

**NAN YA PLASTICS CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of NAN YA PLASTICS CORPORATION as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NAN YA PLASTICS CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NAN YA PLASTICS CORPORATION

Chairman: Wu, Chia-Chau

Date: March 18, 2021



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of NAN YA PLASTICS CORPORATION:

Opinion

We have audited the consolidated financial statements of NAN YA PLASTICS CORPORATION ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's financial statements are stated as follows:

1. Revenue recognition

How the matter was addressed in our audit

Please refer to note 4(p) "Revenue recognition" for accounting policy related to revenue recognition, and note 6(t) "Revenue" for information related to revenue recognition of the consolidated financial statements.

The operating performance of the Group has an effect on the distribution to its shareholders and stock price. Thus, their financial performance will have an impact on the users of financial statements. Therefore, the veracity and appropriateness of revenue recognition is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the accounting policies and appropriateness of revenue recognition (including sales returns and discounts).
- (2) Obtaining the list of the top ten newly-added clients and the list of newly added related parties for the current year, inspecting whether the transaction terms are different for normal clients, and reviewing the Consolidated Company's financial position after the reporting period to verify the frequency of the unusual sales returns for the purpose of assessing the appropriateness of revenue recognition.
- (3) Selecting a moderate number of samples from sales invoices to verify that the accounts receivable have been recovered and to ensure that the remitter matches the customer for the purpose of assessing the accuracy of revenue recognition.
- (4) Performing sales cut-off test on the period before and after the financial position date by vouching relevant documents of sales transactions to determine whether sales income, return, and discounts have been appropriately recognized.

2. Valuation of inventories

How the matter was addressed in our audit

Please refer to note 4(h) "Inventories" for accounting policy related to valuation of inventories, and note 6(f) "Inventories, net" for information related to valuation of inventories of the consolidated financial statements.

The amount of inventories shall be disclosed by using the lower of cost or net realizable values. Since the net realizable value is influenced by the international raw material pricing, there is a risk that the cost will exceed the net realizable value. Therefore, the valuation of inventories is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the appropriateness of inventory valuation policies.
- (2) Ensuring the process of inventory valuation is in conformity with the accounting policies.
- (3) Understanding the net realizable value used by the management, and the variation of the prices in a period after the reporting date, to ensure the appropriateness of the valuation price.
- (4) Assessing whether the disclosure of provision for inventory valuation is appropriate.

Other Matter

We did not audit the financial statements of certain subsidiaries and investee companies, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain subsidiaries and investee companies, is based solely on the report of other auditors. The financial statements of the aforementioned subsidiaries reflect the total assets constituting 12.12 percent and 9.8 percent of the consolidated total assets as at December 31, 2020 and 2019, respectively; and the total revenues constituting 9.31 percent and 11 percent of the consolidated total revenues for the years ended December 31, 2020 and 2019, respectively. The investment in aforementioned investee companies accounted for using the equity method constituted 12.88 percent and 14.44 percent of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the related share of profit of associated and joint ventures accounted for using the equity method constituted 12.13 percent and 95.85 percent of consolidated total comprehensive income for the years ended December 31, 2020 and 2019, respectively.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(a) and (w))	\$ 55,973,617	10	43,608,119	8	2100	Short-term borrowings (notes 6(l), (w), and (z))	\$ 55,121,553	10	24,012,100	4
1110	Current financial assets at fair value through profit or loss (notes 6(b), (w))	3,888,883	1	4,044,356	1	2110	Short-term notes and bills payable (notes 6(k), (w) and (z))	18,296,579	3	15,392,795	3
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (w), and 8)	40,320,070	7	41,715,821	8	2170	Notes and accounts payable (note 6(w))	12,214,602	2	9,102,231	2
1150	Notes receivable, net (notes 6(d) and (w))	6,802,896	1	5,557,174	1	2180	Accounts payable to related parties (notes 6(w) and 7)	7,549,472	1	6,986,969	1
1170	Accounts receivable, net (notes 6(d) and (w))	42,931,578	7	36,640,358	7	2200	Other payables (including related parties) (note 7)	18,986,213	3	18,539,776	3
1180	Accounts receivable due from related parties (notes 6(d), (w) and 7)	2,316,909	-	1,866,001	-	2280	Current lease liabilities (notes 6(o), (w), (z), and 7)	115,819	-	197,527	-
1200	Other receivables (note 6(e) and (w))	6,533,160	1	2,237,168	-	2321	Current portion of bonds payable (notes 6(n), (w) and (z))	5,747,142	1	4,647,875	1
1210	Other receivables due from related parties (notes 6(e), (w), and 7)	4,526,070	1	5,925,227	1	2322	Current portion of long-term borrowings (note 6(m), (w) and (z))	656,436	-	3,333,333	1
130X	Inventories (note 6(f))	41,156,747	7	41,567,752	7	2399	Other current liabilities	1,199,522	-	1,303,544	-
1470	Other current assets	4,387,886	1	4,314,370	1		Total current liabilities	119,887,338	20	83,516,150	15
	Total current assets	208,837,816	36	187,476,346	34		Non-Current liabilities:				
Non-current assets:						2530	Bonds payable (notes 6(n), (w) and (z))	63,581,765	11	59,330,786	11
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (w))	558,228	-	824,726	-	2540	Long-term borrowings (notes 6(m), (w) and (z))	4,269,309	1	14,751,117	3
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (w))	19,094,939	3	22,662,110	4	2570	Deferred tax liabilities (note 6(q))	17,936,747	3	13,122,029	2
1550	Investments accounted for using equity method (notes 6(g) and 7)	162,007,684	28	165,109,381	30	2580	Non-current lease liabilities (notes 6(o), (w), (z) and 7)	216,808	-	291,222	-
1600	Property, plant and equipment (notes 6(h), 7 and 8)	173,463,751	30	156,095,364	28	2611	Long-term notes payable (notes 6(m), (w) and (z))	-	-	5,096,417	1
1755	Right-of-use assets (notes 6(i) and 7)	979,296	-	1,198,549	-	2640	Net defined benefit liability-non-current	21,454,134	4	22,183,650	4
1782	Intangible assets (note 6(j))	2,100,450	-	2,293,595	-	2645	Guarantee deposits	672,731	-	712,939	-
1812	Technology development expense	25,542	-	30,257	-	2670	Other non-current liabilities	107,037	-	103,669	-
1840	Deferred tax assets (note 6(q))	4,777,960	1	5,439,156	1		Total non-current liabilities	108,238,531	19	115,591,829	21
1915	Prepayments for purchase of equipment	3,154,801	-	3,468,440	1		Total liabilities	228,125,869	39	199,107,979	36
1937	Overdue receivables (note 6(d))	-	-	-	-	3110	Common Stock	79,308,216	14	79,308,216	14
1975	Net defined benefit asset-non-current	52,083	-	1,865	-	3200	Capital surplus	26,523,931	5	26,617,834	5
1990	Other non-current assets	9,659,797	2	10,078,890	2	3300	Retained earnings	212,630,726	36	204,105,146	37
	Total non-current assets	375,874,531	64	367,202,333	66	3400	Others	26,153,994	4	34,540,688	6
						36XX	Non-controlling interests	11,969,611	2	10,998,816	2
							Total equity	356,586,478	61	355,570,700	64
Total assets		\$ 584,712,347	100	554,678,679	100	Total liabilities and equity		\$ 584,712,347	100	554,678,679	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(t) and 7)	\$ 273,353,806	100	286,303,059	100
5000	Operating costs (notes 6(f), (p), (u), 7 and 12)	233,757,221	86	258,172,796	90
5910	Less: Unrealized (realized) profit from affiliated companies (note 7)	671	-	(6,964)	-
	Gross profit from operation	<u>39,595,914</u>	<u>14</u>	<u>28,137,227</u>	<u>10</u>
	Operating expenses (notes 6(p), (u), 7 and 12):				
6100	Selling expenses	9,495,134	3	9,661,546	3
6200	Administrative expenses	8,881,723	3	8,619,324	3
6450	Expected credit gain (notes 6(d))	(1,049)	-	(29,028)	-
	Total operating expenses	<u>18,375,808</u>	<u>6</u>	<u>18,251,842</u>	<u>6</u>
	Net Operating income	<u>21,220,106</u>	<u>8</u>	<u>9,885,385</u>	<u>4</u>
	Non-operating income and expenses (notes 6(g), (o), (v) and 7):				
7010	Other income	4,895,473	2	5,281,134	2
7020	Other gains and losses	(1,759,267)	(1)	213,753	-
7050	Finance costs	(1,316,319)	-	(1,620,428)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6,643,303	2	11,838,753	4
7100	Interest income	754,444	-	1,090,433	-
	Total non-operating income and expenses	<u>9,217,634</u>	<u>3</u>	<u>16,803,645</u>	<u>5</u>
	Profit before tax	<u>30,437,740</u>	<u>11</u>	<u>26,689,030</u>	<u>9</u>
7950	Less: Income tax expenses (note 6(q))	<u>3,549,649</u>	<u>1</u>	<u>3,479,507</u>	<u>1</u>
	Profit	<u>26,888,091</u>	<u>10</u>	<u>23,209,523</u>	<u>8</u>
8300	Other comprehensive income (loss) (note 6(g), (q) and (r)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	383,748	-	(52,911)	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(4,671,724)	(2)	(7,787,479)	(3)
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	(757,868)	-	(808,135)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	76,706	-	(10,556)	-
	Total items that may not be reclassified subsequently to profit and loss	<u>(5,122,550)</u>	<u>(2)</u>	<u>(8,637,969)</u>	<u>(3)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation	(3,015,725)	(1)	(5,962,293)	(2)
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	30,107	-	15,812	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit and loss	<u>(2,985,618)</u>	<u>(1)</u>	<u>(5,946,481)</u>	<u>(2)</u>
8300	Other comprehensive income	<u>(8,108,168)</u>	<u>(3)</u>	<u>(14,584,450)</u>	<u>(5)</u>
8500	Total comprehensive income	<u>\$ 18,779,923</u>	<u>7</u>	<u>\$ 8,625,073</u>	<u>3</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 25,709,049	10	23,076,123	8
8620	Non-controlling interests	1,179,042	-	133,400	-
		<u>\$ 26,888,091</u>	<u>10</u>	<u>\$ 23,209,523</u>	<u>8</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 17,624,751	7	8,608,080	3
8720	Non-controlling interests	1,155,172	-	16,993	-
		<u>\$ 18,779,923</u>	<u>7</u>	<u>\$ 8,625,073</u>	<u>3</u>
	Basic earnings per share (note 6(s)):	Before Tax	After Tax	Before Tax	After Tax
9710	Income from continuing operations	\$ 3.84	3.39	3.37	2.93
	Income from non-controlling equity	(0.36)	(0.15)	(0.27)	(0.02)
9750	Income attributable to shareholders of the parent	<u>\$ 3.48</u>	<u>3.24</u>	<u>3.10</u>	<u>2.91</u>

See accompanying notes to Consolidated financial statements.

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

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Items of other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
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
Appropriation and distribution of retained earnings:											
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	-	-	-	-	-	-
Profit	-	-	-	-	23,076,123	-	-	-	23,076,123	133,400	23,209,523
Other comprehensive income	-	-	-	-	(104,889)	(5,866,135)	(8,512,831)	15,812	(14,468,043)	(116,407)	(14,584,450)
Total comprehensive income	-	-	-	-	22,971,234	(5,866,135)	(8,512,831)	15,812	8,608,080	16,993	8,625,073
Other changes in capital surplus	-	(54,285)	-	-	-	-	-	-	(54,285)	-	(54,285)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(250,972)	(250,972)
Balance at December 31, 2019	79,308,216	26,617,834	68,600,555	99,841,666	35,662,925	(11,571,431)	46,111,488	631	344,571,884	10,998,816	355,570,700
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,307,613	-	(2,307,613)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	3,159,706	(3,159,706)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(17,447,807)	-	-	-	(17,447,807)	-	(17,447,807)
Reversal of special reserve	-	-	-	(1,842)	1,842	-	-	-	-	-	-
Profit	-	-	-	-	25,709,049	-	-	-	25,709,049	1,179,042	26,888,091
Other comprehensive income	-	-	-	-	425,023	(3,053,963)	(5,485,465)	30,107	(8,084,298)	(23,870)	(8,108,168)
Total comprehensive income	-	-	-	-	26,134,072	(3,053,963)	(5,485,465)	30,107	17,624,751	1,155,172	18,779,923
Reorganization	-	-	-	-	(38,058)	-	-	-	(38,058)	-	(38,058)
Changes in ownership interests in subsidiaries	-	(93,903)	-	-	-	-	-	-	(93,903)	-	(93,903)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(122,627)	-	122,627	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(184,377)	(184,377)
Balance at December 31, 2020	<u>\$ 79,308,216</u>	<u>26,523,931</u>	<u>70,908,168</u>	<u>102,999,530</u>	<u>38,723,028</u>	<u>(14,625,394)</u>	<u>40,748,650</u>	<u>30,738</u>	<u>344,616,867</u>	<u>11,969,611</u>	<u>356,586,478</u>

See accompanying notes to Consolidated financial statements.

