated Company's share of net income of joint venture were as follows:

		For the three months ended September 30		For the nine months ended September 30	
		2019	**2018**	**2019**	**2018**
The Consolidated Company's share of net income of joint ventures	$	26,013	10,972	66,788	34,864

Aggregate information of joint ventures that were not individually material:

		September 30, 2019	December 31, 2018	September 30, 2018
The carrying value of joint ventures that were not individually material	$	487,898	424,630	484,008

		For the three months ended September 30		For the nine months ended September 30	
		2019	**2018**	**2019**	**2018**
Attributable to the Consolidated Company:					
Net income	$	26,013	10,972	66,788	34,864
Other comprehensive income		-	-	-	-
Total comprehensive income	$	26,013	10,972	66,788	34,864

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Collateral

Please refer to note 8 for investments accounted for using equity method which were pledged to banks or courts as collateral to secure the Consolidated Company's bank loans and lawsuits as of September 30, 2019, December 31 and September 30, 2018.

(iv) The unreviewed financial statements of investments accounted for using equity method

Except for Formosa Petrochemical Corporation, Nan Ya Technology Corporation, Nan Ya Kyowa Plastics (Nantong) Corporation and Nan Ya Plastics (Zhengzhou) Corporation, which were reviewed by another auditor, investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(h) Property, Plant and Equipment

The cost, depreciation, and impairment of property, plant and equipment of the Consolidated Company were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2019	$ 13,494,231	62,744,023	344,851,726	1,547,158	12,480,222	22,470,349	457,587,709
Additions	-	1,750	1,043,523	12,340	190,894	21,247,305	22,495,812
Disposals	(2,016)	(2,347)	(2,628,431)	(34,929)	(186,850)	(27,303)	(2,881,876)
Reclassification	-	100,863	6,809,816	32,371	523,920	(4,495,599)	2,971,371
Effect of movements in exchange rates	652	(361,494)	(1,656,659)	(3,850)	(78,169)	65,527	(2,033,993)
Balance on September 30, 2019	$ 13,492,867	62,482,795	348,419,975	1,553,090	12,930,017	39,260,279	478,139,023
Balance on January 1, 2018	$ 9,870,462	61,875,380	339,296,466	1,555,915	12,091,506	13,476,233	438,165,962
Additions	-	24,680	984,939	14,964	115,394	9,623,271	10,763,248
Disposals	(694)	(75,176)	(2,446,116)	(45,759)	(153,862)	(11,323)	(2,732,930)
Reclassification	3,622,620	1,186,324	5,962,584	22,818	398,307	(3,972,440)	7,220,213
Effect of movements in exchange rates	1,457	(456,501)	(2,128,378)	(3,827)	(104,066)	207,091	(2,484,224)
Balance on September 30, 2018	$ 13,493,845	62,554,707	341,669,495	1,544,111	12,347,279	19,322,832	450,932,269
Depreciation and impairment loss:							
Balance on January 1, 2019	$ -	34,982,056	270,655,062	1,357,620	9,685,710	-	316,680,448
Depreciation for the period	-	1,516,575	9,358,442	38,938	482,145	-	11,396,100
Reversal of impairment	-	-	(59)	-	-	-	(59)
Disposals	-	(2,049)	(2,525,958)	(34,077)	(182,745)	-	(2,744,829)
Reclassification	-	-	7,153	(4,763)	(7,162)	-	(4,772)
Effect of movements in exchange rates	-	(179,498)	(1,000,834)	(3,088)	(59,067)	-	(1,242,487)
Balance on September 30, 2019	$ -	36,317,084	276,493,806	1,354,630	9,918,881	-	324,084,401

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Balance on January 1, 2018	$ -	33,094,723	261,429,163	1,372,432	9,367,746	-	305,264,064
Depreciation for the period	-	1,569,147	10,065,125	35,468	417,185	-	12,086,925
Reversal of impairment	-	-	(9,781)	-	-	-	(9,781)
Disposals	-	(71,394)	(2,332,652)	(44,749)	(150,379)	-	(2,599,174)
Reclassification	-	-	(29)	-	29	-	-
Effect of movements in exchange rates	-	(185,990)	(1,060,121)	(2,639)	(75,590)	-	(1,324,340)
Balance on September 30, 2018	$ -	34,406,486	268,091,705	1,360,512	9,558,991	-	313,417,694
Carrying amounts:							
Balance on September 30, 2019	$ 13,492,867	26,165,711	71,926,169	198,460	3,011,136	39,260,279	154,054,622
Balance on January 1, 2019	$ 13,494,231	27,761,967	74,196,664	189,538	2,794,512	22,470,349	140,907,261
Balance on September 30, 2018	$ 13,493,845	28,148,221	73,577,790	183,599	2,788,288	19,322,832	137,514,575

(i) Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of September 30, 2019, December 31 and September 30, 2018.

(ii) For the three months and nine months ended September 30, 2019 and 2018, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Consolidated Company amounted to $123,828, $16,956, $153,004 and $48,949, respectively. The capitalized interest rate ranged from 1.356% to 3.523% and 1.4170% to 2.2793% for the nine months ended September 30, 2019 and 2018, respectively.

(i) Right-of-use assets

The Consolidated Company leases many assets including land and buildings, machinery and transportation equipment. Information about leases for which the Consolidated Company as a lessee is presented below:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Cost：					
Balance at January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	777,198	121,009	29,296	467,297	1,394,800
Acquisitions	-	71,043	-	-	71,043
Effect of changes in foreign exchange rates	(29,556)	(12)	(188)	4,698	(25,058)
Balance at September 30, 2019	$ 747,642	192,040	29,108	471,995	1,440,785
Accumulated depreciation and impairment losses:					
Balance at January 1, 2019	$ -	-	-	-	-
Depreciation for the period	22,063	47,350	7,014	107,644	184,071
Effect of changes in foreign exchange rates	(14,884)	(16)	(116)	(101)	(15,117)
Balance at September 30, 2019	$ 7,179	47,334	6,898	107,543	168,954
Carrying amount:					
Balance at September 30, 2019	$ 740,463	144,706	22,210	364,452	1,271,831

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(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Consolidated Company were as follows:

		Trademark
Costs :		
Balance at September 30, 2019 (as same as balance at January 1, 2019)	$	2,897,172
Balance at September 30, 2018 (as same as balance at January 1, 2018)	$	2,897,172
Accumulated amortization and impairment losses :		
Balance at January 1, 2019	$	410,432
Amortization for the period		144,859
Balance at September 30, 2019	$	555,291
Balance at January 1, 2018	$	217,287
Amortization for the period		144,859
Balance at September 30, 2018	$	362,146
Carrying value ：		
Balance at September 30, 2019	$	2,341,881
Balance at January 1, 2019	$	2,486,740
Balance at September 30, 2018	$	2,535,026

The amortization expense relating to the intangible assets of the Consolidated Company for the nine months ended September 30, 2019 and 2018 was recognized in the administrative expenses in the statements of comprehensive income.

(k) Short-term notes and bills payable

		September 30, 2019	December 31, 2018	September 30, 2018
Short-term notes and bills payable	$	14,600,000	8,900,000	12,200,000
Discount on short-term notes and bills payable		(5,388)	(2,253)	(2,897)
Total	$	14,594,612	8,897,747	12,197,103
Range of interest rates		0.60%-0.695%	0.36%~0.75%	0.36%~0.63%

(l) Short-term borrowings

		September 30, 2019	December 31, 2018	September 30, 2018
Unsecured short-term borrowings	$	31,498,633	21,253,381	19,442,795
Range of interest rates		0.75%~4.30%	0.74%~4.35%	0.55%~4.35%

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For the nine months ended September 30, 2019 and 2018, the Consolidated Company proceeded from short-term borrowings amounting to $10,251,286 and $10,161,798, respectively, but there were no significant repurchases and repayments of short-term borrowings. For information concerning interest expense, please refer to note 6(w).

(m) Long-term debts

Long-term debts consisted of the following:

	September 30, 2019			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured long-term debts	TWD	0.9900%~1.6316%	2019~2021	$ 4,666,666
Unsecured long-term debts	TWD	0.9459%~1.0916%	2019~2022	4,300,000
Unsecured long-term debts	USD	3.2140%~3.5230%	2021	10,088,650
Unsecured long-term debts	CNY	4.75%	2020	521,391
Long-term notes payable	TWD	0.650%~0.842%	2020	5,096,600
Less: current portion				(3,854,724)
Total				$ 20,818,583

	December 31, 2018			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured long-term debts	TWD	1.6316%	2018~2021	$ 3,333,333
Unsecured long-term debts	TWD	0.98%~1.09%	2019~2020	8,000,000
Unsecured long-term debts	CNY	4.75%	2020	937,472
Long-term notes payable	TWD	0.44%~0.84%	2019~2020	7,096,550
Less: current portion				(6,133,333)
Total				$ 13,234,022

	September 30, 2018			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured long-term debts	TWD	1.6316%	2018~2021	$ 4,000,000
Unsecured long-term debts	TWD	0.98%~1.09%	2019~2020	8,000,000
Unsecured long-term debts	USD	2.38%~3.38%	2018	9,165,312
Unsecured long-term debts	CNY	4.75%	2020	929,796
Long-term notes payable	TWD	0.44%~0.84%	2019~2020	4,995,070
Less: current portion				(15,298,645)
Total				$ 11,791,533

(Continued)

Please refer to note 6(x) for information on the Consolidated Company's exposure to liquidity risk, and risk of changes in interest rates and liquidation risk.

(i) The Consolidated Company issued the amounts of $14,388,650 and $3,200,000 on long term loans for the nine months ended September 30, 2019 and 2018, respectively. The amounts of $7,075,680 and $4,445,824 were redeemed for the nine months ended September 30, 2019 and 2018, respectively. For information on interest expenses, please refer to note 6(w).

(ii) Pledged assets for bank loans

For the collateral for long-term borrowings, please refer to note 8.

(iii) Secured debts

In order to raise funds to repay debts and for reinvestments, new factory construction plans, and foreign and domestic equipment acquisitions, the Consolidated Company signed a syndicated long-term mortgage loan agreement with Bank of Taiwan, the lead bank of the syndicated loan, and other banks on November 14, 2013. The key terms and conditions of the loan agreement are as follows:

1) Credit line: TWD6,000,000

2) Interest rate: as settled with each participating bank.

3) Period: 7 years (including a 3-year grace period)

4) Collateral: the acquired land financed by the loan.

5) The financial covenants under this loan agreement include the requirement to maintain certain financial ratios based on the audited annual financial reports. Failure to comply with these financial covenants may cause the syndicated banks to terminate the credit line or declare the unpaid principal and interest under the loan agreement to be immediately due and payable. These financial ratios are as follows:

a) Current Ratio (total current assets divided by total current liabilities): not less than 100%

b) Leverage Ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 150%

As of September 30, 2019, TWD6,000,000 of the credit line had been drawn.

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(n) Bonds payable

	September 30, 2019	December 31, 2018	September 30, 2018
Domestic unsecured nonconvertible corporate bonds	$ 60,700,000	58,600,000	60,350,000
Costs of issuing bonds	(66,965)	(68,545)	(72,198)
Current portion	(6,396,774)	(5,946,931)	(5,946,759)
Total	$ 54,236,261	52,584,524	54,331,043

The terms of domestic corporate bonds as of September 30, 2019 were as follows:

	The third domestic unsecured nonconvertible corporate bond in 2012	The first domestic unsecured nonconvertible corporate bond in 2013	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The second domestic unsecured nonconvertible corporate bond in 2014
Issued amount	TWD6,000,000	TWD9,600,000	TWD10,400,000	TWD10,000,000	TWD5,000,000
Balance, end of year	4,798,412	949,428	10,388,018	9,983,571	3,248,726
Current portion	1,199,603	949,428	-	-	1,749,314
Issuance date	February 25, 2013	August 5, 2013	December 18, 2013	June 24, 2014	November 11, 2014
Issuance period	7 years and 10 years	4 years, 5 years and 7 years	10 years and 12 years	14 years and 15 years	5 years and 10 years
Coupon rate	1.36% and 1.50%	1.40%, 1.45% and 1.55%	1.98% and 2.08%	2.04%	1.45% and 1.93%
Interest payment date	February 25	August 5	December 18	June 24	November 11
Repayment method	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2021~2022, respectively	Payable in 2 equal installments for each coupon rate in 2016~2017, 2017~2018 and 2019~2020, respectively	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, respectively	Payable in 2 equal installments for each coupon rate in 2028~2029 and, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively.