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

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 30,437,740	26,689,030
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,222,699	15,258,463
Amortization expense	1,554,777	1,286,179
Expected credit gain	(1,049)	(29,028)
Net gain on disposal of financial assets	(89,307)	(53,863)
Net loss on financial assets at fair value through profit or loss	209,673	26,211
Interest expense	1,316,319	1,620,428
Interest income	(754,444)	(1,090,433)
Dividend income	(2,234,780)	(3,237,464)
Share of profit of associates and joint ventures accounted for using equity method	(6,643,303)	(11,838,753)
Loss(Gain) on disposal of property, plant and equipment	30,415	(307,736)
Property, plant and equipment transferred to expenses	87,679	87,995
Gain on disposal of other assets	(262,942)	-
Realized loss (profit) from affiliated companies	671	(6,964)
Unrealized foreign exchange loss	206,926	287,198
Other revenue, overdue dividends and compensation of board and directors	3,171	3,518
Loss (gain) on reversal of impairment loss of property, plant and equipment	36,198	(59)
Total adjustments to reconcile profit (loss)	8,682,703	2,005,692
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(1,240,914)	966,914
(Increase) decrease in accounts receivable (including related parties)	(6,834,752)	3,062,805
Increase in other receivable	(4,287,411)	(405,483)
(Increase) decrease in inventories	(279,298)	7,166,765
Increase in other current assets	(30,884)	(252,266)
Total changes in operating assets	(12,673,259)	10,538,735
Increase (decrease) in notes and accounts payable	3,704,549	(2,113,364)
Increase (decrease) in other payable	4,632,131	(46,578)
(Decrease) increase in other current liabilities	(104,225)	194,103
Decrease in net defined benefit liability	(395,986)	(157,473)
Total changes in operating liabilities	7,836,469	(2,123,312)
Total changes in operating assets and liabilities	(4,836,790)	8,415,423
Total adjustments	3,845,913	10,421,115
Cash inflow generated from operations	34,283,653	37,110,145
Interest received	790,527	1,127,785
Dividends received	10,064,361	20,260,972
Interest paid	(1,925,131)	(1,505,460)
Income taxes paid	(1,579,841)	(4,694,089)
Net cash flows from operating activities	41,633,569	52,299,353
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12,500	-
Proceeds from disposal of financial assets at fair value through profit or loss	266,103	207,799
Acquisition of investments accounted for using equity method	(847,161)	(2,320,536)
Proceeds from capital reduction of investments accounted for using equity method	8,422	-
Acquisition of property, plant and equipment	(30,134,890)	(29,483,979)
Proceeds from disposal of property, plant and equipment	39,974	1,250,215
(Increase) decrease in refundable deposits	(9,156)	19,220
Decrease in other receivables due from related parties	1,399,157	192,643
Increase in other non-current assets	(3,710,716)	(7,278,477)
Net cash flows used in investing activities	(32,975,767)	(37,413,115)
Cash flows from (used in) financing activities:		
Increase in short-term loans	32,098,262	2,772,313
Increase in short-term notes and bills payable	2,900,000	6,500,000
Proceeds from issuing bonds	9,984,330	11,381,560
Repayments of bonds	(4,650,000)	(5,950,000)
Proceeds from long-term debt	6,554,366	14,388,650
Repayments of long-term debt	(19,528,060)	(8,255,441)
Decrease in other borrowings (long-term notes payables)	(5,100,000)	(2,000,000)
(Decrease) increase in guarantee deposits received	(40,208)	33,475
Payment of lease liabilities	(203,398)	(209,941)
Increase (decrease) in other non-current liabilities	29,412	(5,985)
Cash dividends paid	(17,460,662)	(39,629,893)
Change in non-controlling interests	(184,360)	(250,972)
Net cash flows from financing activities	4,399,682	(21,226,234)
Effect of exchange rate changes on cash and cash equivalents	(691,986)	(2,417,767)
Net increase (decrease) in cash and cash equivalents	12,365,498	(8,757,763)
Cash and cash equivalents at beginning of period	43,608,119	52,365,882
Cash and cash equivalents at end of period	\$ 55,973,617	43,608,119

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(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 March 18, 2021.

(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 Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020.

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

The Group assesses that the adoption of the new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements.

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.	January 1, 2023

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Group 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 Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Fair value through other comprehensive income (Available-for-sale) financial assets are measured at fair value;
- (iii) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(r).

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Functional and presentation currency

The functional currency of each Consolidated Company entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Consolidated Company. The Consolidated Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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

Investor	The name of subsidiaries	Business activity	Shareholding	
			December 31, 2020	December 31, 2019
The Company	Nan Ya Plastics Corporation U.S.A.	production of plastic products	100.00 %	100.00 %
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100.00 %	100.00 %
The Company	Formosa Plastics Group Investment Corp.	investment	100.00 %	100.00 %
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics and electronic products trading, investment	100.00 %	100.00 %
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment	100.00 %	100.00 %
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %
The Company	Wen Fung Industrial Co., Ltd.	production of electronic components	100.00 %	100.00 %
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %
The Company	Nan Ya Plastics International (Cayman) Limited	investment	- %	100.00 %
The Company	PFG Fiber Glass Corporation	production of glass fiber	100.00 %	100.00 %
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited	investment	100.00 %	100.00 %
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	retargeting	100.00 %	100.00 %
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment	100.00 %	100.00 %
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	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 %

(Continued)

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

Investor	The name of subsidiaries	Business activity	Shareholding	
			December 31, 2020	December 31, 2019
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	trading	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	trading	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 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of fiber	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 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	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 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	production of chemical products	100.00 %	100.00 %
PFG Fiber Glass (Hong Kong) Corporation Limited	PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	100.00 %	100.00 %

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.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Consolidated Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Consolidated Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Consolidated Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period ; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period date.

(Continued)

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period date; or
- (iv) The Consolidated Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Consolidated Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Consolidated Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(Continued)

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Consolidated Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Consolidated Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Consolidated Company management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, and are consistent with the Consolidated Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

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

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Consolidated Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Consolidated Company considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Consolidated Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Consolidated Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Consolidated Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Consolidated Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Consolidated Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Consolidated Company's historical experience and informed credit assessment, as well as forward-looking information.

The Consolidated Company assumes that the credit risk on a financial asset has increased significantly if there is a breach of contract.

The Consolidated Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full. The Consolidated Company measures its loss allowances at an amount equal to lifetime expected credit loss.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Consolidated Company in accordance with the contract and the cash flows that the Consolidated Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Consolidated Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

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

The gross carrying amount of a financial asset is written off when the Consolidated Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Consolidated Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Consolidated Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Consolidated Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Consolidated Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Consolidated Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Consolidated Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Consolidated Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Consolidated Company, from the date on which significant influence commences until the date on which significant influence ceases. The Consolidated Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Consolidated Company and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Consolidated Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the consolidated Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

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

When the Consolidated Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Consolidated Company's proportionate interest in the net assets of the associate. The Consolidated Company records such a difference as an adjustment to its investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Consolidated Company's ownership interest is reduced due to the additional subscription of the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of its related assets or liabilities.

(j) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics:

- (i) the parties are bound by a contractual arrangement; and
- (ii) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Consolidated Company accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Consolidated Company considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the Consolidated Company has joint control of the arrangement (i.e. joint venturers) in which the Consolidated Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Consolidated Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Consolidated Company qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Consolidated Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Consolidated Company reevaluates whether the classification of the joint arrangement has changed.

(Continued)

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

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss. Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

- 1) Buildings: 25 to 50 years.
- 2) Machinery and transportation equipment: 7 to 15 years.
- 3) Miscellaneous equipment: 7 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) Lease

(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:

- 1) 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
- 2) 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
- 3) the Consolidated Company has the right to direct the use of the asset throughout the period of use only if either:
 - the Consolidated Company has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Consolidated Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Consolidated Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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.

(Continued)

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

(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.

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:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) 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:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Consolidated Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is a change in scope, objeey or other conditions of a lease.

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.

(Continued)

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

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.

(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. 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 interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the 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'.

(n) Intangible assets and technical cooperation fee

(i) Intangible assets and technical cooperation fee

Other intangible assets, including intangible assets and technical cooperation fee, that are acquired by the Consolidated Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|------------------------------|------------|
| 1) Goodwill | 15 years |
| 2) Technical cooperation fee | 5~15 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment – Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties, measured at fair value) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

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

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Consolidated Company's main types of revenue are explained below.

1) Sale of goods

The Consolidated Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

2) Financing components

The Consolidated Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Consolidated Company does not adjust any of the transaction prices for the time value of money.

(q) Contract costs

(i) Incremental costs of obtaining a contract

The Consolidated Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Consolidated Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Consolidated Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Consolidated Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(Continued)

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

(ii) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Consolidated Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Consolidated Company can specifically identify;
- the costs generate or enhance resources of the Consolidated Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Consolidated Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Consolidated Company recognizes these costs as expenses when incurred.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Consolidated Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Consolidated Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Consolidated Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Consolidated Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

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

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Consolidated Company has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves..

(t) Earnings per share

The Consolidated Company discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company' s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(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 the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

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

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

- (a) Judgment of whether Nanya Technology Corporation has substantive control over its investees

The Consolidated Company holds 29.51% of the outstanding voting shares of Nanya Technology Corporation, who has a total number of 12 directors in its board, including 3 seats representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Nanya Technology Corporation.

- (b) Judgment of whether Nan YA Photonics Incorporation has substantive control over its investees

The Consolidated Company holds 23.02% of the outstanding voting shares of Nan YA Photonics Incorporation, who has a total number of 6 directors in its board, including 3 seats representing the Consolidated Company. However, the Consolidated Company failed to make an agreement with other shareholders on the collective decision-making which should obtain more than half of the voting rights during a shareholders' meeting. Therefore, it is determined that the Consolidated Company does not have control over Nan YA Photonics Incorporation.

- (c) Judgment of whether Formosa Automobile Sales Corporation has substantive control over its investees

The Consolidated Company holds 45.00% of the outstanding voting shares of Formosa Automobile Sales Corporation, who has a total number of 5 directors, including 2 seats representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Formosa Automobile Sales Corporation.

- (d) Judgment of whether Formosa Plastics Transport Corporation has substantive control over its investees.

The Consolidated Company holds 33.33% of the outstanding voting shares of Formosa Plastics Transport Corporation, who has a total number of 7 directors, including 1 seat representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Formosa Plastics Transport Corporation.

- (e) Judgment of whether Formosa Environmental Technology Corporation has substantive control over its investees

The Consolidated Company holds 26.99% of the outstanding voting shares of Formosa Environmental Technology Corporation, who has a total number of 5 directors, including 1 seat representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Formosa Environmental Technology Corporation.

(Continued)

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

- (f) Judgment of whether Formosa Fairway Corporation has substantive control over its investees

The Consolidated Company holds 33.34% of the outstanding voting shares of Formosa Fairway Corporation, who has a total number of 5 directors, including 2 seats representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Formosa Fairway Corporation.

- (g) Judgment of whether Hwa Ya Technology Park Management Consulting Corporation has substantive control over its investees

The Consolidated Company holds 34.00% of the outstanding voting shares of Hwa Ya Technology Park Management Consulting Corporation, who has a total number of 3 directors, including 1 seat representing the Consolidated Company. Although the Consolidated Company is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Consolidated Company does not have control over Hwa Ya Technology Park Management Consulting Corporation.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

- (a) Evaluation of inventories

Because inventories are measured at the lower of cost and net realizable value, the Consolidated Company evaluates the amount of normal waste, obsolete, and inventories without market price as of the reporting date, and reduces the book value to net realizable value. Such evaluation method depends on the demand of merchandise for a particular period of time in the future; therefore, there might be significant change due to the rapid industry transformation. Please refer to note 6(f) for further description of the evaluation of inventories.

- (b) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to note 6(p) for further description of the actuarial assumptions and sensitivity analysis.

The Consolidated Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Consolidated Company establishes a measurement and review mechanism for measuring fair value.

(Continued)

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

The Consolidated Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data. For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(w), financial instruments, for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 2,044	1,483
Cash in banks	7,844,574	5,922,259
Time deposits	38,540,348	28,061,383
Cash equivalents	<u>9,586,651</u>	<u>9,622,994</u>
Cash and cash equivalents	<u>\$ 55,973,617</u>	<u>43,608,119</u>

Please refer to note 6(w) 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

	December 31, 2020	December 31, 2019
Current financial assets designated as at fair value through profit or loss:		
Funds	<u>\$ 3,888,883</u>	<u>4,044,356</u>
Non-current financial assets designated as at fair value through profit or loss:		
Foreign Bonds	\$ 248,972	510,611
Foreign Stocks	<u>309,256</u>	<u>314,115</u>
Total	<u>\$ 558,228</u>	<u>824,726</u>

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

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(c) Financial assets at fair value through other comprehensive income

Current financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income:		
Stocks	\$ <u>40,320,070</u>	<u>41,715,821</u>

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

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income:		
Stocks	\$ <u>19,094,939</u>	<u>22,662,110</u>

(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.

(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 September 2, 2020, the Consolidated Company acquires 8.6% of the shares of Nan YA Photonics Incorporation, with a fair value of \$169,815, recognized under investments accounted for using equity method, resulting in its shareholding ratio to increase to 23.02. Upon the disposal of the investment, the cumulative losses of \$78,459 was reclassified from other equity interest to retained earnings.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2019.

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

(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.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	\$ 6,814,024	5,573,110
Accounts receivable	45,577,752	38,849,472
Overdue receivables	20,175	4,555
Less: Loss allowance	<u>(360,568)</u>	<u>(363,604)</u>
	<u>\$ 52,051,383</u>	<u>44,063,533</u>

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 December 31, 2020 and 2019. 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 December 31, 2020 and 2019 amounted to \$360,568 and \$363,604, respectively. The expected loss rate on December 31, 2020, is 0.41% to 2.01% for current, 1.50% to 38.92% for 1 to 90 days past due, 9.94% to 58.23% for 90 to 180 days past due, 22.31% to 100% for 180 to 360 days past due, and 100% for more than 360 days past due. The expected loss rate less than 1% on December 31, 2019.