	The first domestic unsecured nonconvertible corporate bond in 2016	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018	The first domestic unsecured nonconvertible corporate bond in 2019
Issued amount	TWD5,000,000	TWD9,500,000	TWD10,500,000	TWD6,300,000
Balance, end of year	4,996,858	9,491,167	10,486,482	6,290,373
Current portion	2,498,429	-	-	-
Issuance date	August 16, 2016	July 10, 2017	September 6, 2018	June 17, 2019
Issuance period	5 years	5 years and 7 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years
Coupon rate	0.68%	1.03% and 1.25%	0.83%, 0.91%, and 1.07%	0.74%, 0.82%, and 0.91%
Interest payment date	August 16	July 10	September 6	June 17
Repayment method	Payable in 2 equal installments for each coupon rate in 2020 and 2021, respectively	Payable in 2 equal installments for each coupon rate in 2021~2022 and 2023~2024, respectively	Payable in 2 equal installments for each coupon rate in 2022~2023, 2024~2025, and 2027~2028 respectively	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029 respectively

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The details of Nan Ya Plastics (Hong Kong) Co., Ltd's overseas corporate bond were as follows:

	Issued in 2013
Issued amount	USD 180,000 thousand
Issuance date	August 5, 2013
Issuance period	5 years
Coupon rate	3 month LIBOR+1.1%
Interest payment date	February 5, May 5, August 5, and November 5
Bondholders with a put option	The bondholders bear no right to request the Consolidated Company to redeem the bond.
Issuer with a redemption option	The bond issuer bears the right to request the holders to redeem all outstanding bonds if the issuer needs to pay extra tax due to change in laws and regulations.

(o) Lease liabilities

	September 30, 2019
Current	$ 204,623
Non-current	$ 337,703

For information on the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30 2019	For the nine months ended September 30 2019
Interest on lease liabilities	$ 4,270	13,899

The amounts recognized in the statement of cash flows for the Consolidated Company was as follows:

	For the nine months ended September 30, 2019
Total cash outflow for leases	$ 171,616

(i) Real estate leases

As of September 30, 2019, the Consolidated Company leases land and buildings for its office space and plants. The leases of land typically run for a period of 4 to 20 years, of office space for 2 to 20 years, and of plants for 3 years. Besides, the rights-of-use for land in mainland China typically run for 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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Some also require the Consolidated Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(ii) Other leases

The Consolidated Company leases transportation equipment, with lease terms of 2 to 7 years. In some cases, the Consolidated Company has options to purchase the assets at the end of the contract term.

The Consolidated Company also leases buildings with contract terms of one year or less. These leases are short-term. The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee Benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2018 and 2017.

The expenses recognized in profit or loss for the Consolidated Company were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Operating costs	$ 130,123	130,617	390,560	390,593
Selling expenses	5,842	6,034	17,532	18,055
Administrative expenses	28,737	29,110	85,755	87,252
	$ 164,702	165,761	493,847	495,900

(ii) Defined contribution plan

The Labor Pension Act ("The Act") prescribes a defined contribution plan. Pursuant to the Act, the Company, and its subsidiaries namely, Nan Ya PCB Corp., Wen Fung Industrial Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp. and PFG Fiber Glass Corporation have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Nan Ya Plastics Corporation, America and Nan Ya PCB (U.S.A.) Corporation adopt a Defined Contribution Plan and periodically provide contributions thereon according to local law. Those contributions are recognized as an expense on an accrual basis.

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Subsidiaries in China are governed by China laws and regulation. Based on China laws and regulation, those companies contribute for employees' pension benefits at rates ranging from 6% to 20% of salary every month and remit those contributions to the related authority.

The Consolidated Company' s expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Operating costs	$ 274,603	275,910	855,419	836,179
Selling expenses	15,250	15,020	46,949	45,575
Administrative expenses	37,425	35,704	113,851	109,391
	$ **327,278**	**326,634**	**1,016,219**	**991,145**

(q) Income Tax

(i) Income tax expense

The components of income tax expense were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Current income tax expense				
Current period	$ 674,756	1,913,858	2,264,217	5,271,400
Adjustment for prior periods	-	-	(58,658)	(42,454)
Deferred tax expense				
Origination and reversal of temporary differences	78,766	188,623	518,876	2,865,545
Adjustment for prior periods	-	-	-	13,000
Effect of tax rate changes	-	-	-	(572,798)
Total income tax expense	$ **753,522**	**2,102,481**	**2,724,435**	**7,534,693**

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Assessment of tax

The Corporation' s income tax return for the year 2017 had been examined by the tax authorities.

(r) Capital and other equity

As of September 30, 2019 and 2018, the Consolidated Company' s government registered total authorized capital and issued capital stock both amounted to $79,308,216, divided into 7,930,822 thousand shares of stock with $10 par value per share.

(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Paid-in capital from conversion of corporate bond to common stock in excess of par value	$ 8,997,136	8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474	74,474
Other	17,536,548	17,600,509	17,665,986
Total	$ **26,608,158**	**26,672,119**	**26,737,596**

(ii) Retained earnings

1) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1" First-time Adoption of International Financial Reporting Standards" during the Company' s first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of $6,277,052, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory Permit No. 1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only $6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to $6,128,451, $6,129,884 and $6,130,212 as of September 30, 2019, December 31 and September 30, 2018.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve from current-period earnings and undistributed prior-period earnings during earnings distribution. The amount to be set aside should be equal to the difference between net current-period reduction of the other stockholders' equity and the amount of above-mentioned special reserve. The accumulated prior-period reduction of the other stockholders' equity shall be set aside as an additional special reserve, which does not qualify for earnings distribution, from undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

2) Earnings distribution

According to the rules of the Company's articles, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

The Company belongs to a mature industry, in which the annual profit is stable. It adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

Based on the resolutions approved by stockholders during meetings held on June 12, 2019 and June 19, 2018, the distribution of the Company's earnings in 2018 and 2017, respectively, were as follows:

	2018	2017
Dividends per share:		
Cash dividends	$ 5.00	5.10
Stock dividends	-	-
	$ **5.00**	**5.10**

The aforementioned earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements in 2018 and 2017.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2019	$ (5,705,296)	54,624,319	(15,181)	48,903,842
Exchange differences arising on translation of foreign operations	(1,366,337)	-	-	(1,366,337)
Exchange differences on associates / joint ventures accounts for using equity method	297,110	-	-	297,110
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(7,990,696)	-	(7,990,696)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	744,180	-	744,180
Share of cash flow hedge of associates / joint ventures	-	-	15,366	15,366
Balance at September 30, 2019	$ (6,774,523)	47,377,803	185	40,603,465

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Available-for-sale investment	Cash flow hedge	Gains (losses) on hedging instruments	Total
Balance at January 1, 2018	$ (6,026,197)	-	47,691,196	7,729	-	41,672,728
Effects of retrospective application	-	60,594,455	(47,691,196)	(7,729)	7,729	12,903,259
Balance at January 1, 2018 after adjustments	(6,026,197)	60,594,455	-	-	7,729	54,575,987
Exchange differences arising on translation of foreign operations	(1,178,590)	-	-	-	-	(1,178,590)
Exchange differences on associates / joint ventures accounted for using equity method	286,537	-	-	-	-	286,537
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	5,389,678	-	-	-	5,389,678
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(2,121,261)	-	-	-	(2,121,261)
Share of cash flow hedge of associates / joint ventures	-	-	-	-	(6,359)	(6,359)
Balance at September 30, 2018	$ (6,918,250)	63,862,872	-	-	1,370	56,945,992

(s) Share-based payment

There were no significant changes for share-based payment of Nan Ya PCB Corporation during the periods from January 1 to September 30, 2019 and 2018. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2018.

Among all other stock options issued by Nan Ya PCB Corporation, those issued on March 25, 2010 were already expired on March 24, 2018.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(t) Earnings Per Share

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Net income attributable to the Company	$ 8,017,606	18,281,396	18,926,725	48,415,788
Number of weighted average outstanding shares	7,930,822	7,930,822	7,930,822	7,930,822
	$ 1.01	2.31	2.39	6.10

(u) Revenue from contracts with customers

	For the three months ended September 30, 2019					
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Main Products						
PVC sheet	$ 1,655,814	-	-	-	-	1,655,814
Rigid sheet	2,133,958	-	-	-	-	2,133,958
Pipes	1,377,831	-	-	-	-	1,377,831
Phthalate Plasticizers	-	2,775,256	-	-	-	2,775,256
BPA	-	2,674,364	-	-	-	2,674,364
EG	-	7,903,525	-	-	-	7,903,525
CCL	-	-	7,225,765	-	-	7,225,765
Epoxy	-	-	6,587,733	-	-	6,587,733
PCB	-	-	8,429,073	-	-	8,429,073
Polyester Staple Fiber	-	-	-	2,541,566	-	2,541,566
PET Resin	-	-	-	5,236,866	-	5,236,866
DTY	-	-	-	4,141,757	-	4,141,757
Machinery and Switchgear	-	-	-	-	823,396	823,396
Others	5,474,949	3,999,623	7,316,256	1,505,560	82,066	18,378,454
	$ 10,642,552	17,352,768	29,558,827	13,425,749	905,462	71,885,358

	For the three months ended September 30, 2018					
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Main Products						
PVC sheet	$ 1,887,271	-	-	-	-	1,887,271
Rigid sheet	2,274,028	-	-	-	-	2,274,028
Pipes	1,431,382	-	-	-	-	1,431,382
Phthalate Plasticizers	-	3,546,984	-	-	-	3,546,984
BPA	-	5,726,145	-	-	-	5,726,145
EG	-	10,665,178	-	-	-	10,665,178
CCL	-	-	7,787,541	-	-	7,787,541
Epoxy	-	-	6,973,387	-	-	6,973,387
PCB	-	-	7,915,001	-	-	7,915,001
Polyester Staple Fiber	-	-	-	3,419,353	-	3,419,353
PET Resin	-	-	-	7,713,516	-	7,713,516
DTY	-	-	-	4,859,869	-	4,859,869
Machinery and Switchgear	-	-	-	-	1,671,760	1,671,760
Others	6,093,108	4,592,787	8,283,519	1,749,854	97,138	20,816,406
	$ 11,685,789	24,531,094	30,959,448	17,742,592	1,768,898	86,687,821

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2019					
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Main Products						
PVC sheet	$ 5,216,301	-	-	-	-	5,216,301
Rigid sheet	6,207,668	-	-	-	-	6,207,668
Pipes	4,156,258	-	-	-	-	4,156,258
Phthalate Plasticizers	-	9,031,372	-	-	-	9,031,372
BPA	-	10,701,558	-	-	-	10,701,558
EG	-	22,702,183	-	-	-	22,702,183
CCL	-	-	19,769,990	-	-	19,769,990
Epoxy	-	-	19,630,614	-	-	19,630,614
PCB	-	-	22,315,264	-	-	22,315,264
Polyester Staple Fiber	-	-	-	8,581,766	-	8,581,766
PET Resin	-	-	-	16,228,380	-	16,228,380
DTY	-	-	-	13,020,631	-	13,020,631
Machinery and Switchgear	-	-	-	-	2,913,936	2,913,936
Others	16,270,834	12,476,948	20,586,057	4,578,769	268,700	54,181,308
	$ 31,851,061	54,912,061	82,301,925	42,409,546	3,182,636	214,657,229

	For the nine months ended September 30, 2018					
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Main Products						
PVC sheet	$ 5,683,126	-	-	-	-	5,683,126
Rigid sheet	6,551,641	-	-	-	-	6,551,641
Pipes	4,292,241	-	-	-	-	4,292,241
Phthalate Plasticizers	-	10,143,263	-	-	-	10,143,263
BPA	-	15,879,849	-	-	-	15,879,849
EG	-	33,053,436	-	-	-	33,053,436
CCL	-	-	22,991,261	-	-	22,991,261
Epoxy	-	-	20,161,828	-	-	20,161,828
PCB	-	-	21,078,513	-	-	21,078,513
Polyester Staple Fiber	-	-	-	9,913,105	-	9,913,105
PET Resin	-	-	-	22,551,102	-	22,551,102
DTY	-	-	-	14,485,885	-	14,485,885
Machinery and Switchgear	-	-	-	-	4,312,059	4,312,059
Others	17,931,920	15,870,872	25,206,433	4,999,958	255,410	64,264,593
	$ 34,458,928	74,947,420	89,438,035	51,950,050	4,567,469	255,361,902

(v) Employee compensation

According to the specifications of the Company's article, 0.05% to 0.5% of the earnings before tax and bonuses should be appropriated to employees as bonuses. However, certain amounts of the earnings should be reserved if there is an accumulated loss from the operations in the previous years in advance of the appropriation of the employee bonuses.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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The remunerations to employees amounted to $8,242, $19,421, $20,283 and $52,841, respectively, for the three months and nine months ended September 30, 2019 and 2018, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended December 31, 2018 and 2017, the remunerations to employees amounted to $57,879 and $58,908, respectively, which were paid in cash. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(w) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

		For the three months ended September 30,		For the nine months ended September 30,	
		2019	2018	2019	2018
Interest income	$	394,992	269,213	877,381	750,328
Dividend income		2,340,669	3,569,795	3,237,584	3,605,790
Other income		541,156	481,974	1,454,172	1,391,995
	$	3,276,817	4,320,982	5,569,137	5,748,113

(ii) Other gains and losses

The details of other gains and losses were as follows:

		For the three months ended September 30,		For the nine months ended September 30,	
		2019	2018	2019	2018
Loss on disposal of property, plant and equipment	$	(14,162)	(35,225)	(24,302)	(64,174)
Foreign currency exchange gain (loss)		243,954	73,674	726,179	868,261
Gain on financial assets and liabilities at fair value through profit or loss		23,836	31,484	125,846	168,649
Reversal of impairment loss on plant, property, and equipment and non-financial assets		55	4,403	59	9,781
Others		(57,687)	(58,426)	(158,528)	(160,020)
	$	195,996	15,910	669,254	822,497

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(iii) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Interest expense	$ 647,249	453,282	1,405,491	1,359,373
Less: interest capitalized	(123,828)	(16,956)	(153,004)	(48,949)
	$ 523,421	436,326	1,252,487	1,310,424

(x) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Consolidated Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2018.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2019							
Non-derivative financial liabilities							
Short-term notes and bills payable	$ 14,594,612	14,605,388	14,605,388	-	-	-	-
Notes and accounts payable	9,433,263	9,433,263	9,433,263	-	-	-	-
Accounts payables to related parties	6,625,722	6,625,722	6,625,722	-	-	-	-
Short-term borrowings	31,498,633	31,524,646	31,524,646	-	-	-	-
Long-term borrowings	19,576,707	20,636,528	1,574,415	3,381,743	3,537,536	12,142,834	-
Bonds payable	60,633,035	65,416,745	3,284,765	3,953,965	6,515,310	27,119,772	24,542,933
Long-term notes payable	5,096,600	5,179,980	7,998	7,998	2,115,996	3,047,988	-
Other payables to related parties	98,600	99,998	-	99,998	-	-	-
Lease liabilities	542,326	578,430	113,476	104,302	136,421	152,047	72,184
	$ 148,099,498	154,100,700	67,169,673	7,548,006	12,305,263	42,462,641	24,615,117
December 31, 2018							
Non-derivative financial liabilities							
Short-term notes and bills payable	$ 8,897,747	8,902,253	8,902,253	-	-	-	-
Notes and accounts payable	9,496,716	9,496,716	9,496,716	-	-	-	-
Accounts payables to related parties	8,720,846	8,720,846	8,720,846	-	-	-	-
Short-term borrowings	21,253,381	21,275,726	21,062,328	213,398	-	-	-
Long-term borrowings	12,270,805	12,468,908	5,520,038	702,628	5,576,178	670,064	-
Bonds payable	58,531,455	63,537,300	1,490,640	5,305,820	5,411,435	28,195,578	23,133,827
Long-term notes payable	7,096,550	7,169,000	6,900	6,900	4,113,800	3,041,400	-
	$ 126,267,500	131,570,749	55,199,721	6,228,746	15,101,413	31,907,042	23,133,827

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	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2018							
Non-derivative financial liabilities							
Short-term notes and bills payable	$ 12,197,103	12,202,897	12,202,897	-	-	-	-
Notes and accounts payable	9,049,415	9,049,415	9,049,415	-	-	-	-
Accounts payables to related parties	10,078,226	10,078,226	10,078,226	-	-	-	-
Short-term borrowings	19,442,795	19,456,181	19,456,181	-	-	-	-
Long-term borrowings	22,095,108	22,420,433	15,448,923	705,501	5,592,488	673,521	-
Bonds payable	60,277,802	65,577,121	3,326,460	3,495,375	7,186,810	24,406,958	27,161,518
Long-term notes payable	4,995,070	5,068,055	13,350	13,680	2,027,360	3,013,665	-
	$ 138,135,519	143,852,328	69,575,452	4,214,556	14,806,658	28,094,144	27,161,518

It is expected that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure to foreign currency risk

The Consolidated Company' s significant exposure to foreign currency risk were as follows:

	September 30, 2019		
	Foreign Currency	Exchange Rate	TWD
Financial assets			
Monetary items			
USD	$ 1,194,302	31.0420	37,073,523
JPY	73,842	0.2875	21,230
EUR	1,341	33.9439	45,519
HKD	7,536	3.9797	29,991
CNY	2,516	4.3888	11,042
Non-monetary items			
USD	541,689	31.0420	16,815,110
CNY	57,185	4.3888	250,974
IDR	109,922,345	0.0022	241,829
VND	6,353,577,659	0.0013	8,259,651

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	September 30, 2019		
	Foreign Currency	Exchange Rate	TWD
Financial liabilities			
Monetary items			
USD	$ 143,804	31.0420	4,463,964
JPY	1,225,970	0.2875	352,466
EUR	2,184	33.9439	74,133
CNY	766	4.3888	3,362

	December 31, 2018		
	Foreign Currency	Exchange Rate	TWD
Financial assets			
Monetary items			
USD	$ 984,912	30.7330	30,269,300
JPY	146,226	0.2772	40,534
EUR	1,865	35.1670	65,586
HKD	1,926	3.9401	7,589
CNY	2,003	4.4779	8,969
Non-monetary items			
USD	637,933	30.7330	19,605,595
CNY	49,723	4.4779	222,655
IDR	115,654,799	0.0020	231,310
VND	6,171,469,405	0.0013	8,022,910
Financial liabilities			
Monetary items			
USD	74,665	30.7330	2,294,679
JPY	1,266,777	0.2772	351,151
EUR	1,079	35.1670	37,945
CNY	1	4.4779	4

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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	September 30, 2018		
	Foreign Currency	Exchange Rate	TWD
Financial assets			
Monetary items			
USD	$ 1,314,713	30.5510	40,165,797
JPY	202,228	0.2692	54,440
EUR	8,418	35.5288	299,081
HKD	8,064	3.9168	31,585
CNY	2,909	4.4413	12,920
Non-monetary items			
USD	549,305	30.5510	16,781,817
CNY	47,764	4.4413	212,134
IDR	122,426,268	0.0022	269,338
VND	6,344,850,104	0.0013	8,248,305
Financial liabilities			
Monetary items			
USD	343,524	30.5510	10,495,002
JPY	1,155,004	0.2692	310,927
EUR	1,825	35.5288	64,840
CNY	109	4.4413	484

2) Sensitivity analysis

The Consolidated Company' s exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are dominated in foreign currency. The overall effects to net income before tax for the nine months ended September 30, 2019 and 2018 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of September 30, 2019 and 2018 were as follows:

	For the nine months ended September 30,	
	2019	2018
Appreciation in value of 1%	$ (322,823)	(296,909)
Depreciation in value of 1%	322,823	296,909

This analysis is performed on the same basis for the two periods.

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3) Foreign exchange gain and loss on monetary items

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. for the nine months ended September 30, 2019 and 2018, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $726,179 and $868,261, respectively.

(iii) Other market price risks

For the nine months ended September 30, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Other comprehensive income after tax**
Increasing 1%	$ 400,410	524,773
Decreasing 1%	$ (400,410)	(524,773)

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value though other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Consolidated Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	September 30, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 5,201,508	-	4,143,095	1,058,413	5,201,508

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	September 30, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 40,041,002	40,041,002	-	-	40,041,002
Unquoted equity instruments	24,692,264	-	-	24,692,264	24,692,264
Subtotal	$ 64,733,266	40,041,002	-	24,692,264	64,733,266
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 47,813,577	-	-	-	-
Notes and accounts receivable (including related parties)	45,467,460	-	-	-	-
Other receivables due from related parties	7,951,132	-	-	-	-
Subtotal	$ 101,232,169	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	$ 31,498,633	31,498,633	-	-	31,498,633
Other payables to related parties	98,600	-	-	-	-
Lease liabilities	542,326	542,326	-	-	542,326
Short-term notes and bills payable	14,594,612	14,594,612	-	-	14,594,612
Notes and accounts payable (including related parties)	16,058,985	-	-	-	-
Bonds payable	60,633,035	60,633,035	-	-	60,633,035
Long-term borrowings	19,576,707	19,576,707	-	-	19,576,707
Long-term notes payable	5,096,600	5,096,600	-	-	5,096,600
Subtotal	$ 148,099,498	131,941,913	-	-	131,941,913

	December 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 5,065,126	-	4,017,249	1,047,877	5,065,126
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 44,528,667	44,528,667	-	-	44,528,667
Unquoted equity instruments	28,011,349	-	-	28,011,349	28,011,349
Subtotal	$ 72,540,016	44,528,667	-	28,011,349	72,540,016
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 45,288,421	-	-	-	-
Notes and accounts receivable (including related parties)	55,323,525	-	-	-	-
Other receivables due from related parties	6,117,870	-	-	-	-
Subtotal	$ 106,729,816	-	-	-	-

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 21,253,381	21,253,381	-	-	21,253,381
Short-term notes and bills payable	8,897,747	8,897,747	-	-	8,897,747
Notes and accounts payable (including related parties)	18,217,562	-	-	-	-
Bonds payable	58,531,455	58,531,455	-	-	58,531,455
Long-term borrowings	12,270,805	12,270,805	-	-	12,270,805
Long-term notes payable	7,096,550	7,096,550	-	-	7,096,550
Subtotal	$ 126,267,500	108,049,938	-	-	108,049,938

	September 30, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 4,873,558	906,444	3,967,114	-	4,873,558
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 52,477,308	52,477,308	-	-	52,477,308
Unquoted equity instruments	28,655,388	-	-	28,655,388	28,655,388
Bond investments and others	1,133,406	-	-	1,133,406	1,133,406
Subtotal	$ 82,266,102	52,477,308	-	29,788,794	82,266,102
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 54,662,283	-	-	-	-
Notes and accounts receivable (including related parties)	61,471,012	-	-	-	-
Other receivables due from related parties	5,845,235	-	-	-	-
Subtotal	$ 121,978,530	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	$ 19,442,795	19,442,795	-	-	19,442,795
Short-term notes and bills payable	12,197,103	12,197,103	-	-	12,197,103
Notes and accounts payable (including related parties)	19,127,641	-	-	-	-
Bonds payable	60,277,802	60,277,802	-	-	60,277,802
Long-term borrowings	22,095,108	22,095,108	-	-	22,095,108
Long-term notes payable	4,995,070	4,995,070	-	-	4,995,070
Subtotal	$ 138,135,519	119,007,878	-	-	119,007,878

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The Consolidated Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are measured at fair value based on the quoted market prices. Quoted prices are the prices announced by the main stock exchanges and over-the-counter markets. They are the basis for recognizing the fair value of the listed and over-the-counter equity instruments.