The Consolidated Company applies the expected credit losses to analyze notes and accounts receivable as of December 31, 2020 and 2019 as follows:

	December 31, 2020	December 31, 2019
Past due 1 to 90 days	\$ 147,258	99,867
Past due 90 to 180 days	53,270	63,102
Past due 180 to 360 days	108,167	45,317
Past due over 360 days	<u>69,973</u>	<u>56,025</u>
	<u>\$ 378,668</u>	<u>264,311</u>

The movement in the allowance for notes and accounts receivable was as follows:

	For the years ended December 31	
	2020	2019
Balance at January 1, 2020 and 2019	\$ 363,604	399,954
Impairment losses reversed	(1,049)	(29,028)
Foreign exchange gains/(losses)	<u>(1,987)</u>	<u>(7,322)</u>
Balance at December 31, 2020 and 2019	<u>\$ 360,568</u>	<u>363,604</u>

As of December 31, 2020 and 2019, notes and accounts receivable which were overdue or under legal proceedings amounted to \$20,175 and \$4,555. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

(Continued)

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

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 December 31, 2020 and 2019, the outstanding accounts receivable factoring transactions between the Consolidated Company and the financial institutions were as follows:

December 31, 2020					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	HSBC Bank	\$ <u>5,300</u> USD <u>500</u>	-	-	None
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ <u>41,500</u> <u>100,000</u>	-	-	None
December 31, 2019					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ <u>69,693</u> <u>100,000</u>	-	-	None

(e) Other receivables

	December 31, 2020	December 31, 2019
Other accounts receivable—other	\$ 6,533,160	2,237,168
Other accounts receivable—loans to associates	4,526,070	5,925,227
Less: Loss allowance	-	-
Total	<u>\$ 11,059,230</u>	<u>8,162,395</u>

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:

	December 31, 2020	December 31, 2019
Finished goods	\$ 10,098,939	12,537,778
Work in process	9,295,952	10,154,245
Machinery and accessories in process	8,267,094	4,835,894
Raw materials	10,589,196	11,326,558
Supplies	1,094,324	950,930
Consigned-out raw materials	159,341	189,211
Consigned-out finished goods	10,586	16,881
Goods in transit	<u>1,641,315</u>	<u>1,556,255</u>
Inventories, net	<u>\$ 41,156,747</u>	<u>41,567,752</u>

(Continued)

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

The details of the cost of sales were as follows:

	For the years ended December 31	
	2020	2019
Inventory that has been sold	\$ 230,218,132	254,673,143
Write-down of inventories (Reversal of write-downs)	(59,439)	(306,449)
Unallocated production overheads	3,598,528	3,806,102
	<u>\$ 233,757,221</u>	<u>258,172,796</u>

For December 31, 2020 and 2019, the Consolidated Company did not provide any inventory as collateral for its loans.

(g) Investments accounted for using equity method

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

	December 31, 2020	December 31, 2019
Associates	\$ 161,467,015	164,591,844
Joint ventures	540,669	517,537
	<u>\$ 162,007,684</u>	<u>165,109,381</u>

(i) Associates

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

	For the years ended December 31	
	2020	2019
The Consolidated Company's share of net income of associates	<u>6,537,474</u>	<u>11,731,913</u>

- 1) The unrealized translation gain or loss arising from the investment in foreign entities, which was determined on exchange rates as of December 31, 2020 and 2019, 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.

(Continued)

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

- 3) In January, March, June and December 2020, the Consolidated Company participated in the cash capital increase of FG Inc. and Formosa Plastics Construction Corporation, with the total investments amounting to USD8,200 thousand (equivalent to \$245,909) and \$500,000, respectively. Also, in September 2020, The Company purchased the shares of Nan YA Photonics Incorporation at an amount of \$101,252.
- 4) Formosa Synthetic Rubber Corporation Limited, an associate originally owned by the Company, was liquidated in September 2020, and 0.8% of the total outstanding voting shares of Formosa Synthetic Rubber (Hong Kong) Corporation Limited, accounted for using equity method, had been transferred to the Company, resulting in the accumulated other comprehensive income of \$(44,168) to be reclassified from other equity interest to retained earnings.
- 5) Yi Jih Development Corporation, an associate originally owned by the Company, carried out a capital reduction on December 31, 2020, resulting in a refund of \$44,665, recognized in other receivables. However, the shareholding ratio remained unchanged after the above transaction.
- 6) In March, August and December, 2019, the Consolidated Company participated in the capital increase by cash of FG Inc. and Formosa Resources Corporation, with the total investment amounting to USD7,500 thousand (equivalent to \$231,570), \$1,570,000 and \$46,000, respectively.
- 7) The Consolidated Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	\$ <u>161,467,015</u>	<u>164,591,844</u>
	<u>For the years ended December 31</u>	<u>2020</u>
Attributable to the Consolidated Company:		<u>2019</u>
Net Income	\$ 6,537,474	11,731,913
Other comprehensive income	<u>(2,474,550)</u>	<u>(1,739,976)</u>
Total comprehensive income	\$ <u>4,062,924</u>	<u>9,991,937</u>

(ii) Joint ventures

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

	For the years ended December 31	
	2020	2019
The Consolidated Company's share of net income of joint ventures	\$ <u>105,829</u>	<u>106,840</u>

(Continued)

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

The Consolidated Company's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. This financial information is included in the consolidated financial statements.

	December 31, 2020	December 31, 2019
The carrying value of joint ventures that were not individually material	\$ 540,669	517,537
	For the years ended December 31	
	2020	2019
Attributable to the Consolidated Company:		
Net income	\$ 105,829	106,840
Other comprehensive income	-	-
Total comprehensive income	\$ 105,829	106,840

(iii) Collateral

As of December 31, 2020 and 2019, the Consolidated Company did not provide any investment accounted for using equity method as collaterals to any financial institutions or court for its loans.

(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, 2020	\$ 13,500,497	61,688,821	347,328,836	1,533,383	12,978,622	41,836,464	478,866,623
Additions	-	10,217	1,991,812	21,287	304,429	27,807,145	30,134,890
Disposals	(463)	-	(4,497,392)	(33,094)	(270,025)	(39,803)	(4,840,777)
Reclassification	(1,075)	8,937,403	37,782,314	110,411	766,466	(43,798,892)	3,796,627
Effect of movements in exchange rates	(3,889)	(385,526)	(1,478,276)	(9,424)	21,472	(648,457)	(2,504,100)
Balance on December 31, 2020	\$ 13,495,070	70,250,915	381,127,294	1,622,563	13,800,964	25,156,457	505,453,263
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	9,869	1,927	1,448,022	15,152	270,447	27,738,562	29,483,979
Disposals	(2,016)	(38,438)	(5,598,968)	(50,393)	(318,298)	(45,986)	(6,054,099)
Reclassification	-	(107,656)	11,025,265	36,040	701,345	(7,493,082)	4,161,912
Effect of movements in exchange rates	(1,587)	(911,035)	(4,397,209)	(14,574)	(155,094)	(833,379)	(6,312,878)
Balance on December 31, 2019	\$ 13,500,497	61,688,821	347,328,836	1,533,383	12,978,622	41,836,464	478,866,623

(Continued)

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

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Depreciation and impairment loss:							
Balance on January 1, 2020	\$ -	36,320,619	275,222,625	1,339,699	9,888,316	-	322,771,259
Depreciation for the period	-	1,939,733	12,325,952	54,328	666,679	-	14,986,692
Impairment loss	-	-	36,198	-	-	-	36,198
Disposals	-	-	(4,380,867)	(32,825)	(269,017)	-	(4,682,709)
Reclassification	-	15,422	(207,071)	(787)	(73,149)	-	(265,585)
Effect of movements in exchange rates	-	(74,026)	(798,853)	(5,753)	22,289	-	(856,343)
Balance on December 31, 2020	<u>\$ -</u>	<u>38,201,748</u>	<u>282,197,984</u>	<u>1,354,662</u>	<u>10,235,118</u>	<u>-</u>	<u>331,989,512</u>
Balance on January 1, 2019	\$ -	34,982,056	270,655,062	1,357,620	9,685,710	-	316,680,448
Depreciation for the period	-	1,996,284	12,319,601	51,865	640,467	-	15,008,217
Reversal of impairment	-	-	(59)	-	-	-	(59)
Disposals	-	(20,320)	(4,641,689)	(49,482)	(312,134)	-	(5,023,625)
Reclassification	-	(158,796)	6,982	(8,525)	(6,991)	-	(167,330)
Effect of movements in exchange rates	-	(478,605)	(3,117,272)	(11,779)	(118,736)	-	(3,726,392)
Balance on December 31, 2019	<u>\$ -</u>	<u>36,320,619</u>	<u>275,222,625</u>	<u>1,339,699</u>	<u>9,888,316</u>	<u>-</u>	<u>322,771,259</u>
Carrying amounts:							
Balance on December 31, 2020	<u>\$ 13,495,070</u>	<u>32,049,167</u>	<u>98,929,310</u>	<u>267,901</u>	<u>3,565,846</u>	<u>25,156,457</u>	<u>173,463,751</u>
Balance on December 31, 2019	<u>\$ 13,500,497</u>	<u>25,368,202</u>	<u>72,106,211</u>	<u>193,684</u>	<u>3,090,306</u>	<u>41,836,464</u>	<u>156,095,364</u>

(i) Collateral

Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2020 and 2019.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2020 and 2019 the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Consolidated Company amounted to \$348,661 and \$299,843, respectively. The capitalized interest rate ranged from 1.2500%~2.5600% and 1.3030%~3.5230% for the years ended December 31, 2020 and 2019, 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:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost :					
Balance at January 1, 2020	\$ 743,721	198,861	27,945	458,110	1,428,637
Additions	2,539	775	25,560	31,794	60,668
Disposal	(67,504)	(112,121)	(1,655)	(596)	(181,876)
Effect of movements in exchange rates	38,343	19	455	(25,434)	13,383
Balance at December 31, 2020	<u>\$ 717,099</u>	<u>87,534</u>	<u>52,305</u>	<u>463,874</u>	<u>1,320,812</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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	Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Balance on January 1, 2019	\$ 777,198	121,009	29,296	467,297	1,394,800
Additions	2,270	79,378	-	356	82,004
Disposal	(272)	(1,486)	(1,047)	-	(2,805)
Effect of movements in exchange rates	(35,475)	(40)	(304)	(9,543)	(45,362)
Balance on December 31, 2019	<u>\$ 743,721</u>	<u>198,861</u>	<u>27,945</u>	<u>458,110</u>	<u>1,428,637</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	\$ 20,273	62,671	8,020	139,124	230,088
Depreciation for the period	26,802	64,930	8,991	129,211	229,934
Disposal	(22,957)	(112,121)	(1,655)	(596)	(137,329)
Effect of movements in exchange rates	30,734	12	68	(11,991)	18,823
Balance at December 31, 2020	<u>\$ 54,852</u>	<u>15,492</u>	<u>15,424</u>	<u>255,748</u>	<u>341,516</u>
Balance on January 1, 2019	\$ -	-	-	-	-
Depreciation for the period	29,094	62,694	9,203	142,903	243,894
Disposal	(272)	-	(1,047)	-	(1,319)
Effect of movements in exchange rates	(8,549)	(23)	(136)	(3,779)	(12,487)
Balance on December 31, 2019	<u>\$ 20,273</u>	<u>62,671</u>	<u>8,020</u>	<u>139,124</u>	<u>230,088</u>
Carrying amount:					
Balance at December 31, 2020	<u>\$ 662,247</u>	<u>72,042</u>	<u>36,881</u>	<u>208,126</u>	<u>979,296</u>
Balance at December 31, 2019	<u>\$ 723,448</u>	<u>136,190</u>	<u>19,925</u>	<u>318,986</u>	<u>1,198,549</u>

(j) Intangible assets

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

	Trademark
Costs :	
Balance at December 31, 2020 (as same as balance at January 1, 2020)	<u>\$ 2,897,172</u>
Balance at December 31, 2019 (as same as balance at January 1, 2019)	<u>\$ 2,897,172</u>
Accumulated amortization and impairment losses :	
Balance at January 1, 2020	\$ 603,577
Amortization for the period	193,145
Balance at December 31, 2020	<u>\$ 796,722</u>
Balance at January 1, 2019	\$ 410,432
Amortization for the period	193,145
Balance at December 31, 2019	<u>\$ 603,577</u>
Carrying value :	
Balance at December 31, 2020	<u>\$ 2,100,450</u>
Balance at December 31, 2019	<u>\$ 2,293,595</u>

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The amortization expense relating to the intangible assets of the Consolidated Company for the years ended December 31, 2020 and 2019 was recognized in the administrative expenses in the statements of comprehensive income.

(k) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Short-term notes and bills payable	\$ 18,300,000	15,400,000
Discount on short-term notes and bills payable	(3,421)	(7,205)
Total	\$ 18,296,579	15,392,795
Interest rates	0.225%~0.29%	0.532%~0.695%

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured short-term borrowings	\$ 55,121,553	24,012,100
Unused short-term credit lines	\$ 125,653,890	117,915,845
Range of interest rates	0.61%~1.27%	0.67%~0.99%

The Consolidated Company did not provide any assets as collaterals for its short-term borrowings.

(m) Long-term debts

Long-term debts consisted of the following:

December 31, 2020				
	Currency	Interest rate	Expiration	Amount
Unsecured bank long-term debts	TWD	0.7866%~0.9449%	2021~2023	\$ 4,300,000
Unsecured long-term debts	USD	1.0005%~1.2455%	2023	625,745
Less: current portion				(656,436)
Total				\$ 4,269,309
Unused long-term credit lines				\$ 11,819,516

December 31, 2019				
	Currency	Interest rate	Expiration	Amount
Secured bank long-term debts	TWD	0.9900%~1.6316%	2020~2021	\$ 4,000,000
Unsecured bank long-term debts	TWD	0.9456%~1.0920%	2020~2022	4,300,000
Unsecured long-term debts	USD	3.2140%~3.5230%	2021	9,784,450
Long-term notes payable	TWD	0.5700%~0.8420%	2020	5,096,417
Less: current portion				(3,333,333)
Total				\$ 19,847,534
Unused long-term credit lines				\$ 17,930,020

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Notes to the Consolidated Financial Statements

- (i) Please refer to note 6(w) for information on the Consolidated Company's exposure to liquidity risk, and risk of changes in interest rates and liquidation risk.
- (ii) Pledged assets for bank loans

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

(n) Bonds payable

	December 31, 2020	December 31, 2019
Domestic unsecured nonconvertible corporate bonds	\$ 69,400,000	64,050,000
Costs of issuing bonds	(71,093)	(71,339)
Current portion	(5,747,142)	(4,647,875)
Total	<u><u>\$ 63,581,765</u></u>	<u><u>59,330,786</u></u>

The terms of domestic corporate bonds as of December 31, 2020 were as follows:

	The first domestic unsecured nonconvertible corporate bond in 2013	The third 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	The first domestic unsecured nonconvertible corporate bond in 2016
Issued amount	TWD6,000,000	TWD10,400,000	TWD10,000,000	TWD5,000,000	TWD5,000,000
Balance, end of year	3,599,008	10,391,082	9,985,677	1,499,108	2,499,000
Current portion	-	-	-	-	2,499,000
Issuance date	February 25, 2013	December 18, 2013	June 24, 2014	November 11, 2014	August 16, 2016
Issuance period	7 years and 10 years	10 years and 12 years	14 years and 15 years	5 years and 10 years	5 years
Coupon rate	1.36% and 1.50%	1.98% and 2.08%	2.04%	1.45% and 1.93%	0.68%
Interest payment date	February 25	December 18	June 24	November 11	August 16
Repayment method	Payable in 2 equal installments for each coupon rate in 2019~2020 and 2022~2023, 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 and 2029, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively.	Payable in 2 equal installments for cash Coupon rate in 2020~2021, respectively.