Financial instrument possesses a quoted price in the active markets if the trading prices fairly represent the frequent and orderly transactions for financial instrument, and are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or other related authorities. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. Large or significantly increasing gap between the purchase and the exit prices of a financial instrument, or low trade volume, are general indicators of an inactive market.

If the financial instrument of the Consolidated Company possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair value are calculated by the market's quoted prices.

Other financial instruments that are not traded in active markets are measured with fair values provided by using the valuation techniques via market approach or the discounted cash flow method or other available methods.

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If the financial instruments held by the Consolidated Company are not traded in active markets, the valuation of their fair value is categorized as follows:

Bond investments that has no quoted prices: Fair value is measured with the income approach by applying the discounted cash flow method that convert future cash flow amounts to a single current amount on the basis of the value indicated by current market expectations about those future amounts.

4) Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy for the nine months ended September 30, 2019 and 2018.

5) Reconciliation of Level 3 fair value

	Fair value through profit and loss	Fair value through other comprehensive income	
	Bond investment and others	**Unquoted equity instruments**	**Bond investment and others**
Balance at January 1, 2019	$ 1,047,877	28,011,349	-
Total gains and losses recognized:			
In other comprehensive income	-	(3,503,031)	-
Effect of exchange rate changes	10,536	183,946	-
Balance at September 30, 2019	$ **1,058,413**	**24,692,264**	**-**
Balance at January 1, 2018	$ -	30,050,756	1,107,325
Total gains and losses recognized:			
In other comprehensive income	-	(3,518,028)	-
Purchased	-	1,676,070	-
Proceeds from capital reduction	-	(1,972)	-
Effect of exchange rate changes	-	448,562	26,081
Balance at September 30, 2018	$ **-**	**28,655,388**	**1,133,406**

6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make results close to the current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. According to the Consolidated Company's accounting policy, the analysis of value changes on remeasured or reevaluated assets and liabilities at the reporting date is performed to ensure the reasonability of the evaluation results.

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Notes to the Consolidated Financial Statements

7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Most of the Consolidated Company' s financial instruments that use Level 3 inputs involve only one significant unobservable input. Only equity investment with no-active markets involves multiple significant unobservable inputs.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

8) Fair value measurement in Level 3 - sensitivity analysis of the possible alternative assumptions

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
September 30, 2019				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	$ 209,859	(209,859)
December 31, 2018				

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	Input	Change	Recognized in other comprehensive income Favorable change	Recognized in other comprehensive income Unfavorable change
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	$ 239,952	(239,952)
September 30, 2018				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	$ 238,890	(238,890)

(y) Financial risk management

There were no significant changes in the Consolidated Company's financial risk management and policies as disclosed in note 6(y) of the consolidated financial statements for the year ended December 31, 2018.

(z) Capital Management

Management believes that the objectives, policies and processes of capital management of the Consolidated Company has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2018. Also, management believes that there were no significant changes in the Consolidated Company's capital management information as disclosed for the year ended December 31, 2018. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2018 for further details.

(aa) Reconciliation of liabilities arising from financing activities

	Short-term borrowings	Short-term notes payable	Long-term notes payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Lease liabilities (including current portion)	Total liabilities arising from financing activities
Balance as of January 1, 2019	$ 21,253,381	8,897,747	7,096,550	12,270,805	58,531,455	624,278	108,674,216
Change in cash from financing activities	10,251,286	5,700,000	(2,000,000)	7,312,970	2,089,880	(171,616)	23,182,520
Non-cash changes	-	(3,135)	50	-	11,700	84,942	93,557
Influence due to fluctuation of exchange rate	(6,034)	-	-	(7,068)	-	4,722	(8,380)
Balance as of September 30, 2019	$ 31,498,633	14,594,612	5,096,600	19,576,707	60,633,035	542,326	131,941,913

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		Short-term borrowings	Short-term notes payable	Long-term notes payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Total liabilities arising from financing activities
Balance as of January 1, 2018	$	9,295,583	7,998,778	4,998,418	23,151,433	55,923,701	101,367,913
Change in cash from financing activities		10,161,798	4,200,000	-	(1,245,824)	4,348,622	17,464,596
Non-cash changes		-	(1,675)	(3,348)	-	11,611	6,588
Influence due to fluctuation of exchange rate		(14,586)	-	-	189,499	(6,132)	168,781
Balance as of September 30, 2018	$	19,442,795	12,197,103	4,995,070	22,095,108	60,277,802	119,007,878

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company and its subsidiaries.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Consolidated Company
Formosa Petrochemical Corporation	Associates
Nanya Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Plastics Construction Corporation	Associates
Formosa Heavy Industries Corporation	Associates
Formosa Heavy Industries (Ningbo) Co., Ltd.	Associates
Formosa Heavy Industries Corp. (GZ) Ltd.	Associates
Formosa Synthetic Rubber (Hong Kong) Corporation Limited	Associates
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Associates
Formosa Industries Corporation	Associates
Formosa Group (Cayman) Limited	Associates
Formosa Utility Venture, Ltd.	Associates
Formosa Environmental Technology Corporation	Associates
Formosa Plastics Transport Corporation	Associates
FG Inc.	Associates
Nan Ya Plastics (Zhengzhou) Co., Ltd.	Joint ventures
Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures

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Name of related party	Relationship with the Consolidated Company
P.T. Indonesia Nanya Indah Plastics Co.	Joint ventures
Formosa Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Hwa Ya Power Corporation	Other related parties
Formosa Taffeta Co., Ltd.	Other related parties
Formosa Advanced Technologies Corporation	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
Formosa Ha Tinh (Cayman) Limited Taiwan Branch	Other related parties
China Man-made Fiber Corporation	Other related parties
Mai Liao Harbor Administration Corp.	Other related parties
Formosa Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Power (Ningbo) Limited Company	Other related parties
Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties
Xiamen Haicang Investment Group Co., Ltd.	Other related parties
Formosa Plastics Marine Corporation	Other related parties
Formosa Plastics Corporation U.S.A.	Other related parties
FG LA LLC	Other related parties
Ming Chi University Of Technology	Other related parties
Formosa Industries Corporation, U.S.A.	Other related parties
Formosa Plastics Marine Corporation	Other related parties

(c) Significant related-party transactions

(i) Sales to related parties

The amounts of significant sales by the Consolidated Company to related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Associates and joint ventures	$ 1,009,431	2,371,145	3,514,463	6,069,499
Other related parties	2,925,651	4,417,632	10,470,128	12,692,610
	$ 3,935,082	**6,788,777**	**13,984,591**	**18,762,109**

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The receivables from related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates and joint ventures	$ 760,812	975,340	1,700,278
Other related parties	789,185	1,509,009	1,882,742
	$ 1,549,997	2,484,349	3,583,020

The selling prices and collection terms of sales to related parties are not significantly different from those of third-party customers. The accounts receivable arising from sales of machinery and equipment, and machine parts are collected after the delivery inspection, and the accounts receivable arising from sales of other products are collected on the 30th day of the following month.

The Consolidated Company sells mainly machinery and provides engineering services to related parties in China and Vietnam. Payment is made after the test run of machinery sold. Also, it sells other products to these related parties. Selling prices and collection terms of other products sold to these associates are not materially different from those to non-related general buyers. Payments are collected 30 to 180 days after shipping of these other products.

(ii) Purchase from related parties

The amounts of significant purchases by the Consolidated Company from related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Associates and joint ventures				
Formosa Petrochemical Corporation	$ 8,601,055	12,419,623	28,130,500	36,502,686
Other associates and joint ventures	7,901	8,301	34,541	80,576
Other related parties				
Formosa Chemicals and Fiber Corporation	6,188,307	9,910,931	19,026,362	27,223,166
Other related parties	4,968,159	6,238,553	16,115,268	18,542,259
	$ 19,765,422	28,577,408	63,306,671	82,348,687

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The payables to related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates and joint ventures			
Formosa Petrochemical Corporation	$ 2,707,243	3,376,770	3,864,219
Other associates and joint ventures	3,753	72	-
Other related parties			
Formosa Chemicals and Fiber Corporation	1,942,899	2,763,341	3,500,074
Other related parties	1,970,021	2,165,767	2,291,383
	$ 6,623,916	8,305,950	9,655,676

Purchase prices and payment terms of purchases from related parties are not materially different from those of non-related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

(iii) Unrealized sales profit

Significant unrealized (realized) profits from sales to related parties were as follows:

	For the three months ended September 30, 2019			For the three months ended September 30, 2018		
Investee	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period
Associates and joint ventures	$ 25,769	7,778	33,547	77,977	(14,033)	63,944

	For the nine months ended September 30, 2019			For the nine months ended September 30, 2018		
Investee	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period
Associates and joint ventures	$ 45,959	(12,412)	33,547	102,249	(38,305)	63,944

(iv) Construction

The Consolidated Company contracted with associates to construct and expand the factory. The construction costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Associates and joint ventures				
Formosa Heavy Industries Corporation	$ 922,310	46,642	3,059,633	701,981
Other related parties				
Other related parties	17,988	-	17,988	-
	$ 940,298	46,642	3,077,621	701,981

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The payables to related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates and joint ventures			
Formosa Heavy Industries Corporation	$ 1,806	414,896	422,550

(v) Utility expenses

Part of the utilities of the Company's Lin-Yuan plant and all of the utilities of the Consolidated Company's Ren-Wu plant, including power, water and steam, are supplied by or paid on behalf of the Consolidated Company by the utility plants of Formosa Plastics Corporation. The utilities of the Consolidated Company's Mai Liao plant, including power, water and steam, are supplied by Formosa Petrochemical Corporation. The expenses for utilities were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Associates and joint ventures				
Formosa Petrochemical Corporation	$ 2,001,997	1,797,720	5,715,733	5,543,946
Other related parties				
Other related parties	30,126	29,916	81,989	81,713
	$ 2,032,123	1,827,636	5,797,722	5,625,659

The payables to related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates and joint ventures			
Formosa Petrochemical Corporation	$ 96,177	89,949	-

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(vi) Loans to related parties

The loans to related parties were as follows:

	Other receivables from related parties		
	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Associates and joint ventures			
Formosa Heavy Industries Corporation	$ 2,000,000	-	-
Other associates and joint ventures	217,997	221,205	566,303
Other related parties			
Formosa Plastics Marine Corporation	5,645,359	5,807,107	5,190,107
Other related parties	87,776	89,558	88,825
	$ 7,951,132	6,117,870	5,845,235

(vii) Property transaction

1) Acquisitions of financial assets

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the three months ended September 30, 2019
Associate —Formosa Resources Corporation	Investments accounted for using equity method	157,000	Shares of stock of Formosa Resources Corporation	$ 1,570,000

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine months ended September 30, 2019
Associate - FG Inc.	Investments accounted for using equity method	-	Shares of stock of FG Inc.	$ 231,570
Associate - Formosa Resources Corporation	"	157,000	Shares of stock of Formosa Resources Corporation	1,570,000
				$ 1,801,570

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine months ended September 30, 2018
Other related parties — Formosa Ha Tinh (Cayman) Ltd.	Non-current financial assets at fair value through other comprehensive income	56,471	Shares of stock of Formosa Ha Tinh (Cayman) Ltd.	$ 1,676,070

The Consolidated Company did not have such kind of transactions during the three months ended September 30, 2018.

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2) Acquisition of property, plant, and equipment

The amount of property, plant, and equipment acquired from the related parties were as follows:

	For the nine months ended September 30, 2018
Associates and joint ventures	$ 30,768

In June 2018, the Consolidated Company acquired buildings, machinery, and other facilities, amounting to $30,768, from the related parties. As of September 30, 2018, the transfer process has been finished. The acquisition prices are determined based on the market price and asset evaluation reports. Please refer to note 6(i) for further details.

The Consolidated Company did not have such kind of transactions for the nine months ended September 30, 2019.

3) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the three months ended September 30, 2019		For the three months ended September 30, 2018	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Associates				
Formosa Industries Corporation	$ 422	102	-	-
Other related parties				
Formosa Plastic Corporation	-	-	187	57
	$ 422	102	187	57

	For the nine months ended September 30, 2019		For the nine months ended September 30, 2018	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Associates				
Formosa Industries Corporation	$ 422	102	-	-
Other related parties				
Formosa Plastic Corporation	-	-	187	57
	$ 422	102	187	57

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As of September 30, 2019, December 31 and September 30, 2018, the outstanding balance was $422, $0 and $0, respectively. Please refer to note 6(h) for the details of property, plant and equipment.

(viii) Borrowing from related parties

The borrowing from related parties were as follows:

	Other payables to related parties		
	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Associates and joint ventures			
Formosa Heavy Industries Corporation	$ 98,600	-	-

(ix) Endorsements and guarantees

The amounts of the Consolidated Company's endorsements and guarantees for securing related parties' loans were as follows:

	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Associates and joint ventures			
Formosa Group (Cayman) Limited	$ 7,760,500	19,208,125	19,094,375
Formosa Industries Corporation	620,840	5,043,547	5,013,679
Formosa Resources Corporation	3,337,015	3,303,798	3,284,233
Other related parties			
Formosa Ha Tinh (Cayman) Ltd.	21,398,790	15,915,686	15,821,434
	$ 33,117,145	43,471,156	43,213,721

(x) Leases

1) The rental income of the Consolidated Company from leasing its plants to its related parties, recognized as other income, were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Associates and joint ventures				
Nan Ya Technology Corporation	$ 65,011	59,291	193,851	175,084

The rentals charged to related parties are determined based on the local market prices, and rents are collected monthly depending on the contract.

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2) The rental expenses of the Consolidated Company's offices and buildings leased its related parties, recognized as operating costs and expenses, were as follows:

The Consolidated Company rented an office building and a piece of land from Formosa Plastics Corporation. The rentals charged to related parties are determined based on the local market prices. Rental expenses for the three months and nine months ended September 30, 2018 amounted to $6,368 and $34,802, respectively. The Consolidated Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amounts of $51,295 and $51,295 of right-of-use assets and lease liabilities, respectively. For the three months and nine months ended September 30, 2019, the Consolidated Company recognized the amount of $130 and $456 as interest expense, respectively. As of September 30, 2019, the balance of lease liabilities amounted to $32,646, consisting of current and noncurrent portion amounting to $25,175 and $7,471, respectively.

The Consolidated Company rented an office building from Formosa Chemicals and Fiber Corporation. The rentals charged to related parties are determined based on the local market prices. Rental expenses for the three months and nine months ended September 30, 2018 amounted to $6,781 and $20,343, respectively. The Consolidated Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amounts of $53,458 and $53,458 of right-of-use assets and lease liabilities, respectively. For the three months and nine months ended September 30, 2019, the Consolidated Company recognized the amount of $134 and $473 as interest expense, respectively. As of September 30, 2019, the balance of lease liabilities amounted to $33,588, consisting of current and noncurrent portion amounting to $26,823 and $6,765, respectively.

The Consolidated Company rented an office building from Ming Chi University of technology in May 2019, wherein the rental is determined based on the local market prices. The interest expenses for the three months and nine months period September 30, 2019 each amounted to $244 and $742. As of September 30, 2019, the balance of lease liabilities amounting to $68,725, consisted of current and non-current portion of $3,128 and $65,597, respectively.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Short-term employee benefits	$ 31,301	29,620	93,331	83,824

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	Usage	September 30, 2019	December 31, 2018	September 30, 2018
Current Financial asset at fair value through other comprehensive income—stock of Formosa Plastics Corporation	Others	The collateral to provisional execution in litigation	$ 1,203,552	1,286,336	1,490,112
Investment accounted for using equity method—stock of Formosa Petrochemical Corporation	Bank loans	Bank loans	-	-	9,118,330
Land (include idle land)	Bank loans	Bank loans	7,529,494	7,529,494	7,529,494
Machinery and equipment	Bank loans	Bank loans	-	11,681	51,755
Total			$ 8,733,046	8,827,511	18,189,691

(9) Significant commitment and contingencies:

	September 30, 2019	December 31, 2018	September 30, 2018
(1) Outstanding standby letter of credit	$ 3,282,858	1,359,423	1,408,782
(2) Endorsements and guarantees	33,117,145	43,471,156	43,213,721
(3) Bonding guarantees by banks	29,000	22,000	22,000
(4) Letters of credit guarantees by banks	24,000	20,000	20,000

(5) Formosa Industries Corporation, a Company's investee, signed a syndicated line of credit with a group of financial institutions amounting to USD 250,000 thousand for its operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 42.5% and commit to monitor the operations of Formosa Industries Corporation to ensure that it completes its financial obligation.

(6) Formosa Ha Tinh (Cayman) Ltd. and Formosa Ha Tinh Steel Corporation, Company' s investees, signed a syndicated line of credit with a group of financial institutions amounting to USD 1,990,000 thousand and USD 500,000 thousand, respectively, for its operational needs. According to the requirement of the consortium, the Company has to offer a letter of undertaking or a letter of support based on its ownership of 11.432% and commit to monitor the operations of Formosa Ha Tinh (Cayman) Ltd. and Formosa Ha Tinh Steel Corporation to ensure that they complete their financial obligation.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Nan Ya Electronic Materials (Huizhou) Co., Ltd, a Company's investee, planned to apply for a five-year syndicated loan with a total amount of no more than CNY 1,000,000 thousand, with a group of financial institutions, among which Mega International Commercial Bank Suzhou Branch and Fubon Bank (China) Co., Ltd. act as leading banks. According to the requirement of the consortium, the Company has to offer a letter of support, and commit to monitor the operations of Nan Ya Electronic Materials (Huizhou) Co., Ltd to ensure that it completes its financial obligation.

(8) Litigation between the Company and DBTEL Incorporated

The Company's client, DBTEL Inc. (DBTEL), placed several orders from the Company concerning LCD monitors since May 2003. However, in June 2004, it decided to cancel some of them, even demanding the Company to postpone its delivery; and in some cases, it went to a certain extent as to refuse accepting the goods delivered by the Company, resulting in a stock up of both raw materials and finished products in the Company's warehouse amounting to USD 5,409,815 and TWD 100,846,141. In light of this matter, the Company filed a lawsuit against DBTEL to the Taiwan High Court on April 6, 2006, demanding for compensation for the damage caused by DBTEL. In reply, the Court authorized the Company to hold certain properties of DBTEL as its collateral. However, DBTEL was not satisfied with the decision made by the Court; therefore, it filed an appeal against the Company. On April 18, 2017, the Court decided that the compensation demanded by the Company should not exceed the amounts of USD 1,246,118 and TWD 27,229,161 (both including principal and interest). Plus, the said properties that were held by the Company for collateral should also be returned to DBTEL. On August 8, 2018, the Supreme Court rejected the verdict handed down by the High Court about the dismissal of the Company's appeal in the first instance, the appeal of DBTEL, other declaration of provisional execution, and the related legal expenses. Therefore, the High Court will have to decide on this matter. Currently, this case is still in progress.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

by function / by item	For the three months ended September 30,							
	2019				2018			
	Operating Costs	Operating expenses	Non-Operating expenses	Total	Operating Costs	Operating expenses	Non-Operating expenses	Total
Employee benefit								
Salaries	5,739,839	1,517,329	-	7,257,168	6,016,302	1,594,014	-	7,610,316
Labor and health insurance	520,866	90,494	-	611,360	501,590	84,119	-	585,709
Pension expenses	404,726	87,254	-	491,980	406,527	85,868	-	492,395
Remuneration of directors	-	8,889	-	8,889	-	8,114	-	8,114
Others personnel expenses	414,308	71,302	-	485,610	336,436	66,116	-	402,552
Depreciation expenses	3,566,132	199,384	6,769	3,772,285	3,815,964	111,388	7,176	3,934,528
Amortization expenses	243,779	62,240	-	306,019	364,266	69,530	-	433,796

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

by function / by item	For the nine months ended September 30, 2019 Operating Costs	2019 Operating expenses	2019 Non-Operating expenses	2019 Total	2018 Operating Costs	2018 Operating expenses	2018 Non-Operating expenses	2018 Total
Employee benefit								
Salaries	16,772,614	4,405,451	-	21,178,065	16,896,675	4,507,695	-	21,404,370
Labor and health insurance	1,593,948	273,368	-	1,867,316	1,514,116	259,107	-	1,773,223
Pension expenses	1,245,979	264,087	-	1,510,066	1,226,772	260,273	-	1,487,045
Remuneration of directors	-	26,086	-	26,086	-	23,902	-	23,902
Others personnel expenses	1,057,757	181,151	-	1,238,908	968,498	168,824	-	1,137,322
Depreciation expenses	11,064,928	491,075	24,168	11,580,171	11,686,745	381,944	18,236	12,086,925
Amortization expenses	756,298	189,155	-	945,453	1,203,842	206,914	-	1,410,756

(13) Other disclosures:

(a) Information on significant transactions:

(i) Lending to other parties: Please see attached Table 1.

(ii) Guarantees and endorsements for other parties: Please see attached Table 2.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): Please see attached Table 3.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: Please see attached Table 4.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: Please see attached Table 5.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: Please see attached Table 6.

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: Please see attached Table 7.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2019: Please see attached Table 8.

(b) Information on investees: Please see attached Table 9.