	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	The second domestic unsecured nonconvertible corporate bond in 2019	The first domestic unsecured nonconvertible corporate bond in 2020
Issued amount	TWD9,500,000	TWD10,500,000	TWD6,300,000	TWD5,100,000	TWD10,000,000
Balance, end of year	9,494,569	10,489,813	6,292,220	5,093,326	9,985,104
Current portion	3,248,142	-	-	-	-
Issuance date	July 10, 2017	September 6, 2018	June 17, 2019	October 15, 2019	September 24, 2020
Issuance period	5 years and 7 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years
Coupon rate	1.03% and 1.25%	0.83%, 0.91% and 1.07%	0.74%, 0.82% and 0.91%	0.71%, 0.75% and 0.84%	0.49%, 0.58% and 0.62%
Interest payment date	July 10	September 6	June 17	October 15	September 24
Repayment method	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	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively	Payable in 2 equal installments for cash Coupon rate in 2024~2025, 2026~2027 and 2029~2030, respectively.

(Continued)

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

(o) Lease liabilities

The carrying values of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	\$ 115,819	197,527
Non-current	\$ 216,808	291,222

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2020	2019
Interest on lease liabilities	\$ 12,157	17,681
Expenses relating to short-term leases	\$ 141,759	128,661

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

	For the years ended December 31	
	2020	2019
Total cash outflow for leases	\$ 357,314	356,283

(i) Real estate leases

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.

Some leases 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.

The Consolidated Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(Continued)

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

(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

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ 30,088,510	31,416,494
Fair value of plan assets	<u>(8,686,459)</u>	<u>(9,234,709)</u>
Net defined benefit liabilities	<u>\$ 21,402,051</u>	<u>22,181,785</u>

The Consolidated Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Consolidated Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Consolidated Company's Bank of Taiwan labor pension reserve account balance amounted to \$8,478,981 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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

2) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation were as follows:

	For the years ended December 31	
	2020	2019
Balance, beginning of year	\$ 31,416,494	31,872,431
Current service cost and interest expense	661,446	775,748
Remeasurements of the net defined benefit liabilities:		
Actuarial losses (gains) arising from changes in financial assumptions	(7,326)	(8,649)
Experience adjustments	1,231	448,365
Benefits paid from plan assets	(2,017,320)	(1,672,846)
Increase from transfer of related party employees	43,517	4,886
Effect of movements in exchange rates	(9,532)	(3,441)
Balance, end of year	<u>30,088,510</u>	<u>31,416,494</u>

3) Movements in the fair value of the plan assets

The movements in the fair value of the plan assets were as follows:

	For the years ended December 31	
	2020	2019
Balance, beginning of year	\$ 9,234,709	9,586,086
Interest income	91,803	120,577
Remeasurements of the net defined benefit liabilities:		
Return on plan assets	377,653	386,803
Contributions from employer	457,938	406,606
Benefits paid	(1,464,037)	(1,261,962)
Effect of movements in exchange rates	(11,607)	(3,401)
Balance, end of year	<u>\$ 8,686,459</u>	<u>9,234,709</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2020	2019
Current service cost	\$ 350,014	379,380
Net interest expense of net defined benefit liabilities	<u>219,629</u>	<u>275,791</u>
	<u>\$ 569,643</u>	<u>655,171</u>

(Continued)

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

	For the years ended December 31	
	2020	2019
Operating Costs	\$ 449,950	518,447
Selling expenses	19,869	22,202
Administrative expenses	99,824	114,522
	\$ 569,643	655,171

- 5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Consolidated Company's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2020	2019
Accumulated amount at January 1	\$ (6,118,162)	(6,065,249)
Recognized during the period	383,748	(52,913)
Accumulated amount at December 31	\$ (5,734,414)	(6,118,162)

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	1.00%~2.47%	1.00%~3.24%
Future salary increase rate	2.50%~4.75%	2.50%~4.62%

The expected allocation payment to be made by the Consolidated Company to the defined benefit plans for the one-year period after the reporting date is \$451,341.

The weighted average lifetime of the defined benefits plans is 8.8~20 years.

- 7) Sensitivity analysis

As the principle actuarial assumptions change, the present value of the defined benefit obligation of the Company, Nan Ya PCB Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp., and PFG Fiber Glass Corporation would increase (decrease) as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate(0.25% variation)	\$ (486,740)	512,247
Future salary increasing rate(1.00% variation)	2,154,509	(1,900,029)
December 31, 2019		
Discount rate(0.25% variation)	(559,036)	581,465
Future salary increasing rate(1.00% variation)	2,480,687	(2,169,550)

(Continued)

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

As the principle actuarial assumptions change, the present value of the defined benefit obligation of Nan Ya Plastics Corporation U.S.A. would increase (decrease) as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate(1.00% variation)	\$ (17,062)	21,038
Future salary increasing rate(1.50% variation)	7,129	(5,937)
December 31, 2019		
Discount rate(1.00% variation)	(15,200)	18,520
Future salary increasing rate(1.50% variation)	6,225	(5,220)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(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.

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 pension costs under the defined contribution pension plan amounted to \$1,072,001 and \$1,334,582 for the years ended December 31, 2020 and 2019, respectively.

(Continued)

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

(q) Income Tax

(i) Income tax expense

The components of income tax expense were as follows:

	For the years ended December 31	
	2020	2019
Current income tax expense		
Current period	\$ (1,490,766)	2,887,588
Adjustment for prior periods	(489,224)	(57,400)
Deferred tax expense		
Origination and reversal of temporary differences	5,529,639	649,319
Total income tax expense	<u><u>\$ 3,549,649</u></u>	<u><u>3,479,507</u></u>

The amount of income tax recognized in other comprehensive income for 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	<u><u>\$ 76,706</u></u>	<u><u>(10,556)</u></u>

Reconciliation of income tax and profit before tax for 2019 and 2018 were as follows:

	For the years ended December 31	
	2020	2019
Income tax using the Company's domestic tax rate	\$ 8,395,853	6,671,347
Effect of tax rate in foreign jurisdiction	277,534	158,174
Tax effect on tax-exempt dividend income	(440,653)	(642,419)
Tax-exempt income	23,354	(36,841)
Tax effect on unrecognized deferred assets of tax losses	(478,499)	92,790
Tax effect on unrecognized temporary differences	(256)	(85,969)
Income tax expense arising from investment income in joint ventures	13,953	25,374
Tax effect on investment income recognized under equity method	(2,984,634)	(3,341,606)
Differences between estimated and actual income tax and income tax adjustments on prior years	(489,224)	(57,400)
Undistributed earnings additional tax	-	391,303
Recognition of previously unrecognized tax losses	-	(3,204)
Other income tax adjustments	<u>(767,779)</u>	<u>307,958</u>
Income tax expense	<u><u>\$ 3,549,649</u></u>	<u><u>3,479,507</u></u>

(Continued)

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	\$ 551,200	1,029,699
The carryforward of unused tax losses	<u>244</u>	<u>500</u>
	<u>\$ 551,444</u>	<u>1,030,199</u>

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

As of December 31, 2020, the information of the Consolidated Company's unutilized business losses for which no deferred tax assets were recognized are as follows:

Occurrence year	Unutilized creditable amount	Expiry date
2010	\$ 26,915	2020
2011	23,925	2021
2012	36,173	2022
2013	17,189	2023
2014	36,692	2024
2015	93	2025
2016	299,143	2026
2017	1,886,099	2027
2018	<u>429,770</u>	2028
	<u>\$ 2,755,999</u>	

(Continued)

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

2) Recognized deferred tax assets and liabilities

Movement in the deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred tax liabilities:

	Foreign investment income recognized under equity method	Defined benefit plans	Others	Total
Balance on January 1, 2020	\$ 12,300,792	(3,594)	824,831	13,122,029
Recognized in profit or loss	745,231	(37)	4,233,207	4,978,401
Recognized in other comprehensive income	-	(911)	-	(911)
Foreign currency translation differences for foreign operations	-	254	(163,026)	(162,772)
Balance on December 31, 2020	<u>\$ 13,046,023</u>	<u>(4,288)</u>	<u>4,895,012</u>	<u>17,936,747</u>
Balance on January 1, 2019	\$ 11,822,444	(4,179)	820,759	12,639,024
Recognized in profit or loss	478,348	(81)	10,483	488,750
Recognized in other comprehensive income	-	554	-	554
Foreign currency translation differences for foreign operations	-	112	(6,411)	(6,299)
Balance on December 31, 2019	<u>\$ 12,300,792</u>	<u>(3,594)</u>	<u>824,831</u>	<u>13,122,029</u>

Deferred tax assets:

	Investment tax credits	Defined benefit plans	Idle capacity	Loss carryforward	Others	Total
Balance on January 1, 2020	\$ -	4,424,259	78,262	-	936,635	5,439,156
Recognized in profit or loss	20,000	(68,925)	(40,769)	26,827	(488,371)	(551,238)
Recognized in other comprehensive income	-	(77,617)	-	-	-	(77,617)
Foreign currency translation differences for foreign operations	-	-	-	-	(32,341)	(32,341)
Balance on December 31, 2020	<u>\$ 20,000</u>	<u>4,277,717</u>	<u>37,493</u>	<u>26,827</u>	<u>415,923</u>	<u>4,777,960</u>
Balance on January 1, 2019	\$ -	4,446,111	78,039	-	995,713	5,519,863
Recognized in profit or loss	-	(32,962)	223	-	(127,830)	(160,569)
Recognized in other comprehensive income	-	11,110	-	-	-	11,110
Foreign currency translation differences for foreign operations	-	-	-	-	68,752	68,752
Balance on December 31, 2019	<u>\$ -</u>	<u>4,424,259</u>	<u>78,262</u>	<u>-</u>	<u>936,635</u>	<u>5,439,156</u>

(iii) Assessment of tax

The Corporation's income tax return for the year 2018 had been examined by the tax authorities.

(Continued)

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

(r) Capital and other equity

As of December 31, 2020 and 2019, 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:

	December 31, 2020	December 31, 2019
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474
Other	<u>17,452,321</u>	<u>17,546,224</u>
Total	<u><u>\$ 26,523,931</u></u>	<u><u>26,617,834</u></u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

1) Legal reserve

If the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) 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 \$6,126,609 and \$6,128,451 as of December 31, 2020 and 2019.

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

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.

3) 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, 2020 and June 12, 2019, the distributions of the Company's earnings in 2019 and 2018, respectively, were as follows:

	<u>2019</u>	<u>2018</u>
Dividends per share:		
Cash dividends	\$ <u><u>2.20</u></u>	<u><u>5.00</u></u>

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. The related information can be obtained from the Market Observation Post System website.

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

(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, 2020	\$ (11,571,431)	46,111,488	631	34,540,688
Exchange differences arising on translation of foreign operations	(1,308,553)	-	-	(1,308,553)
Exchange differences on associates / joint ventures accounts for using equity method	(1,745,410)	-	-	(1,745,410)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(4,671,269)	-	(4,671,269)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(814,196)	-	(814,196)
Share of cash flow hedge of associates / joint ventures	-	-	30,107	30,107
Disposal of equity instrument at fair value through other comprehensive income	-	122,627	-	122,627
Balance at December 31, 2020	<u>\$ (14,625,394)</u>	<u>40,748,650</u>	<u>30,738</u>	<u>26,153,994</u>
Balance at January 1, 2019	\$ (5,705,296)	54,624,319	(15,181)	48,903,842
Exchange differences arising on translation of foreign operations	(4,917,128)	-	-	(4,917,128)
Exchange differences on associates / joint ventures accounted for using equity method	(949,007)	-	-	(949,007)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(7,787,927)	-	(7,787,927)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(724,904)	-	(724,904)
Share of cash flow hedge of associates / joint ventures	-	-	15,812	15,812
Balance at December 31, 2019	<u>\$ (11,571,431)</u>	<u>46,111,488</u>	<u>631</u>	<u>34,540,688</u>

(s) Earnings Per Share

The basic earnings per share for the years ended December 31, 2020 and 2019 were calculated on profit attributable to ordinary shareholders of the Company of \$25,709,049 and \$23,076,123, respectively, and weighted average number of outstanding shares of stock were 7,930,822 ordinary shares, were calculated as follows:

(i) Profit attributable to ordinary shareholders

	For the years ended December 31,	
	2020	2019
Profit attributable to ordinary shareholders	<u>\$ 25,709,049</u>	<u>23,076,123</u>

(ii) Weighted average number of outstanding ordinary shares

	For the years ended December 31,	
	2020	2019
Shares outstanding as of January 1 is the same as weighted average number of common stock outstanding as of December 31	<u>\$ 7,930,822</u>	<u>7,930,822</u>

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

(t) Revenue from contracts with customers

For the years ended December 31, 2020						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Primary geographical markets						
Taiwan	\$ 18,360,094	19,870,580	31,066,877	10,603,454	3,617,812	83,518,817
China	10,806,529	30,915,234	67,173,627	3,647,077	426,650	112,969,117
Other	11,754,107	14,116,047	21,536,735	29,329,627	129,356	76,865,872
	<u>\$ 40,920,730</u>	<u>64,901,861</u>	<u>119,777,239</u>	<u>43,580,158</u>	<u>4,173,818</u>	<u>273,353,806</u>
Main Products						
PVC sheet	\$ 6,448,270	-	-	-	-	6,448,270
Rigid sheet	7,525,329	-	-	-	-	7,525,329
Pipes	6,288,755	-	-	-	-	6,288,755
Phthalate Plasticizers	-	8,828,459	-	-	-	8,828,459
BPA	-	16,211,943	-	-	-	16,211,943
EG	-	24,311,563	-	-	-	24,311,563
CCL	-	-	26,140,571	-	-	26,140,571
Epoxy	-	-	25,904,386	-	-	25,904,386
PCB	-	-	38,510,044	-	-	38,510,044
Polyester Staple Fiber	-	-	-	8,434,954	-	8,434,954
PET Resin	-	-	-	17,275,223	-	17,275,223
DTY	-	-	-	11,806,915	-	11,806,915
Machinery and Switchgear	-	-	-	-	3,785,310	3,785,310
Others	20,658,376	15,549,896	29,222,238	6,063,066	388,508	71,882,084
	<u>\$ 40,920,730</u>	<u>64,901,861</u>	<u>119,777,239</u>	<u>43,580,158</u>	<u>4,173,818</u>	<u>273,353,806</u>
For the years ended December 31, 2019						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Primary geographical markets						
Taiwan	\$ 18,398,052	22,595,689	25,289,724	13,513,450	2,529,949	82,326,864
China	9,653,939	33,512,667	63,121,695	4,420,270	1,052,976	111,761,547
Other	14,477,390	16,077,139	23,846,227	37,216,856	597,036	92,214,648
	<u>\$ 42,529,381</u>	<u>72,185,495</u>	<u>112,257,646</u>	<u>55,150,576</u>	<u>4,179,961</u>	<u>286,303,059</u>
Main Products						
PVC sheet	\$ 6,900,551	-	-	-	-	6,900,551
Rigid sheet	8,170,411	-	-	-	-	8,170,411
Pipes	5,600,558	-	-	-	-	5,600,558
Phthalate Plasticizers	-	11,428,993	-	-	-	11,428,993
BPA	-	13,964,330	-	-	-	13,964,330
EG	-	30,699,552	-	-	-	30,699,552
CCL	-	-	26,609,055	-	-	26,609,055
Epoxy	-	-	26,508,047	-	-	26,508,047
PCB	-	-	31,089,732	-	-	31,089,732
Polyester Staple Fiber	-	-	-	10,914,349	-	10,914,349
PET Resin	-	-	-	20,728,025	-	20,728,025
DTY	-	-	-	17,271,587	-	17,271,587
Machinery and Switchgear	-	-	-	-	3,954,305	3,954,305
Others	21,857,861	16,092,620	28,050,812	6,236,615	225,656	72,463,564
	<u>\$ 42,529,381</u>	<u>72,185,495</u>	<u>112,257,646</u>	<u>55,150,576</u>	<u>4,179,961</u>	<u>286,303,059</u>

(Continued)

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

(u) 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.

The remunerations to employees amounted to \$27,657 and \$24,588, respectively, for the years ended December 31, 2020 and 2019, 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, 2019 and 2018, the remunerations to employees amounted to \$24,588 and \$57,879, 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.

(v) Non-operating income and expenses

(iii) Interest income

The details of interest income were as follows:

	2020	2019
Interest income from bank deposits	\$ 632,226	803,595
Other interest income	122,218	286,838
	<u>\$ 754,444</u>	<u>1,090,433</u>

(iv) Other income

The details of other income were as follows:

	2020	2019
Dividend income	\$ 2,234,780	3,237,464
Other income	2,660,693	2,043,670
	<u>\$ 4,895,473</u>	<u>5,281,134</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(v) Other gains and losses

The details of other gains and losses were as follows:

	<u>2020</u>	<u>2019</u>
(Loss) Gain on disposal of property, plant and equipment	\$ (30,415)	307,736
Foreign currency exchange (loss) gain	(1,241,364)	100,199
Loss on financial assets at fair value through profit or loss	(209,673)	(26,211)
Gain on disposal of financial assets	89,307	53,863
Reversal of impairment loss (Impairment loss) on plant, property, and equipment	(36,198)	59
Others	<u>(330,924)</u>	<u>(221,893)</u>
	<u><u>\$ (1,759,267)</u></u>	<u><u>213,753</u></u>

(vi) Finance costs

The details of finance costs were as follows:

	<u>2020</u>	<u>2019</u>
Interest expense	\$ 1,664,980	1,920,271
Less: interest capitalized	<u>(348,661)</u>	<u>(299,843)</u>
	<u><u>\$ 1,316,319</u></u>	<u><u>1,620,428</u></u>

(w) Financial Instruments

(i) Credit Risk

1) Credit risk exposure

The Consolidated Company is exposed to credit risk primarily from cash and cash equivalents, deposits, and trade receivables.

2) Concentration of credit risk

As sales are made to customers worldwide, the Consolidated Company's exposure to credit risk concentration is expected to be low. Also, the Consolidated Company mitigates its exposure by evaluating the customers' financial situation regularly.

(Continued)

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

(ii) 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
December 31, 2020							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 18,296,579	18,303,421	18,303,421	-	-	-	-
Notes and accounts payable	12,214,602	12,214,602	12,214,602	-	-	-	-
Accounts payables to related parties	7,549,472	7,549,472	7,549,472	-	-	-	-
Short-term borrowings	55,121,553	55,336,507	33,025,613	22,310,894	-	-	-
Long-term borrowings	4,925,745	4,990,590	17,112	667,660	2,135,674	2,170,144	-
Bonds payable (TWD)	69,328,907	73,629,785	309,920	6,299,830	11,584,275	30,297,385	25,138,375
Lease liabilities	332,627	358,262	65,765	57,708	68,936	92,913	72,940
	<u>\$ 167,769,485</u>	<u>172,382,639</u>	<u>71,485,905</u>	<u>29,336,092</u>	<u>13,788,885</u>	<u>32,560,442</u>	<u>25,211,315</u>
December 31, 2019							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 15,392,795	15,402,402	15,402,402	-	-	-	-
Notes and accounts payable	9,102,231	9,102,231	9,102,231	-	-	-	-
Accounts payables to related parties	6,986,969	6,986,969	6,986,969	-	-	-	-
Short-term borrowings	24,012,100	22,500,021	22,500,021	-	-	-	-
Long-term borrowings	18,084,450	18,235,167	711,826	2,698,470	13,020,488	1,804,383	-
Bonds payable	63,978,661	68,740,741	1,526,240	3,975,235	6,553,430	31,840,153	24,845,683
Bonds payable (TWD)	5,096,417	5,185,968	7,164	7,164	2,128,656	3,042,984	-
Lease liabilities	488,749	520,549	109,000	99,955	112,797	131,903	66,894
	<u>\$ 143,142,372</u>	<u>146,674,048</u>	<u>56,345,853</u>	<u>6,780,824</u>	<u>21,815,371</u>	<u>36,819,423</u>	<u>24,912,577</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2020			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	916,904	28.5080	26,139,099
JPY		160,915	0.2724	43,833
EUR		2,258	34.5600	78,036
HKD		4,450	3.6549	16,264
CNY		8,085	4.3691	35,324

(Continued)

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

December 31, 2020			
	Foreign Currency	Exchange Rate	TWD
<u>Non-monetary items</u>			
USD	\$ 135,220	28.5080	3,854,852
CNY	69,606	4.3691	304,116
IDR	122,119,192	0.0019	232,026
VND	6,494,031,285	0.0012	7,792,838
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	217,766	28.5080	6,208,073
JPY	1,324,035	0.2724	360,667
EUR	3,189	34.5600	110,212
CNY	98	4.3691	428
December 31, 2019			
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 814,690	30.1060	24,527,057
JPY	391,109	0.2763	108,063
EUR	598	33.6895	20,146
HKD	5,840	3.8597	22,541
CNY	23,304	4.3155	100,568
<u>Non-monetary items</u>			
USD	482,507	30.1060	14,526,356
CNY	59,888	4.3155	258,447
IDR	119,869,376	0.0022	263,713
VND	6,283,412,736	0.0013	8,168,437
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	159,283	30.1060	4,795,374
JPY	1,487,754	0.2763	411,066
EUR	2,498	33.6895	84,156

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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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 years ended December 31, 2020 and 2019 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Appreciation in value of 1%	\$ (196,376)	(194,865)
Depreciation in value of 1%	196,376	194,865

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

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 years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to loss \$1,241,364 and gain \$100,199, respectively.

(iv) Other market price risks

For the years ended December 31, 2020 and 2019, 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 year ended December 31, 2020	For the year ended December 31, 2019
	Other comprehensive income after tax	Other comprehensive income after tax
Prices of securities at the reporting date		
Increasing 1%	\$ <u>403,201</u>	<u>417,158</u>
Decreasing 1%	\$ <u>(403,201)</u>	<u>(417,158)</u>

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

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonable possible change in interest rate.

An increase or decrease of 1% in interest rates mainly from loans with floating interest rates at the reporting date would have increased or decreased net income by \$786 and \$978 for the years ended December 31, 2020 and 2019, respectively.

(vi) 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 through 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:

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 4,447,111	-	3,888,883	558,228	4,447,111
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 40,320,070	40,320,070	-	-	40,320,070
Unquoted equity instruments	19,094,939	-	-	19,094,939	19,094,939
Subtotal	\$ 59,415,009	40,320,070	-	19,094,939	59,415,009
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 55,973,617	-	-	-	-
Notes and accounts receivable (including related parties)	52,051,383	-	-	-	-
Other receivables due from related parties	11,059,230	-	-	-	-
Subtotal	\$ 119,084,230	-	-	-	-

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

December 31, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 55,121,553	55,121,553	-	-	55,121,553
Lease liabilities	332,627	-	-	-	-
Short-term notes and bills payable	18,296,579	18,296,579	-	-	18,296,579
Notes and accounts payable (including related parties)	19,764,074	-	-	-	-
Bonds payable	69,328,907	69,328,907	-	-	69,328,907
Long-term borrowings	4,925,745	4,925,745	-	-	4,925,745
Subtotal	<u>\$ 167,769,485</u>	<u>147,672,784</u>	<u>-</u>	<u>-</u>	<u>147,672,784</u>
December 31, 2019					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	<u>\$ 4,869,082</u>	<u>-</u>	<u>4,044,356</u>	<u>824,726</u>	<u>4,869,082</u>
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 41,715,821	41,715,821	-	-	41,715,821
Unquoted equity instruments	22,662,110	-	-	22,662,110	22,662,110
Subtotal	<u>\$ 64,377,931</u>	<u>41,715,821</u>	<u>-</u>	<u>22,662,110</u>	<u>64,377,931</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 43,608,119	-	-	-	-
Notes and accounts receivable (including related parties)	44,063,533	-	-	-	-
Other receivables due from related parties	8,162,395	-	-	-	-
Subtotal	<u>\$ 95,834,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 24,012,100	24,012,100	-	-	24,012,100
Lease liabilities	488,749	-	-	-	-
Short-term notes and bills payable	15,392,795	15,392,795	-	-	15,392,795
Notes and accounts payable (including related parties)	16,089,200	-	-	-	-
Bonds payable	63,978,661	63,978,661	-	-	63,978,661
Long-term borrowings	18,084,450	18,084,450	-	-	18,084,450
Long-term notes payable	5,096,417	5,096,417	-	-	5,096,417
Subtotal	<u>\$ 143,142,372</u>	<u>126,564,423</u>	<u>-</u>	<u>-</u>	<u>126,564,423</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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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.

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:

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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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 years ended December 31, 2020 and 2019.

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
Balance at January 1, 2020	\$ 824,726	22,662,110
Total gains and losses recognized:		
In profit or loss	35,107	-
In other comprehensive income	-	(12,757,279)
Refund capital reduction	-	(12,500)
Disposals	(266,103)	9,482,686
Reclassified	-	(169,816)
Effect of exchange rate changes	(35,502)	(110,262)
Balance at December 31, 2020	<u>\$ 558,228</u>	<u>19,094,939</u>
Balance at January 1, 2019	\$ 1,047,877	28,011,349
Total gains and losses recognized:		
In profit or loss	545	-
In other comprehensive income	-	(4,975,987)
Disposals	(207,799)	-
Effect of exchange rate changes	(15,897)	(373,252)
Balance at December 31, 2019	<u>\$ 824,726</u>	<u>22,662,110</u>

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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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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 was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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 EBITDA 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:

			<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2020	Input	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 EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>153,228</u>	<u>(153,228)</u>
December 31, 2019				

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Notes to the Consolidated Financial Statements

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
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 EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>189,147</u>	<u>(189,147)</u>

(x) Financial risk management

(i) The Consolidated Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Consolidated Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Consolidated Company Audit Committee oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

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The credit risk exposure on bank deposits and other financial instruments are measured and monitored by the Consolidated Company's finance department. As the Consolidated Company's transactions are done with the banks and other external parties with good credit standing, management is not aware of any noncompliance issues and is not expecting significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

(v) Market risk

Market risk is the risk that changes in the market, such as foreign exchange rates, interest rates, and equity prices, of that will affect the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Consolidated Company is exposed to currency risk is due to global transactions that are denominated in a currency other than the respective functional currency of the Company, primarily the New Taiwan Dollars (TWD). The currencies used in these transactions are denominated in USD. The currency risk mainly arises from future business transactions and recognized assets and liabilities. Part of the currency risks arising from purchases and sales can be offset each other to achieve automatic hedge.

When the Consolidated Company has foreign currency needs, the Consolidated Company uses spot exchange contracts and forward exchange contracts if the exchange rate is advantageous to the Consolidated Company to manage the risk. If necessary, the Consolidated Company uses derivatives operated by prestigious international banks to manage its exposure to foreign currency exchange rate fluctuation risk, which monitor the exchange rate risks and adhere to acceptable levels by the Consolidated Company.

2) Interest rate risk

The Consolidated Company's interest rate risk mainly arises from long-term loans with variable interest rates, which bear cash flow risks to the Consolidated Company. Part of the interest rate risks can be offset by cash and cash equivalents with variable interest rates held by the Consolidated Company.

The Consolidated Company manages interest rate risks by using derivatives when necessary, to lower the risk to acceptable levels.

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3) Other market price risk

The Consolidated Company is exposed to fair value change risk due to financial assets at fair value through other comprehensive income (available-for-sale financial assets), which were measured at fair value.

(y) Capital Management

Although business operated by the Consolidated Company has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Consolidated Company's policy is to maintain sufficient financial resources and operating plan to meet future demands such as operating capital, capital expenditure, research and development expenditures, loan reimbursements, and dividend distributions.