(c) Information on investment in mainland China: Please see attached Table 10.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

	For the three months ended September 30, 2019						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue：							
Net revenue from external customers	$ 10,642,552	17,352,768	29,558,827	13,425,749	905,462	-	71,885,358
Net revenue from sales among intersegments	315,932	1,942,723	5,548,399	247,676	1,120,735	(9,175,465)	-
Total revenue	$ 10,958,484	19,295,491	35,107,226	13,673,425	2,026,197	(9,175,465)	71,885,358
Reportable segment profit or loss	$ 733,925	(1,314,063)	2,457,867	279,803	8,389,535	(1,655,820)	8,891,247

	For the three months ended September 30, 2018						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue：							
Net revenue from external customers	$ 11,685,789	24,531,094	30,959,448	17,742,592	1,768,898	-	86,687,821
Net revenue from sales among intersegments	320,256	2,968,338	6,201,165	333,445	734,720	(10,557,924)	-
Total revenue	$ 12,006,045	27,499,432	37,160,613	18,076,037	2,503,618	(10,557,924)	86,687,821
Reportable segment profit or loss	$ 785,511	3,224,784	2,926,183	826,054	16,016,301	(3,339,964)	20,438,869

	For the nine months ended September 30, 2019						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue：							
Net revenue from external customers	$ 31,851,061	54,912,061	82,301,925	42,409,546	3,182,636	-	214,657,229
Net revenue from sales among intersegments	973,020	6,154,292	14,491,990	695,837	3,007,160	(25,322,299)	-
Total revenue	$ 32,824,081	61,066,353	96,793,915	43,105,383	6,189,796	(25,322,299)	214,657,229
Reportable segment profit or loss	$ 2,301,301	(1,883,648)	5,276,607	1,031,175	19,364,191	(4,424,653)	21,664,973

	For the nine months ended September 30, 2018						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue：							
Net revenue from external customers	$ 34,458,928	74,947,420	89,438,035	51,950,050	4,567,469	-	255,361,902
Net revenue from sales among intersegments	844,230	7,767,742	17,838,783	891,353	2,334,247	(29,676,355)	-
Total revenue	$ 35,303,158	82,715,162	107,276,818	52,841,403	6,901,716	(29,676,355)	255,361,902
Reportable segment profit or loss	$ 2,754,495	12,027,663	8,772,705	2,371,999	39,197,000	(9,382,300)	55,741,562

	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment assets							
September 30, 2019	$ 35,274,279	80,262,560	137,550,875	34,859,220	460,594,548	(185,460,597)	563,080,885
December 31, 2018	$ 33,571,790	81,947,557	133,224,420	35,866,701	471,499,730	(185,860,854)	570,249,344
September 30, 2018	$ 33,622,814	82,240,532	132,802,956	34,907,537	488,073,768	(183,848,161)	587,799,446

	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment liabilities							
September 30, 2019	$ 10,451,521	20,981,508	30,452,482	10,840,168	145,574,000	(12,746,783)	205,552,896
December 31, 2018	$ 10,551,184	13,929,371	27,416,068	10,561,594	135,233,689	(14,347,554)	183,344,352
September 30, 2018	$ 10,560,223	15,026,770	28,389,026	11,576,487	146,349,899	(16,055,331)	195,847,074

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
LENDING TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE1

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period.	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Individual Funding Loan Limits (Note 3)	Maximum Limitation on Fund Financing (Note 4)
													Item	Value		
0	The Company	Formosa Plastics Group Investment Corp. (Note 6)	Other receivables from related parties	YES	70,000	70,000	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Nan Ya Plastics Corporation Texas (Note 6)	Other receivables from related parties	YES	21,205,840	-	-	3.211%~3.613%	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Nan Chung Petrochemical Corporation (Note 6)	Other receivables from related parties	YES	500,000	500,000	2,700	1.4142%~1.4181%	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	YES	12,000,000	10,500,000	2,000,000	1.4138%~1.4181%	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Nanya Technology Corporation	Other receivables from related parties	YES	1,500,000	-	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	YES	14,000,000	6,000,000	-	1.4180%~1.4181%	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	YES	8,000,000	6,000,000	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Formosa Chemicals and Fiber Corporation	Other receivables from related parties	YES	8,000,000	6,000,000	-	-	2	-	Operating capital	-	-	-	86,645,119	173,290,238
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	YES	9,385,318	6,695,359	5,645,359	1.4138%~1.4181%	2	-	Operating capital	-	-	-	86,645,119	173,290,238
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas (Note 6)	Other receivables from related parties	YES	19,866,880	16,141,840	12,416,800	3.209%~3.546%	2	-	Operating capital	-	-	-	21,364,895	42,729,790
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A. (Note 6)	Other receivables from related parties	YES	931,260	931,260	698,719	3.340%~3.610%	2	-	Operating capital	-	-	-	21,364,895	42,729,790
2	Nan Ya PCB Corporation	The Company (Note 6)	Other receivables from related parties	YES	4,500,000	4,000,000	4,000,000	1.418%	2	-	Operating capital	-	-	-	7,288,001	14,576,001
2	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation (Note 6)	Other receivables from related parties	YES	50,000	50,000	-	-	2	-	Operating capital	-	-	-	7,288,001	14,576,001
2	Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation (Note 6)	Other receivables from related parties	YES	1,854,300	-	-	3.471%~3.471%	2	-	Operating capital	-	-	-	7,288,001	14,576,001
2	Nan Ya PCB Corporation	Formosa Plastics Marine Corporation	Other receivables from related parties	YES	500,000	-	-	1.414%~1.418%	2	-	Operating capital	-	-	-	7,288,001	14,576,001
2	Nan Ya PCB Corporation	Formosa Heavy Industries Corporation	Other receivables from related parties	YES	1,000,000	-	-	-	2	-	Operating capital	-	-	-	7,288,001	14,576,001
3	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	374,052	-	-	4.12%	2	-	Operating capital	-	-	-	41,526,819	83,053,639
4	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	23,000	23,000	-	-	2	-	Operating capital	-	-	-	24,174	241,735
4	Wen Fung Industrial Co., Ltd.	Formosa Environmental Technology Corporation	Other receivables from related parties	YES	60,000	60,000	60,000	1.418%	2	-	Operating capital	-	-	-	120,868	241,735
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	197,497	87,776	87,776	3.48%~3.48%	2	-	Operating capital	-	-	-	1,339,213	2,678,427
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	785,598	754,876	754,876	3.48%~3.48%	2	-	Operating capital	-	-	-	1,339,213	2,678,427
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	513,491	513,491	513,491	3.48%~3.48%	2	-	Operating capital	-	-	-	1,719,750	3,439,500
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	599,512	596,879	596,879	3.48%~3.48%	2	-	Operating capital	-	-	-	1,719,750	3,439,500

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period.	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Individual Funding Loan Limits (Note 3)	Maximum Limitation on Fund Financing (Note 4)
													Item	Value		
7	Nan Ya Trading (Huizhou) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	24,138	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	29,131	58,261
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	YES	87,776	87,776	87,776	3.48%~3.48%	2	-	Operating capital	-	-	-	695,901	695,901
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	87,776	43,888	43,888	3.48%~3.48%	2	-	Operating capital	-	-	-	695,901	695,901
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	267,718	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	695,901	695,901
8	Nan Ya Plastics (Xiamen) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	131,664	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	695,901	695,901
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	YES	157,997	157,997	157,997	3.48%~3.48%	2	-	Operating capital	-	-	-	695,901	695,901
9	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	877,763	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	5,065,353	10,130,706
9	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	2,889,156	1,934,589	1,934,589	3.48%~3.48%	2	-	Operating capital	-	-	-	5,065,353	10,130,706
10	China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	137,809	135,614	135,614	3.48%~3.48%	2	-	Operating capital	-	-	-	166,676	333,352
10	China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	157,997	157,997	157,997	3.48%~3.48%	2	-	Operating capital	-	-	-	166,676	333,352
11	Nantong Huafu Plastics Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	30,722	30,722	30,722	3.48%~3.48%	2	-	Operating capital	-	-	-	46,594	93,188
11	Nantong Huafu Plastics Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	43,888	43,888	43,888	3.48%~3.48%	2	-	Operating capital	-	-	-	46,594	93,188
12	Nan Ya Electric (Nantong) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	43,888	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	584,853	1,169,706
12	Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	348,911	315,995	315,995	3.48%~3.48%	2	-	Operating capital	-	-	-	584,853	1,169,706
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	YES	157,997	-	-	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	YES	2,848,340	1,097,203	1,097,203	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	269,912	263,329	263,329	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	961,150	504,714	504,714	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 6)	Other receivables from related parties	YES	789,986	789,986	789,986	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	5,354,352	5,209,521	5,209,521	3.48%~3.48%	2	-	Operating capital	-	-	-	28,189,439	56,378,878

Note 1 : (a) Those with business contact please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non interested parties for capital requirements should not exceed 40% of the net worth of borrower.

The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

Note 4 : Subsidiaries' capital loaned to associates and interested parties should not exceed 50% of the equity of the lenders. Other parties should not exceed 40% of the lender's net worth.

The subsidiaries' cap amount of loans to other parties should not exceed 100% of its equity. Non-interested parties should not exceed 40% of its net worth. However, subsidiaries' capital loaned to the parties located in non-Taiwan and directly or indirectly held by the company 100% of the shares are not be limited.

Note 5 : Nan Ya Plastics corporation, America and Nan Ya Plastics corporation USA s'reporting currency are denominated in USD, and the exchange rate of TWD to USD as of September 30, 2019 (in average) is 31.042(31.071) : 1.

Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. s'reporting currency are denominated in HKD, and the exchange rate of TWD to HKD as of September 30, 2019 (in average) is 3.9797(3.9834) : 1.

Note 6 : This transaction has already been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
GUARANTEES AND ENDORSEMENTS FOR OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 2

No	Endorsement Guarantee Provider	Counterparty of Guarantee and Endorsement		Limitation Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for Guarantee and Endorsements during the Period	Balance of Guarantees and Endorsements as of September 30, 2019	Amount Secured by Guaranteed and Endorsed Property	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Parent Company Endorses /Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorses /Guarantees to Third Parties on Behalf of Parent Company	Endorsements /Guarantees to the Third Parties on Behalf of the Companies in Mainland China
		Name	Relationship with The Company (Note)										
0	The Company	Formosa Industries Corporation	1	9,827,401	5,094,256	620,840	620,840	-	0.18%	450,554,619	N	N	N
0	The Company	Formosa Group (Cayman) Ltd.	6	225,277,309	19,401,250	7,760,500	7,760,500	-	2.24%	450,554,619	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Ltd.	6	225,277,309	21,398,790	21,398,790	21,398,790	-	6.17%	450,554,619	N	N	N
0	The Company	Formosa Resources Corporation	6	225,277,309	3,337,015	3,337,015	3,337,015	-	0.96%	450,554,619	N	N	N
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	4	27,774,364	143,529	125,108	125,108	-	0.30%	55,548,727	Y	N	N

Note: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

(1)The Company has business relationship.

(2)The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.

(3)In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.

(4)Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endoresement and guarantees for each other.

(5)The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.

(6)The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

(7)According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several libility if take part in business of preconstruction real estate.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING SECURITIES HELD AT THE REPORTING DATE
(SECURITIES, ASSOCIATED AND JOINT VENTURES NOT INCLUDED)
SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 3

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	September 30, 2019				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Mega Internaitonal Private USD Money Market	-	Financial assets valued at FVTPL – current	12,479	4,143,095	-	4,143,095	
The Company	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – current	294,793	27,857,948	4.63%	27,857,948	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Financial assets valued at FVTOCI – current	140,520	12,183,054	2.40%	12,183,054	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets valued at FVTOCI – non current	3	5,218,456	19.00%	5,218,456	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets valued at FVTOCI – non current	2	1,069,518	0.51%	1,069,518	
The Company	Ostendo Technologies Inc.	-	Financial assets valued at FVTOCI – non current	150	-	0.12%	-	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets valued at FVTOCI – non current	352	291,439	18.00%	291,439	
The Company	Formosa International Development Co., Ltd.	Other related parties	Financial assets valued at FVTOCI – non current	16,509	252,983	18.00%	252,983	
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets valued at FVTOCI – non current	39,562	966,948	17.98%	966,948	
The Company	Formosa Plastics Marine Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,429	615,302	15.00%	615,302	
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets valued at FVTOCI – non current	63,717	2,122,225	14.99%	2,122,225	
The Company	Formosa Technologies Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,925	74,286	12.50%	74,286	
The Company	WK Technology Fund Ltd.	-	Financial assets valued at FVTOCI – non current	326	6,173	1.63%	6,173	
The Company	WK Technology Fund IV Ltd.	-	Financial assets valued at FVTOCI – non current	460	4,226	1.08%	4,226	
The Company	Central Leasing Corp.	-	Financial assets valued at FVTOCI – non current	1,779	-	1.07%	-	
The Company	Chinese Television System Inc.	-	Financial assets valued at FVTOCI – non current	1,769	37,313	1.04%	37,313	
The Company	China Investment & Development Company, Limited	-	Financial assets valued at FVTOCI – non current	1,287	4,545	0.80%	4,545	