The Consolidated Company and other entities in the same industry use the debt-to-equity ratio to manage its capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Consolidated Company's debt-to-equity ratio at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 228,125,869	199,107,979
Less: cash and cash equivalents	<u>(55,973,617)</u>	<u>(43,608,119)</u>
Net debt	<u>\$ 172,152,252</u>	<u>155,499,860</u>
Total equity	<u>\$ 356,586,478</u>	<u>355,570,700</u>
Debt-to-equity ratio at December 31	<u>32.56 %</u>	<u>30.43 %</u>

(z) 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, 2020	\$ 24,012,100	15,392,795	5,096,417	18,084,450	63,978,661	488,749	127,053,172
Change in cash from financing activities	32,098,262	2,900,000	(5,100,000)	(12,973,694)	5,334,330	(203,398)	22,055,500
Non-cash changes	-	3,784	3,583	-	15,916	60,668	83,951
Influence due to fluctuation of exchange rate	<u>(988,809)</u>	<u>-</u>	<u>-</u>	<u>(185,011)</u>	<u>-</u>	<u>(13,392)</u>	<u>(1,187,212)</u>
Balance as of December 31, 2020	<u>\$ 55,121,553</u>	<u>18,296,579</u>	<u>-</u>	<u>4,925,745</u>	<u>69,328,907</u>	<u>332,627</u>	<u>148,005,411</u>

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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)	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	2,772,313	6,500,000	(2,000,000)	6,133,209	5,431,560	(209,941)	18,627,141
Non-cash changes	-	(4,952)	(133)	-	15,646	80,518	91,079
Influence due to fluctuation of exchange rate	(13,594)	-	-	(319,564)	-	(6,106)	(339,264)
Balance as of December 31, 2019	<u>\$ 24,012,100</u>	<u>15,392,795</u>	<u>5,096,417</u>	<u>18,084,450</u>	<u>63,978,661</u>	<u>488,749</u>	<u>127,053,172</u>

(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.

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
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 Fairway Corporation	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
P.T. Indonesia Nanya Indah Plastics Co.	Joint ventures
Formosa Plastics Corporation	Other related parties

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
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 Co., Ltd.	Other related parties
Formosa Industries Corporation	Other related parties
Formosa Taffeta (Dong Nai) Co., Ltd.	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
Formosa Electronic (Ningbo) Co., Ltd.	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 years ended December 31	
	2020	2019
Associates and joint ventures	\$ 3,254,207	4,823,266
Other related parties	12,439,106	13,749,358
	\$ 15,693,313	18,572,624

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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The receivables from related parties were as follows:

	December 31, 2020	December 31, 2019
Associates and joint ventures	\$ 760,461	683,497
Other related parties	<u>1,556,448</u>	<u>1,182,504</u>
	<u>\$ 2,316,909</u>	<u>1,866,001</u>

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 years ended December 31	
	2020	2019
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 27,967,532	35,608,519
Other associates and joint ventures	181,317	39,150
Formosa Chemicals and Fiber Corporation	20,967,759	24,944,681
Other related parties	<u>20,128,777</u>	<u>21,870,354</u>
	<u>\$ 69,245,385</u>	<u>82,462,704</u>

The payables to related parties were as follows:

	December 31, 2020	December 31, 2019
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 2,762,347	2,862,473
Other associates and joint ventures	5,045	4,727
Other related parties		
Formosa Chemicals and Fiber Corporation	2,172,574	1,959,178
Other related parties	<u>2,608,624</u>	<u>2,160,591</u>
	<u>\$ 7,548,590</u>	<u>6,986,969</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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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:

Investee	For the year ended December 31, 2020			For the year ended December 31, 2019		
	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	\$ 38,995	671	39,666	45,959	(6,964)	38,995

(iv) Construction

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

	For the years ended December 31	
	2020	2019
Associates and joint ventures		
Formosa Heavy Industries Corporation	\$ 439,734	3,082,860
Other related parties	-	17,988
	<u>\$ 439,734</u>	<u>3,100,848</u>

The payables to related parties were as follows:

	December 31, 2020	December 31, 2019
Formosa Heavy Industries Corporation	<u>\$ 882</u>	<u>-</u>

(v) Utility expenses

Part of the utilities of the Consolidated 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 years ended December 31	
	2020	2019
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 6,426,666	7,217,914
Other related parties		
Other related parties	102,129	106,786
	<u>\$ 6,528,795</u>	<u>7,324,700</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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The payables to related parties were as follows:

	December 31, 2020	December 31, 2019
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 266	84,083

(vi) Property transactions

1) Purchase of Property, Plant and Equipment

The purchases price of property, plant and equipment purchased from related parties were as follows:

	December 31, 2020	December 31, 2019
Formosa Heavy Industries Corporation	\$ 215,765	-
Other related parties	-	9,618
	\$ 215,765	9,618

In January, June, November, 2020 and November, December 2019, the Consolidated Company purchased property, plant, and equipment, amounting to \$215,765 and \$9,618, respectively. As of December 31, 2020 and 2019, the ownership transfer process has been finished. The purchase price for the property, plant, and equipment was determined based on market condition and asset evaluation report. For further description of the property, plant, and equipment, please refer to note 6(i).

2) Acquisition of financial assets

	Account	Number of Shares (in thousands)	Purpose	For the year ended December 31, 2020
Associates— FG Inc.	Investments accounted for using equity method	-	Shares of stock of FG Inc.	\$ 245,909
Associates— Formosa Plastics Construction Corporation	Investments accounted for using equity meth	50,000	Shares of stock of Formosa Plastics Construction Corporation	500,000
				\$ 745,909

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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	Account	Number of Shares (in thousands)	Purpose	For the year ended December 31, 2019
Associates— Formosa Resources Corporation	Investments accounted for using equity method	157,000	Shares of stock of Formosa Resources Corporation	\$ 1,570,000
Associates—FG Inc.	Investments accounted for using equity meth	-	Shares of stock of FG Inc.	231,570
Associates— Formosa Synthetic Rubber Corporation Limited	Investments accounted for using equity method	4,600	Shares of stock of Formosa Synthetic Rubber Corporation Limited	46,000
Subsidiaries—Nan Ya PCB Corporation	Investments accounted for using equity method"	13,267	Shares of stock of Formosa Advanced Technologies Co.,Ltd	472,968
				<u>\$ 2,320,538</u>

3) Disposals of property, plant and equipment

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

	For the years ended December 31, 2020		For the years ended December 31, 2019	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Associates				
Formosa Industries Corporation	\$ -	-	1,247,436	(62,144)
Other related parties				
Formosa Chemicals and Fiber (Ningbo) Corporation	6	-	-	-
	<u>\$ 6</u>	<u>-</u>	<u>1,247,436</u>	<u>(62,144)</u>

As of December 31, 2020 and 2019, the outstanding balance was \$0 and \$748,193, respectively. Please refer to note 6(h) for the details of property, plant and equipment.

(vii) Loans to related parties

The loans to related parties were as follows:

	Other receivables from related parties	
	December 31, 2020	December 31, 2019
Associates and joint ventures		
Other associates and joint ventures	\$ 175,489	198,097
Other related parties		
Formosa Plastics Marine Corporation	4,263,200	5,640,819
Other related parties	87,381	86,311
	<u>\$ 4,526,070</u>	<u>5,925,227</u>

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Notes to the Consolidated Financial Statements

(viii) Endorsements and guarantees

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

	December 31, 2020	December 31, 2019
Associates and joint ventures		
Formosa Group (Cayman) Limited	\$ 7,127,000	7,526,500
Formosa Industries Corporation	-	602,120
Formosa Resources Corporation	3,064,610	3,236,395
Other related parties		
Formosa Ha Tinh (Cayman) Ltd.	<u>18,967,581</u>	<u>20,753,559</u>
	<u>\$ 29,159,191</u>	<u>32,118,574</u>

(ix) Leases

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

	For the years ended December 31	
	2020	2019
Associates and joint ventures		
Nan Ya Technology Corporation	<u>\$ 263,341</u>	<u>258,976</u>

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

- 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. For the years ended December 31, 2020 and 2019, the Consolidated Company recognized the amount of \$210 and \$564 as interest expense, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$1,121 and 26,385, 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. For the years ended December 31, 2020 and 2019 amount to \$207 and \$584 as interest expense, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$0 and \$26,918, respectively.

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

The Consolidated Company rented an office building from Ming Chi University Of Technology. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2020 and 2019 amount to \$940 and \$984 as interest expense, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to 64,808 and \$67,947, respectively.

(x) Other

	For the year ended December 31, 2019
Associates — Formosa Plastics Corporation	\$ 10

For the year ended December 31, 2019, the Consolidated Company purchased official vehicles from Formosa Plastics Corporation, which were managed assets, and recognized as miscellaneous purchases. The Consolidated Company did not have similar transactions for the year ended December 31, 2020.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2020	2019
Short-term employee benefits	\$ 149,956	143,949

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	Usage	December 31, 2020	December 31, 2019
Current Financial asset at fair value through other comprehensive income — stock of Formosa Plastics Corporation	Others	The collateral to provisional execution in litigation	\$ 1,227,750	1,271,053
Land (include idle land)	Bank loans	Bank loans	7,529,494	7,529,494
Total			\$ 8,757,244	8,800,547

(9) Significant Commitments and contingencies:

	December 31, 2020	December 31, 2019
(a) Outstanding standby letter of credit	\$ 1,661,064	2,358,537
(b) Endorsements and guarantees	29,159,191	32,118,574
(c) Bonding guarantees by banks	35,000	29,000
(d) Letters of credit guarantees by banks	32,000	24,000

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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- (e) Formosa Ha Tinh (Cayman) Ltd., Company's investees, signed a syndicated line of credit with a group of financial institutions amounting to USD 1,485,000 thousand, 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. to ensure that it complete its financial obligation.
- (f) 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.
- (g) 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, as stated in the second judgement rendered after the case has been remanded by Taiwan High Court on April 22, 2020, the original judgement which ordered DBTEL to pay the amount exceeding USD 5,395,363 and NTD 100,846,141 (both including principal and interest), related provisional execution and litigation fee were abolished. According to the aforementioned abolishment, the application the Company made in the judgement of the court of the first instance and the application for provisional execution were both denied. The rest of the appeal was also denied. DEBTEL has appealed to a higher court and the case is being adjudicated on the Supreme Court. The Company will file a favorable response actively.

(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, was as follows:

by function by item	For the years ended December 31,							
	2020				2019			
	Operating Costs	Operating expenses	Non-Operating expenses	Total	Operating Costs	Operating expenses	Non-Operating expenses	Total
Employee benefit								
Salaries	28,590,039	5,907,723	-	34,497,762	29,371,912	5,432,775	-	34,804,687
Labor and health insurance	2,034,455	354,685	-	2,389,140	2,103,858	363,328	-	2,467,186
Pension expenses	1,342,729	298,915	-	1,641,644	1,638,905	350,848	-	1,989,753
Remuneration of directors	-	36,197	-	36,197	-	35,172	-	35,172
Others personnel expenses	1,199,501	222,574	-	1,422,075	1,249,637	211,038	-	1,460,675
Depreciation expenses	14,439,647	763,667	19,385	15,222,699	14,546,276	681,407	30,780	15,258,463
Amortization expenses	1,309,863	244,914	-	1,554,777	1,039,106	247,073	-	1,286,179

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Notes to the Consolidated Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions:
 - (i) Loan 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 as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please see attached Table 3.
 - (iv) Information regarding individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 4.
 - (v) Information regarding acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None
 - (vi) Information regarding disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 5.
 - (vii) Information regarding related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 6.
 - (viii) Information regarding receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 7.
 - (ix) Information regarding trading in derivative financial instruments: None.
 - (x) Significant transactions and business relationship: 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.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chang Gung Medical Foundation		876,733,453	11.05 %
Formosa Plastics Corporation		783,356,866	9.87 %
Formosa Chemicals and Fiber Corporation		413,327,750	5.21 %

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
- (ii) If share are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

(a) General Information

The Consolidated Company's four reportable segments are: plastics products, plastic materials, electronic materials and fiber products. Plastic products department mainly engaged in the manufacture and sale of flexible PVC sheets and other plastics processing products; plastic materials department is mainly engaged in the manufacture and sale of ethylene glycol and other plastic petrochemical raw materials; electronic materials department is mainly engaged in the manufacture and sale of copper clad laminate; fiber products department is mainly engaged in the manufacture and sale of polyester products.

The Consolidated Company's reportable segments are responsible for the Consolidated Company's strategic business units, including the manufacturing and supplying of different products. As each strategic business unit requires different technology and marketing strategies, each unit is administered individually.