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	September 30, 2019				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Taiwan Aerospace Corp.	-	Financial assets valued at FVTOCI－non current	1,070	19,052	0.79%	19,052	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI－non current	5,000	27,950	3.91%	27,950	
The Company	Nan Ya Photonics Inc.	Other related parties	Financial assets valued at FVTOCI－non current	6,646	104,615	14.42%	104,615	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI－non current	2,500	20,119	1.97%	20,119	
Nan Ya Plastics Corporation America	Double Oak (Bonds)	-	Financial assets valued at FVTPL －non current	-	206,086	-	206,086	
Nan Ya Plastics Corporation America	Ballantyne Re plc (Bonds)	-	Financial assets valued at FVTPL －non current	-	154,524	-	154,524	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL －non current	-	361,871	-	361,871	
Nan Ya Plastics Corporation America	American Overseas Reinsurance Co., Ltd. (Preferred Stock)	-	Financial assets valued at FVTPL －non current	-	112,284	-	112,284	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL －non current	-	223,648	-	223,648	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI－non current	-	169,497	15.00%	169,497	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI－non current	-	166,542	15.00%	166,542	
Formosa Plastics Group Investment Corp.	WK Technology Fund Ltd.	-	Financial assets valued at FVTOCI－non current	1,935	9,157	2.42%	9,157	
Formosa Plastics Group Investment Corp.	WK Technology Fund IV Ltd.	-	Financial assets valued at FVTOCI－non current	658	14,088	3.60%	14,088	
Nan Ya International (Cayman) Limited	Formosa Ha Tinh (Cayman) Ltd.	Other related parties	Financial assets valued at FVTOCI－non current	621,178	13,497,830	11.43%	13,497,830	

Note 1：The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to $1,203,552.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING PURCHASE OR SALE OF SECURITIES FOR THE PERIOD EXCEEDING 300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company holding securities	Security type and name	Account	Counter-party	Relationship	Beginning		Purchase		Sale				Ending	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Price
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	Investments accounted for using equity method	Nan Ya Plastics (Hong Kong) Co., Ltd.	Investments accounted for using equity method	844,053	79,668,326	60,060	2,378,838					904,113	83,020,172 (Note 1) (Note 2)
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Investments accounted for using equity method	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Investments accounted for using equity method	-	1,965,292	-	2,378,838					-	4,410,180 (Note 1) (Note 2)
The Company	Formosa Resources Corporation	Investments accounted for using equity method	Formosa Resources Corporation	Investments accounted for using equity method	584,594	5,370,047	157,000	1,570,000					741,594	6,774,698 (Note 1)

Note 1 : End of period amount includes investment income and transaction adjustment under equity method and the effect of exchange changes.

Note 2 : This transaction has already been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON ACQUISITION OF REAL ESTATE WITH PURCHASE AMOUNT EXCEEDING 300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Name of property	Transaction Date	Transaction Amount	Status of Payment	Counter-party	Relationship with the Company	Disclosure of Information on Previous Transfer of Equipment is Required for Related Parties who are also the Counter Parties				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Nan Ya Plastics Corporation Texas	Construction in progress and eqipment	2019.04	396,685	Paid	Formosa Heavy Industries Corporation	Associates	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation Texas	Construction in progress and eqipment	2019.05	853,524	Paid	Formosa Heavy Industries Corporation	Associates	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation Texas	Construction in progress and eqipment	2019.06	822,674	Paid	Formosa Heavy Industries Corporation	Associates	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation Texas	Construction in progress and eqipment	2019.07	530,544	Paid	Formosa Heavy Industries Corporation	Associates	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation Texas	Construction in progress and eqipment	2019.08	368,439	Paid	Formosa Heavy Industries Corporation	Associates	-	-	-	-	Negotiation	Plant expansion	None

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING RELATED-PARTIES PURCHASES AND/OR SALES EXCEEDING 100 MILLION OR 20% OF THE COMPANY'S PAID-IN-CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 6

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Formosa Plastics Corporation	Other related parties	(Sales)	(991,095)	(0.85)%	30 days	-	-	96,154	0.51%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(5,773,679)	(4.95)%	30 days	-	-	123,625	0.65%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(741,340)	(0.64)%	30 days	-	-	90,721	0.48%	Note
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(1,041,506)	(0.89)%	30 days	-	-	56,212	0.30%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(114,962)	(0.10)%	30 days	-	-	10,476	0.06%	
The Company	Formosa Taffeta Co., Ltd.	Other related parties	(Sales)	(661,782)	(0.57)%	30 days	-	-	90,209	0.48%	
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(428,145)	(0.37)%	O/A105 days	-	-	200,378	1.06%	Note
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(257,934)	(0.22)%	O/A105 days	-	-	83,794	0.44%	Note
The Company	Nan Ya Plastics Corporation Texas	Subsidiaries	(Sales)	(496,183)	(0.43)%	O/A105 days	-	-	371,829	1.96%	Note
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(3,198,602)	(2.74)%	O/A180 days	-	-	2,383,017	12.56%	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(618,890)	(0.53)%	O/A150 days	-	-	118,155	0.62%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(3,275,425)	(2.81)%	O/A150 days	-	-	1,330,550	7.01%	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(1,942,366)	(1.66)%	O/A150 days	-	-	514,589	2.71%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(422,696)	(0.36)%	O/A150 days	-	-	151,392	0.80%	Note
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(177,094)	(0.15)%	O/A150 days	-	-	83,822	0.44%	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(146,341)	(0.13)%	30 days	-	-	16,624	0.09%	Note
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(133,451)	(0.11)%	O/A150 days	-	-	35,649	0.19%	Note
The Company	Formosa Plastics Corporation	Other related parties	Purchases	8,852,821	11.05%	30 days	-	-	(962,720)	(8.84)%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	18,633,951	23.25%	30 days	-	-	(1,893,921)	(17.40)%	
The Company	Formosa Petrochemical Corporation	Associates	Purchases	24,275,805	30.29%	30 days	-	-	(2,206,978)	(20.28)%	
The Company	PFG Fiber Glass Corporation	Subsidiaries	Purchases	1,871,263	2.33%	30 days	-	-	(226,637)	(2.08)%	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	2,462,874	3.07%	30 days	-	-	(352,750)	(3.24)%	Note
Nan Ya PCB Corporation	The Company	Parent	Purchases	741,340	6.28%	30 days	-	-	(90,721)	(4.08)%	Note
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	6,168,228	52.27%	30 days	-	-	(1,038,624)	(46.66)%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(6,168,228)	(60.84)%	30 days	-	-	1,038,624	52.76%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Same chairman	Purchases	1,327,042	20.40%	60 days	-	-	(328,828)	(25.27)%	Note
Nan Ya PCB (Kunshan) Corporation	Formosa Advanced Technologies Co.,Ltd	Same chairman	(Sales)	(141,901)	(1.40)%	70 days	-	-	37,336	1.90%	
Nan Chung Petrochemical Corporation	The Company	Parent	(Sales)	(2,462,874)	(49.97)%	30 days	-	-	352,750	50.86%	Note
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	(Sales)	(2,458,740)	(49.89)%	15th day of next month	-	-	332,352	47.92%	
Nan Chung Petrochemical Corporation	Formosa Petrochemical Corporation	Associates	Purchases	3,677,599	86.08%	15th day of next month	-	-	(479,948)	(96.41)%	
Nan Chung Petrochemical Corporation	The Company	Parent	Purchases	146,341	3.43%	30 days	-	-	(16,624)	(3.34)%	Note
PFG Fiber Glass Corporation	The Company	Parent	(Sales)	(1,871,263)	(68.09)%	30 days	-	-	226,637	68.59%	Note
PFG Fiber Glass Corporation	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	353,172	18.38%	30 days	-	-	(48,399)	(18.86)%	
PFG Fiber Glass Corporation	Formosa Petrochemical Corporation	Other related parties	Purchases	177,097	9.22%	30 days	-	-	(20,316)	(7.92)%	

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
Nan Ya Plastics Corporation U.S.A.	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	579,971	27.52%	payment within one month	-	-	(50,985)	(17.04)%	
Nan Ya Plastics Corporation U.S.A.	The Company	Parent	Purchases	428,145	20.31%	O/A 105 days	-	-	(200,378)	(66.96)%	Note
Nan Ya Plastics Corporation U.S.A.	Nan Ya Plastics Corporation America	Subsidiaries	Purchases	105,565	5.01%	payment within one month	-	-	(6,572)	(2.20)%	Note
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(235,502)	(0.95)%	payment within one month	-	-	-	0.00%	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(105,565)	(0.43)%	payment within one month	-	-	6,572	0.17%	Note
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	179,929	0.84%	payment within one month	-	-	(21,563)	(8.75)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	257,934	1.20%	O/A 105 days	-	-	(83,794)	(33.98)%	Note
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(2,077,470)	(78.60)%	60 days	-	-	267,106	65.33%	Note
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	224,534	20.83%	60 days	-	-	(22,109)	(16.95)%	Note
Nan Ya Plastics (Xiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	142,869	18.75%	60 days	-	-	(20,622)	(19.03)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Plastics Corporation	Other related parties	Purchases	264,913	19.11%	O/A 150 days	-	-	(43,276)	(22.27)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	334,163	24.11%	60 days	-	-	(60,905)	(31.34)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	The Company	Parent	Purchases	133,451	9.63%	O/A 150 days	-	-	(35,649)	(18.34)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent	Purchases	3,198,602	50.84%	O/A 180 days	-	-	(2,383,017)	(50.28)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	2,691,214	42.78%	180 days	-	-	(2,206,362)	(46.56)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	Purchases	618,890	13.43%	O/A 150 days	-	-	(118,155)	(18.16)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	806,470	17.50%	60 days	-	-	(128,902)	(19.81)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint venture	(Sales)	(250,761)	(5.17)%	60 days	-	-	83,437	4.54%	
Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(125,269)	(29.83)%	60 days	-	-	24,851	7.19%	Note
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(2,913,404)	(34.15)%	60 days	-	-	221,209	36.76%	Note
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	4,607,694	71.50%	60 days	-	-	(622,473)	(85.82)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent	Purchases	177,094	2.75%	O/A 150 days	-	-	(83,822)	(11.56)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(2,691,214)	(7.76)%	180 days	-	-	2,206,362	14.44%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Same chairman	(Sales)	(1,327,042)	(3.83)%	60 days	-	-	328,828	2.15%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(224,534)	(0.65)%	60 days	-	-	22,109	0.14%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	Purchases	3,275,425	12.70%	O/A 150 days	-	-	(1,330,550)	(48.56)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Purchases	185,532	0.72%	60 days	-	-	(29,788)	(1.09)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	2,077,470	8.06%	60 days	-	-	(267,106)	(9.75)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	2,913,404	11.30%	60 days	-	-	(221,209)	(8.07)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	Subsidiaries	Purchases	125,269	0.49%	60 days	-	-	(24,851)	(0.91)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Purchases	422,696	24.08%	O/A 150 days	-	-	(151,392)	(57.26)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(185,532)	(8.24)%	60 days	-	-	29,788	11.19%	Note

Note：The transaction has been written off during the consoliation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REARDING RECEIVABLES FROM RELATED-PARTIES EXCEEDING 100 MILLION OR 20% OF THE COMPANY'S PAID-IN-CAPITAL
SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 7

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
						Amount	Action Taken		
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties：	123,625	17.30	-	-	123,625	-
The Company	Nan Ya Plastics Corporation U.S.A. (Note 1)	Subsidiaries	Receivables from related parties：	200,378	2.25	-	-	-	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	2,383,017	1.88	-	-	633,769	-
The Company	Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	118,155	5.31	-	-	56,046	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	1,330,550	3.43	-	-	732,531	-
The Company	Formosa Industries Corporation	Assosiates	Receivables from related parties：	514,589	4.06	-	-	428,697	-
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	151,392	2.99	-	-	63,710	-
The Company	Nan Ya Plastics Corporation Texas (Note 1)	Subsidiaries	Receivables from related parties：	371,829	3.56	-	-	185,123	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation (Note 1)	Subsidiaries	Receivables from related parties：	1,038,624	8.93	-	-	1,038,624	-
Nan Chung Petrochemical Corporation	The Company (Note1)	Parent	Receivables from related parties：	352,750	9.68	-	-	352,750	-
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	Receivables from related parties：	332,352	9.70	-	-	326,167	-
PFG Fiber Glass Corporation	The Company (Note1)	Parent	Receivables from related parties：	226,637	10.25	-	-	226,637	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	267,106	9.50	-	-	267,106	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	221,209	29.56	-	-	221,209	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties：	2,206,362	1.47	-	-	98,705	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 1)	Same chairman	Receivables from related parties：	328,828	6.93	-	-	328,828	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties：	5,645,359	Note	-	-	-	-
The Company	Formosa Heavy Industries Corporation	Assosiates	Other receivables from related parties：	2,000,000	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas (Note 1)	Subsidiaries	Other receivables from related parties：	12,416,800	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A. (Note 1)	Subsidiaries	Other receivables from related parties：	698,719	Note	-	-	-	-
Nan Ya PCB Corporation	The Company (Note1)	Parent	Other receivables from related parties：	4,000,000	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	1,934,589	Note	-	-	-	-

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
						Amount	Action Taken		
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	596,879	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	513,491	Note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Subsidiaries	Other receivables from related parties：	157,997	Note	-	-	-	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	754,876	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	5,209,521	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	1,097,203	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	504,714	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 1)	Subsidiaries	Other receivables from related parties：	789,986	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	263,329	Note	-	-	-	-
Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	315,995	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	157,997	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties：	135,614	Note	-	-	-	-

Note： The turnover rate of other receivables from related parties can not be calculated.