(b) Segment revenue and operating results

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any shares of profit (loss) of associates and joint ventures accounted for using equity method, income tax, extraordinary gains and losses, and foreign exchange gains and losses, because they are managed on a group basis, and hence they are not allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

There were no material differences between the accounting policies adopted for the Consolidated Company's operating segments and those described in Note 4. The terms and conditions for the Consolidated Company's intersegment sales and transfers are the same as those of third-party transactions, which are measured at market price.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Operating segments are combined and reconciled as follows:

For the year ended December 31, 2020						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Total
Revenue :						
Net revenue from external customers	\$ 40,920,730	64,901,861	119,777,239	43,580,158	4,173,818	273,353,806
Net revenue from sales among intersegments	1,232,735	7,132,530	19,699,701	574,406	3,197,663	(31,837,035)
Interest revenue	182,178	10,023	634,626	2,006	227,283	(301,672)
Total revenue	<u>\$ 42,335,643</u>	<u>72,044,414</u>	<u>140,111,566</u>	<u>44,156,570</u>	<u>7,598,764</u>	<u>274,108,250</u>
Interest expense	\$ 81,079	514,137	216,713	174,919	631,143	(301,672)
Depreciation and amortization	1,536,439	4,940,255	7,764,324	1,858,549	677,909	-
Share of profit (loss) of associates and joint ventures accounted for using equity method						6,643,303
Reportable segment profit or loss	<u>\$ 4,001,820</u>	<u>2,381,453</u>	<u>13,763,789</u>	<u>1,790,083</u>	<u>19,939,020</u>	<u>30,437,740</u>
Reportable segment assets	<u>\$ 39,620,770</u>	<u>87,875,539</u>	<u>157,820,643</u>	<u>32,289,602</u>	<u>448,671,743</u>	<u>584,712,347</u>
Reportable segment liabilities	<u>\$ 10,631,665</u>	<u>11,933,877</u>	<u>34,304,806</u>	<u>10,187,185</u>	<u>171,398,847</u>	<u>228,125,869</u>
For the year ended December 31, 2019						
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Total
Revenue :						
Net revenue from external customers	\$ 42,529,381	72,185,495	112,257,646	55,150,576	4,179,961	286,303,059
Net revenue from sales among intersegments	1,294,908	8,277,826	19,627,835	991,997	3,704,696	(33,897,262)
Interest revenue	217,255	148,752	565,513	1,385	631,436	(473,908)
Total revenue	<u>\$ 44,041,544</u>	<u>80,612,073</u>	<u>132,450,994</u>	<u>56,143,958</u>	<u>8,516,093</u>	<u>287,393,492</u>
Interest expense	\$ 95,805	892,028	295,524	204,706	606,273	(473,908)
Depreciation and amortization	1,520,694	4,733,890	7,849,577	1,823,620	616,861	-
Share of profit (loss) of associates and joint ventures accounted for using equity method						11,838,753
Reportable segment profit or loss	<u>\$ 3,222,819</u>	<u>(2,549,569)</u>	<u>7,979,595</u>	<u>2,112,671</u>	<u>22,471,164</u>	<u>26,689,030</u>
Reportable segment assets	<u>\$ 36,222,891</u>	<u>76,553,181</u>	<u>139,519,674</u>	<u>34,504,449</u>	<u>451,894,399</u>	<u>554,678,679</u>
Reportable segment liabilities	<u>\$ 10,417,840</u>	<u>19,255,892</u>	<u>29,203,048</u>	<u>10,063,287</u>	<u>142,497,488</u>	<u>199,107,979</u>

Further explanations of the significant reconciling items of reportable segment information exhibited above are described as follows:

The eliminations of the Consolidated Company's intersegment revenue amounted to \$32,138,707 and \$34,371,170 in 2020 and 2019, respectively.

(c) Geographic information

The Consolidated Company's revenues from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are as follows:

Geographic	For the years ended December 31	
	2020	2019
Net Revenue from External Customers:		
Taiwan	\$ 83,518,817	82,326,864
China and HK	117,166,405	116,321,519
U.S.A.	31,249,908	37,218,261
Others	41,418,676	50,436,415
	<u>\$ 273,353,806</u>	<u>286,303,059</u>

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<u>Geographic</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current Assets:		
Taiwan	\$ 92,760,173	87,701,251
China and HK	51,609,299	49,900,319
U.S.A.	<u>45,014,165</u>	<u>35,563,525</u>
	<u>\$ 189,383,637</u>	<u>173,165,095</u>

Non-current assets include property, plant and equipment, intangible assets, technology development expense, prepayments for purchase of equipment and other assets, but do not include financial instruments, deferred tax assets, post-employment benefit assets, and non-current assets arising from insurance contracts.

(d) Information about major customers

There is no single customer's sale which exceeds 10% of the Consolidated Company's revenues.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
LENDING TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

TABLE 1

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 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
													Item	Value		
0	The Company	Formosa Plastics Group Investment Corp. (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	PFG Fiber Glass Corporation (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
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	-	-	-	86,154,217	172,308,434
0	The Company	Nan Chung Petrochemical Corporation (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	1.229931%~1.418142%	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	YES	9,000,000	5,700,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	YES	10,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	YES	8,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Formosa Chemicals and Fiber Corporation	Other receivables from related parties	YES	8,000,000	4,500,000	-	-	2	-	Operating capital	-	-	-	86,154,217	172,308,434
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	YES	7,683,706	6,203,200	4,263,200	1.229561%~1.418142%	2	-	Operating capital	-	-	-	86,154,217	172,308,434
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas (Note 6)	Other receivables from related parties	YES	18,245,120	10,262,880	10,262,880	1.315%~2.937%	2	-	Operating capital	-	-	-	20,648,695	41,297,390
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A. (Note 6)	Other receivables from related parties	YES	855,240	855,240	214,755	1.315%~2.937%	2	-	Operating capital	-	-	-	20,648,695	41,297,390
2	Nan Ya PCB Corporation	The Company (Note 6)	Other receivables from related parties	YES	7,000,000	3,000,000	3,000,000	1.230%~1.418%	2	-	Operating capital	-	-	-	8,090,672	16,181,345
2	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	-	8,090,672	16,181,345

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 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
													Item	Value		
4	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	23,000	23,000	-	-	2	-	Operating capital	-	-	-	25,149	251,487
4	Wen Fung Industrial Co., Ltd.	Formosa Fairway Corporation	Other receivables from related parties	YES	15,000	15,000	15,000	1.230%	2	-	Operating capital	-	-	-	100,595	251,487
4	Wen Fung Industrial Co., Ltd.	Formosa Environmental Technology Corporation	Other receivables from related parties	YES	60,000	60,000	60,000	1.230%	2	-	Operating capital	-	-	-	125,744	251,487
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	52,429	-	-	3.08%~3.08%	2	-	Operating capital	-	-	-	1,362,738	2,725,472
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	567,979	567,979	567,979	3.08%~3.32%	2	-	Operating capital	-	-	-	1,362,738	2,725,472
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	729,634	345,156	345,156	3.08%~3.48%	2	-	Operating capital	-	-	-	1,362,738	2,725,472
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,048,576	1,048,576	1,048,576	3.08%~3.48%	2	-	Operating capital	-	-	-	1,752,748	3,505,491
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	533,026	109,227	109,227	3.08%~3.48%	2	-	Operating capital	-	-	-	1,752,748	3,505,491
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	YES	87,381	87,381	87,381	3.08%~3.48%	2	-	Operating capital	-	-	-	564,802	706,004
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	139,810	139,810	139,810	3.08%~3.32%	2	-	Operating capital	-	-	-	564,802	706,004
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	43,691	43,691	43,691	3.08%~3.08%	2	-	Operating capital	-	-	-	564,802	706,004
8	Nan Ya Plastics (Xiamen) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	39,322	-	-	3.24%~3.48%	2	-	Operating capital	-	-	-	564,802	706,004
8	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	YES	139,810	100,489	100,489	3.08%~3.48%	2	-	Operating capital	-	-	-	564,802	706,004
9	Nan Ya Plastics (Nantong) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	21,845	-	-	3.08%~3.08%	2	-	Operating capital	-	-	-	5,201,519	10,403,038
9	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,651,507	463,121	463,121	3.08%~3.48%	2	-	Operating capital	-	-	-	5,201,519	10,403,038
10	China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	166,025	166,025	166,025	3.08%~3.48%	2	-	Operating capital	-	-	-	169,192	338,384
10	China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	157,286	146,364	146,364	3.08%~3.32%	2	-	Operating capital	-	-	-	169,192	338,384

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 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
													Item	Value		
11	Nantong Huafu Plastics Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	31,457	-	-	3.32%~3.32%	2	-	Operating capital	-	-	-	47,618	95,233
11	Nantong Huafu Plastics Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	43,691	43,691	43,691	3.24%~3.48%	2	-	Operating capital	-	-	-	47,618	95,233
12	Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	43,691	43,691	43,691	3.24%~3.24%	2	-	Operating capital	-	-	-	609,354	1,218,708
12	Nan Ya Electric (Nantong) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	65,536	-	-	3.08%~3.24%	2	-	Operating capital	-	-	-	609,354	1,218,708
12	Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	314,573	52,429	52,429	3.08%~3.48%	2	-	Operating capital	-	-	-	609,354	1,218,708
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	YES	262,144	65,536	65,536	3.08%~3.48%	2	-	Operating capital	-	-	-	30,054,767	60,109,530
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	327,680	-	-	3.08%~3.48%	2	-	Operating capital	-	-	-	30,054,767	60,109,530
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 6)	Other receivables from related parties	YES	1,660,246	1,511,697	1,511,697	3.08%~3.48%	2	-	Operating capital	-	-	-	30,054,767	60,109,530
13	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	4,910,832	2,970,966	2,970,966	3.08%~3.48%	2	-	Operating capital	-	-	-	30,054,767	60,109,530

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 : Reporting currency of Nan Ya Plastics corporation, America and Nan Ya Plastics corporation USA are denominated in USD, and the exchange rate of TWD to USD as of December 31, 2020 (in average) is 28.508(29.567) : 1.

Reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. are denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2020 (in average) is 3.6549(3.7907) : 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 YEAR ENDED DECEMBER 31, 2020
(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 December 31, 2020	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	9,025,177	427,620	-	-	-	0.00%	448,001,927	N	N	N
0	The Company	Formosa Group (Cayman) Ltd.	6	224,000,964	7,127,000	7,127,000	7,127,000	-	2.07%	448,001,927	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Ltd.	6	224,000,964	19,651,978	18,967,581	18,967,581	-	5.50%	448,001,927	N	N	N
0	The Company	Formosa Resources Corporation	6	224,000,964	3,064,610	3,064,610	3,064,610	-	0.89%	448,001,927	N	N	N
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	4	26,843,304	97,482	-	-	-	0.00%	53,686,607	Y	N	N

Note1: The total amount of guarantees and endorsements by the company shall not exceed 1.3 times of the company's net value, and the amount of guarantees and endorsements for a specific enterprise shall not exceed one half of the foregoing total.

Note2: 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 endorsement 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 liabilities if take part in business of preconstruction real estate.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING SECURITIES HELD AT THE REPORTING DATE
(SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES NOT INCLUDED)
DECEMBER 31, 2020
(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	December 31, 2020				Highest Percentage of Ownership During the Year	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	3,888,883	-	3,888,883	-	
The Company	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI — current	294,793	28,418,056	4.63%	28,418,056	4.63%	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Financial assets valued at FVTOCI — current	140,520	11,902,014	2.40%	11,902,014	2.40%	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets valued at FVTOCI — non current	3	5,685,107	19.00%	5,685,107	19.00%	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets valued at FVTOCI — non current	2	286,442	0.51%	286,442	0.51%	
The Company	Ostendo Technologies Inc.	-	Financial assets valued at FVTOCI — non current	150	-	0.12%	-	0.12%	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets valued at FVTOCI — non current	352	215,173	18.00%	215,173	18.00%	
The Company	Formosa International Development Co., Ltd.	Other related parties	Financial assets valued at FVTOCI — non current	18,255	266,735	18.00%	266,735	18.00%	
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets valued at FVTOCI — non current	39,562	780,924	17.98%	780,924	17.98%	
The Company	Formosa Plastics Marine Corporation	Other related parties	Financial assets valued at FVTOCI — non current	2,429	313,958	15.00%	313,958	15.00%	
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets valued at FVTOCI — non current	63,717	2,439,310	14.99%	2,439,310	14.99%	
The Company	Formosa Technologies Corporation	Other related parties	Financial assets valued at FVTOCI — non current	2,925	93,747	12.50%	93,747	12.50%	
The Company	WK Technology Fund Ltd.	-	Financial assets valued at FVTOCI — non current	326	6,310	1.63%	6,310	1.63%	
The Company	WK Technology Fund IV Ltd.	-	Financial assets valued at FVTOCI — non current	460	4,490	1.08%	4,490	1.08%	
The Company	Central Leasing Corp.	-	Financial assets valued at FVTOCI — non current	1,779	-	1.07%	-	1.07%	
The Company	Chinese Television System Inc.	-	Financial assets valued at FVTOCI — non current	1,769	37,277	1.04%	37,277	1.04%	
The Company	China Investment & Development Company, Limited	-	Financial assets valued at FVTOCI — non current	1,287	6,926	0.80%	6,926	0.80%	

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2020				Highest Percentage of Ownership During the Year	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	14,372	0.79%	14,372	0.79%	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI— non current	3,750	21,450	3.91%	21,450	3.91%	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI— non current	2,500	20,458	1.97%	20,458	1.97%	
The Company	Formosa Ha Tinh (Cayman) Ltd.	-	Financial assets valued at FVTOCI— non current	621,178	8,145,932	11.43%	8,145,932	11.43%	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL— non current	-	248,972	-	248,972	-	
Nan Ya Plastics Corporation America	American Overseas Reinsurance Co., Ltd. (Preferred Stock)	-	Financial assets valued at FVTPL— non current	-	105,481	-	105,481	-	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL— non current	-	203,775	-	203,775	-	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI— non current	-	341,170	15.00%	341,170	15.00%	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI— non current	-	390,831	15.00%	390,831	15.00%	
Formosa Plastics Group Investment Corp.	WK Technology Fund Ltd.	-	Financial assets valued at FVTOCI— non current	1,935	9,359	2.42%	9,359	2.42%	
Formosa Plastics Group Investment Corp.	WK Technology Fund IV Ltd.	-	Financial assets valued at FVTOCI— non current	658	14,968	3.60%	14,968	3.60%	

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to \$1,227,750.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION REGARDING INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF 300 MILLION OR 20% OF THE CAPITAL STOCK FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company Name	Category and Name of Security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Carrying Value	Gain/Loss on Disposal	Shares (in thousands)	Amount
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Investments accounted for using equity method	Nan Ya PCB (Hong Kong) Corporation	Investments accounted for using equity method	1,223,820	9,603,122	374,400	1,456,560	-	-	-	-	1,598,220	11,534,930 (Note1.2)
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	Investments accounted for using equity method	Nan Ya PCB (Kunshan) Corporation	Investments accounted for using equity method	-	9,589,396	-	1,456,560	-	-	-	-	-	11,521,860 (Note1.2)
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	Investments accounted for using equity method	Nan Ya Plastics Corporation Texas	Investments accounted for using equity method	3	8,565,565	-	4,660,160	-	-	-	-	3	12,306,315 (Note1.2)
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	953,253	85,283,330	23,790	892,371	-	-	-	-	977,043	94,503,253 (Note1.2)
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Investments accounted for using equity method	Nan Ya Plastics (Ningbo) Co., Ltd.	Investments accounted for using equity method	-	1,886,579	-	892,371	-	-	-	-	-	4,256,031 (Note1.2)
The Company	Formosa Plastics Construction Corporation	Investments accounted for using equity method	Formosa Plastics Construction Corporation	Investments accounted for using equity method	10,000	75,521	50,000	500,000	-	-	-	-	60,000	568,402 (Note1.2)