Note 1：The transaction has been written off during the consoliation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
SIGNIFICANT TRANSACTIONS AND BUSINESS RELATIONSHIP BETWEEN THE PARENT AND ITS SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 8

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Sales	768,371	30-150 days	0.36%
0	The Company	Nan Chung Petrochemical Corporation	1	Sales	146,341	30 days	0.07%
0	The Company	PFG Fiber Glass Corporation	1	Sales	89,592	30 days	0.04%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Sales	428,145	O/A 105 days	0.20%
0	The Company	Nan Ya Plastics Corporation America	1	Sales	257,934	O/A 105 days	0.12%
0	The Company	Nan Ya Plastics Corporation Texas	1	Sales	496,183	O/A 105 days	0.23%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Sales	7,965,897	O/A 150-180 days	3.71%
0	The Company	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	1	Sales	14,051	O/A 150 days	0.01%
1	Nan Chung Petrochemical Corporation	The Company	2	Sales	2,462,874	30 days	1.15%
2	Wen Fung Industrials Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	93,126	30 days	0.04%
3	PFG Fiber Glass Corporation	The Company	2	Sales	1,871,263	30 days	0.87%
4	Nan Ya Plastics Corporation U.S.A.	The Company	2	Sales	47,865	O/A 105 days	0.02%
5	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A	3	Sales	105,565	payment within one month	0.05%
5	Nan Ya Plastics Corporation America	The Company	2	Sales	28,852	O/A 105 days	0.01%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	2	Sales	81,051	60 days	0.04%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	1,725,460	60 days	0.80%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	3	Sales	276,567	60 days	0.13%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Sales	51,136	O/A 150 days	0.02%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Sales	2,084,406	60 days	0.97%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Accounts receivable	98,129	30-150 days	0.02%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Accounts receivable	200,378	O/A 105 days	0.04%
0	The Company	Nan Ya Plastics Corporation America	1	Accounts receivable	83,794	O/A 105 days	0.01%
0	The Company	Nan Ya Plastics Corporation Texas	1	Accounts receivable	371,829	O/A 105 days	0.07%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Accounts receivable	4,155,885	O/A 150-180 days	0.74%

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
1	Nan Chung Petrochemical Corporation	The Company	2	Accounts receivable	352,750	30 days	0.06%
3	PFG Fiber Glass Corporation	The Company	2	Accounts receivable	226,637	30 days	0.04%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Accounts receivable	372,819	60 days	0.07%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	3	Accounts receivable	31,671	60 days	0.01%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Accounts receivable	267,679	60 days	0.05%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Rent revenue	150,780	30-150 days	0.07%

Note 1: The appointed numbers represent:

1. 0 refers to the Parent Company.
2. Subsidiaries are numbered and organized in a ascending chronological order in an ascending chronological order.

Note 2: Transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Disclosure of information on significant transactions and business relationship between the parent company and its subsidiaries regarding sales and accounts receivable, excluding their related purchases and accounts payable.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEES (EXCLUDING THOSE IN MAINLAND CHINA)
FOR NINE MONTHS ENDED SEMTEMPER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 9

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of September 30, 2019			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				September 30, 2019	December 31, 2018	Shares (in thousands)	%	Carrying Value			
The Company	Nan Ya Plastics Corporation U.S.A. (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	1,971,836	67,704	67,704	Note 3.4
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00%	42,729,790	1,314,142	1,314,142	Note 3.4
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and investment	37,236,920	34,858,082	904,113	100.00%	83,020,172	2,767,858	2,767,858	Note 3.4
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading and investment	33,677	33,677	14	100.00%	743,213	43,318	43,318	Note 3.4
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,162,010	4,162,010	135,000	32.53%	2,418,671	(381,632)	(124,145)	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	investment	4,495,987	4,495,987	76	100.00%	7,858,657	72,519	57,532	Note 3.4
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dying and finishing and electric power	8,435,875	8,435,875	-	42.50%	8,501,844	572,826	243,451	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	19,503,119	28,137	19,904	Note 3.4
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	76,859	76,859	5,000	100.00%	79,271	249	249	Note 3.4
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.72%	45,102,776	8,538,730	2,545,430	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	250,654	837	226	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	75,051,365	29,694,929	6,860,755	Note 3
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	4,204,535	141,709	12,048	Note 3.4
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	1,143,615	(11,142)	(5,502)	Note 3.4
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	18,738	100.00%	249,132	3,951	3,957	Note 3.4

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of September 30, 2019			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				September 30, 2019	December 31, 2018	Shares (in thousands)	%	Carrying Value			
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	164,927	131,465	59,161	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	18,459	(879)	(395)	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	651,706	32.91%	7,989,354	346,586	114,064	Note 3
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	99,544	2,670	890	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,079,486	90,485	30,162	Note 3
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	service business	359	359	34	34.00%	1,658	322	109	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	58,000	58,000	5,800	29.22%	64,633	741	217	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	547,025	24.94%	11,890,348	2,495,404	622,400	Note 3
The Company	Formosa Synthetic Rubber Corporation	Taiwan	production of synthetic rubber products	400,000	400,000	40,000	33.33%	253,442	(1,496)	(499)	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	7,415,940	5,845,940	741,594	25.00%	6,774,698	(661,394)	(165,349)	Note 3
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	669,433	128,235	32,059	Note 3
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	100,000	100,000	10,000	33.33%	77,270	(15,089)	(5,030)	Note 3
The Company	Nan Ya International (Cayman) Limited (Note)	Cayman Islands	investment	18,784,619	18,784,619	52	100.00%	13,498,084	-	-	Note 3.4
The Company	FG Inc. (Note)	U.S.A.	investment	891,746	660,176	2	10.00%	898,360	(111,908)	(11,191)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.(Note)	U.S.A.	electricity generation and trading	248,336	248,336	-	12.10%	2,464,369	904,492	109,871	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	10,243,860	10,243,860	3	100.00%	8,922,442	(657,929)	(657,929)	Note 3.4
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	2,134,914	2,134,914	-	21.00%	1,539,241	(1,209,430)	(253,980)	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of September 30, 2019			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				September 30, 2019	December 31, 2018	Shares (in thousands)	%	Carrying Value			
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	Hong Kong	production of electronic products and investment	5,020,900	5,020,900	1,223,820	100.00%	9,619,379	(237,522)	(237,522)	Note 3.4
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	14,073	586	586	Note 3.4
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	5,017,721	5,017,721	-	100.00%	9,605,347	(237,742)	(237,742)	Note 3.4
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	134,864	808	808	Note 3.4
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	125,623	125,623	5	50.00%	236,925	65,899	32,949	Note 3

Note：The reporting currency of Nan Ya Plastics Corporation USA, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, Nan Ya Internaitonal (Cayman) Limited, , FG Inc., Formosa Utility Venture, Ltd, Nan Ya Plastics Corporation Texas, and Formosa Olefins, L.L.C is denominated in USD, and the exchange rate of TWD to USD as of September 30, 2019 (in average) is 31.042(31.071)：1.

Note 1：The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of TWD to HKD as of September 30, 2019 (in average) is 3.9797(3.9834)：1.

Note 2：The reporting currency of Formosa Industries Corporation is denominated in VND, and the exchange rate of TWD to VND as of September 30, 2019 (in average) is 1：0.001338(0.001337).

Note 3：Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

Note 4：The transaction has been written off during the consoliation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATON ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan Dollars)

TABLE 10
(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2019	For The Nine Months Ended September 30, 2019		Investment Transferred from Taiwan as of September 30, 2019	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
Nan Ya Plastics (Guangzhou) Co., Ltd. (Note 1)	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(15,227)	100.00%	(15,227)	2,361,707	611,825
Nan Ya Plastics (Xiamen) Co., Ltd. (Note 1)	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	66,809	85.00%	56,789	1,006,682	72,820
Nan Ya Plastics (Huizhou) Co., Ltd. (Note 1)	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	75,003	100.00%	75,003	3,251,874	-
Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	production of electronic materials	3,559,756	Indirect investment	1,180,918	2,378,838	-	3,559,756	235,640	100.00%	235,640	4,415,422	-
Nan Ya Trading (Huizhou) Co., Ltd. (Note 1)	trading	32,267	Indirect investment	32,267	-	-	32,267	501	100.00%	501	58,373	-
Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	production of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	221,046	100.00%	221,046	9,816,608	103,612
China Nantong Huafeng Co., Ltd. (Note 1)	trading	93,004	Indirect investment	99,636	-	-	99,636	5,332	100.00%	5,332	334,804	-
Nantong Huafu Plastics Co., Ltd. (Note 1)	trading	79,111	Indirect investment	71,503	-	-	71,503	1,966	100.00%	1,966	93,932	-
Nan Ya Electric (Nantong) Co., (Note 1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	28,625	100.00%	28,625	1,109,581	-
Nanya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	69,993	50.00%	34,997	190,534	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	production of electronic materials, polyester products, steam and electricity	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	2,194,987	100.00%	2,194,987	56,285,551	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(512,579)	100.00%	(512,579)	(84,499)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	(2,315)	50.00%	(1,157)	60,439	-
Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	production of plastic products and plasticizer	2,188,834	Indirect investment	1,989,308	-	-	1,989,308	383,311	100.00%	383,311	1,858,653	-
PFG Fiber Glass (Kunshan) Co., Ltd. (Note 1)	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	79,053	100.00%	79,053	7,826,808	149,416

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2019	For The Nine Months Ended September 30, 2019		Investment Transferred from Taiwan as of September 30, 2019	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	-	169,497	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	-	166,542	12,687
Formosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(381,632)	32.53%	(124,145)	2,418,671	-

Note: All equity in the earnings (losses) are recognized according to the reviewed financial statements except for Hua Ya (DongYing) Plastics Corp., Hua Ya (Wu Hu) Plastics Corp. and Formosa Syntheic Rubber (Ninbo) Co., Ltd., Whose earnings (losses) for the period were based on the unreriewed interim financial statement.

Note 1: The transaction has been written-off during the consolidation process.

(b) Quota for investments in Mainland China :

Accumulative Remittance from Taiwan to Mainland China as of September 30, 2019 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
45,661,216	50,912,829	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of September 30, 2019 (in average) is 1 : 1.1028(1.1384), and translated to TWD using the exchange rate as of September 30, 2019 (in average) is 1 : 3.9797(3.9834).

Note 2 : It includes the amount of $3,010,315 from capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions, which has already been written off during the consolidation process, between the Company and its Chinese investees for the nine months ended September 30, 2019, please refer to the attatchemant of note 13 for "Information on material transaction items".