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
FORMATION REGARDING DISPOSAL OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF 300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Name of Property	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Status of Payment	Gains (Loss) on Disposal	Counter-party	Relationship	Purpose of Disposal	Reference for Determining Price	Others
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Right-of-use asset (Land)	2020.06	2003.11	42,579	304,789	The full amount has been collected on July 2020.	261,371	Kunshan Guochuang Investment Group Co., Ltd.	Non-related parties	Disposal of Idle Land	Based on the government repurchase land price of state-owned construction land use right of Kunshan Economic and Technological Development Zone Planning and Construction Bureau.	None

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF 100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2020
(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)	(1,213,121)	(0.85)%	30 days	-	-	176,445	0.89%	Note
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(7,460,636)	(5.20)%	30 days	-	-	1,269,799	6.40%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(1,060,830)	(0.74)%	30 days	-	-	82,150	0.41%	
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(1,152,996)	(0.80)%	30 days	-	-	283,494	1.43%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(197,131)	(0.14)%	30 days	-	-	34,608	0.17%	Note
The Company	Formosa Heavy Industries Corporation	Associates	(Sales)	(174,988)	(0.12)%	30 days	-	-	96,331	0.49%	
The Company	Formosa Taffeta Co., Ltd.	Other related parties	(Sales)	(596,978)	(0.42)%	30 days	-	-	46,114	0.23%	
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(574,780)	(0.40)%	O/A105 days	-	-	317,278	1.60%	
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(316,391)	(0.22)%	O/A105 days	-	-	57,528	0.29%	Note
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(3,962,713)	(2.76)%	O/A180 days	-	-	1,165,223	5.88%	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(804,741)	(0.56)%	O/A150 days	-	-	352,445	1.78%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(6,303,415)	(4.40)%	O/A150 days	-	-	1,991,134	10.04%	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(1,227,351)	(0.86)%	O/A150 days	-	-	191,827	0.97%	Note
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(144,265)	(0.10)%	O/A150 days	-	-	57,950	0.29%	
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(489,568)	(0.34)%	O/A150 days	-	-	90,968	0.46%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(166,282)	(0.12)%	30 days	-	-	0	0.00%	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(184,155)	(0.13)%	O/A150 days	-	-	66,075	0.33%	Note
The Company	Formosa Plastics Corporation	Other related parties	Purchases	11,141,397	12.13%	30 days	-	-	(1,224,446)	(10.34)%	Note
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	20,526,039	22.34%	30 days	-	-	(2,134,838)	(18.04)%	
The Company	Formosa Petrochemical Corporation	Associates	Purchases	24,963,737	27.17%	30 days	-	-	(2,750,104)	(23.23)%	
The Company	PFG Fiber Glass Corporation	Subsidiaries	Purchases	2,599,495	2.83%	30 days	-	-	(235,311)	(1.99)%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	2,073,749	2.26%	30 days	-	-	0	0.00%	Note
Nan Ya PCB Corporation	The Company	Parent	Purchases	1,060,830	5.69%	30 days	-	-	(82,150)	(2.74)%	Note
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	8,605,502	46.19%	30 days	-	-	(872,319)	(29.13)%	Note
Nan Ya PCB Corporation	Formosa Advanced Technologies Co., LTD.	Associates	(Sales)	(213,434)	(0.64)%	70 days	-	-	0	0.00%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(8,605,502)	(62.43)%	30 days	-	-	872,319	45.50%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Same chairman	Purchases	1,249,818	16.00%	60 days	-	-	(147,626)	(9.18)%	
Nan Ya PCB (Kunshan) Corporation	Formosa Advanced Technologies Co., LTD.	Associates	(Sales)	(201,128)	(1.46)%	70 days	-	-	46,704	2.44%	
Nan Ya PCB (Kunshan) Corporation	Wellink Technology Corporation	Same chairman	Purchases	105,982	1.36%	60 days	-	-	(26,916)	(1.67)%	Note
Nan Chung Petrochemical Corporation	The Company	Parent	(Sales)	(2,073,749)	(50.04)%	30 days	-	-	0	0.00%	Note
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	(Sales)	(2,053,199)	(49.54)%	15th day of next month	-	-	0	0.00%	Note
Nan Chung Petrochemical Corporation	Formosa Petrochemical Corporation	Associates	Purchases	2,875,621	94.21%	15th day of next month	-	-	0	0.00%	
Nan Chung Petrochemical Corporation	The Company	Parent	Purchases	166,282	5.45%	30 days	-	-	0	0.00%	
Wellink Technology Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(105,982)	(50.76)%	O/A150 days	-	-	26,916	60.80%	
PFG Fiber Glass Corporation	The Company	Parent	(Sales)	(2,599,495)	(75.77)%	30 days	-	-	235,311	73.93%	Note
PFG Fiber Glass Corporation	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	422,637	24.15%	30 days	-	-	(33,554)	(19.61)%	Note
PFG Fiber Glass Corporation	Formosa Petrochemical Corporation	Other related parties	Purchases	128,175	7.33%	30 days	-	-	(12,243)	(7.15)%	

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	621,221	26.50%	payment within one month	-	-	(70,077)	(12.49)%	
Nan Ya Plastics Corporation U.S.A.	The Company	Parent	Purchases	574,780	24.52%	O/A 105 days	-	-	(317,278)	(56.53)%	Note
Nan Ya Plastics Corporation U.S.A.	Nan Ya Plastics Corporation America	Subsidiaries	Purchases	152,987	6.53%	payment within one month	-	-	0	0.00%	Note
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(517,296)	(2.02)%	payment within one month	-	-	0	0.00%	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(152,987)	(0.60)%	payment within one month	-	-	0	0.00%	Note
Nan Ya Plastics Corporation America	Formosa Industries Corporation	Other related parties	Purchases	145,510	0.63%	O/A150 days	-	-	0	0.00%	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	160,901	0.70%	payment within one month	-	-	(16,955)	(2.64)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	316,391	1.37%	O/A 105 days	-	-	(57,528)	(8.96)%	Note
Nan Ya Plastics Corporation Texas	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	418,656	100.00%	payment within one month	-	-	(403,446)	(100.00)%	
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(2,657,429)	(79.76)%	60 days	-	-	295,724	50.84%	Note
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	236,570	18.12%	60 days	-	-	(24,111)	(10.62)%	Note
Nan Ya Plastics (Xiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	243,947	22.23%	60 days	-	-	(17,748)	(18.79)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Plastics Corporation	Other related parties	Purchases	555,586	30.12%	O/A 150 days	-	-	(141,287)	(43.61)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	349,674	18.96%	60 days	-	-	(54,884)	(16.94)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	The Company	Parent	Purchases	184,155	9.98%	O/A 150 days	-	-	(66,075)	(20.39)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent	Purchases	3,962,713	48.01%	O/A180 days	-	-	(1,165,223)	(33.94)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	3,438,921	41.66%	180 days	-	-	(2,233,163)	(65.05)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Plastics Corporation	Other related parties	Purchases	348,605	7.06%	O/A 150 days	-	-	(40,748)	(5.19)%	
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	Purchases	804,741	16.30%	O/A 150 days	-	-	(352,445)	(44.90)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	759,925	15.39%	60 days	-	-	(85,392)	(10.88)%	
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	(Sales)	(117,924)	(2.19)%	O/A 150 days	-	-	28,248	1.55%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint venture	(Sales)	(343,650)	(6.37)%	60 days	-	-	79,496	4.37%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(3,411,215)	(31.90)%	60 days	-	-	231,495	27.41%	Note
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	5,250,106	68.40%	60 days	-	-	(509,100)	(71.01)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent	Purchases	489,568	6.38%	O/A 150 days	-	-	(90,968)	(12.69)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(3,438,921)	(7.22)%	180 days	-	-	2,233,163	11.73%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Same chairman	(Sales)	(1,249,818)	(2.63)%	60 days	-	-	147,626	0.78%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(236,570)	(0.50)%	60 days	-	-	24,111	0.13%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	Purchases	6,303,415	17.33%	O/A 150 days	-	-	(1,991,134)	(49.89)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Purchases	261,720	0.72%	60 days	-	-	(31,626)	(0.79)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	2,657,429	7.30%	60 days	-	-	(295,724)	(7.41)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	3,411,215	9.38%	60 days	-	-	(231,495)	(5.80)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Purchases	144,265	8.15%	O/A 150 days	-	-	(57,950)	(31.88)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(109,696)	(4.14)%	O/A 150 days	-	-	78,043	23.19%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(261,720)	(9.89)%	60 days	-	-	31,626	9.40%	Note

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

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING RECEIVABLES FROM RELATED-PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF 100 MILLION OR 20% OF THE CAPITAL STOCK
DECEMBER 31, 2020
(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 Plastics Corporation	Other related parties	Receivables from related parties : 176,445	10.36	-	-	122,580	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties : 1,269,799	7.85	-	-	832,238	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties : 283,494	6.21	-	-	31,443	-
The Company	Nan Ya Plastics Corporation U.S.A.(Note 1)	Subsidiaries	Receivables from related parties : 317,278	1.92	-	-	77,494	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties : 1,165,223	2.32	-	-	461,503	-
The Company	Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 352,445	2.50	-	-	79,204	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties : 1,991,134	4.03	-	-	643,064	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties : 191,827	5.45	-	-	50,084	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation(Note 1)	Subsidiaries	Receivables from related parties : 872,319	9.30	-	-	873,319	-
PFG Fiber Glass Corporation	The Company(Note 1)	Parent	Receivables from related parties : 235,311	10.90	-	-	235,311	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties : 295,724	9.41	-	-	295,724	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties : 231,495	12.03	-	-	231,495	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties : 2,233,163	1.48	-	-	500,469	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation(Note1)	Same chairman	Receivables from related parties : 147,626	8.99	-	-	147,626	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties : 4,263,200	note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas(Note 1)	Subsidiaries	Other receivables from related parties : 10,262,880	note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.(Note 1)	Subsidiaries	Other receivables from related parties : 214,755	note	-	-	-	-
Nan Ya PCB Corporation	The Company(Note 1)	Parent	Other receivables from related parties : 3,000,000	note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 463,121	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 : 109,227	note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 1,048,576	note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Subsidiaries	Other receivables from related parties : 100,489	note	-	-	-	-
Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 139,810	note	-	-	-	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 345,156	note	-	-	-	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 567,979	note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 2,970,966	note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation(Note 1)	Subsidiaries	Other receivables from related parties : 1,511,697	note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 146,364	note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties : 166,025	note	-	-	-	-

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

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

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
SIGNIFICANT TRANSACTIONS AND BUSINESS RELATIONSHIP
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	1,088,583	30-150 days	0.40%
0	The Company	Nan Chung Petrochemical Corporation	1	Sales	166,282	30 days	0.06%
0	The Company	PFG Fiber Glass Corporation	1	Sales	53,598	30 days	0.02%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Sales	574,780	O/A 105 days	0.21%
0	The Company	Nan Ya Plastics Corporation America	1	Sales	316,391	O/A 105 days	0.12%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Sales	12,706,462	O/A 150-180 days	4.65%
0	The Company	Superior World Wide Trading Co., Ltd.	1	Sales	6,556	O/A 150 days	0.00%
0	The Company	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	1	Sales	20,286	O/A 150 days	0.01%
1	Nan Chung Petrochemical Corporation	The Company	2	Sales	2,073,749	30 days	0.76%
2	Wen Fung Industrials Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	166,162	30 days	0.06%
3	PFG Fiber Glass Corporation	The Company	2	Sales	2,599,495	30 days	0.95%
4	Nan Ya Plastics Corporation U.S.A.	The Company	2	Sales	48,807	O/A 105 days	0.02%
5	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A	3	Sales	152,987	payment within one month	0.06%
5	Nan Ya Plastics Corporation America	The Company	2	Sales	58,922	O/A 105 days	0.02%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	2	Sales	246,026	60 days	0.09%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	1,721,159	60 days	0.63%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	3	Sales	256,082	60 days	0.09%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	The Company	2	Sales	1,304	O/A 150 days	0.00%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Sales	2,660,364	60 days	0.97%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Accounts receivable	86,328	30-150 days	0.01%
0	The Company	Nan Ya Plastics Corporation U.S.A	1	Accounts receivable	317,278	O/A 105 days	0.05%
0	The Company	Nan Ya Plastics Corporation America	1	Accounts receivable	57,528	O/A 105 days	0.01%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Accounts receivable	3,759,606	O/A 150-180 days	0.64%

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
3	PFG Fiber Glass Corporation	The Company	2	Accounts receivable	235,311	30 days	0.04%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	The Company	3	Accounts receivable	107,169	O/A 150-180 days	0.02%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Accounts receivable	201,888	60 days	0.03%
6	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	3	Accounts receivable	28,879	60 days	0.00%
7	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Accounts receivable	296,299	60 days	0.05%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Rent revenue	207,514	30-150 days	0.08%

Note 1: The appointed numbers represent:

1. 0 refers to the Parent Company.
2. Subsidiaries are numbered and organized in a 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 INVESTEEES (EXCLUDING THOSE IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

TABLE 9

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2020			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2020	December 31, 2019	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%	1,806,611	100.00%	48,611	48,611	Note 3.4
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical	7,853,605	7,853,605	60	100.00%	41,297,390	100.00%	1,992,139	1,992,139	Note 3.4
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and	40,059,044	39,166,673	977,043	100.00%	94,503,253	100.00%	6,872,106	6,872,106	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%	757,984	100.00%	34,477	34,477	Note 3.4
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,213,858	4,162,010	138,333	33.33%	2,163,217	33.33%	(500,699)	(164,284)	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%	7,740,314	100.00%	(66,309)	(86,308)	Note 3.4
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dyeing and finishing and electric	8,435,875	8,435,875	-	42.50%	8,015,342	42.50%	630,599	268,005	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	21,635,835	66.97%	3,665,917	2,456,661	Note 3.4
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	76,859	76,859	5,000	100.00%	79,430	100.00%	124	124	Note 3.4
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.51%	45,385,484	29.70%	7,686,041	2,274,089	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	252,079	26.99%	5,812	1,568	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	71,161,386	23.11%	7,429,610	1,717,157	Note 3
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	4,098,568	100.00%	143,185	(29,796)	Note 3.4
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	1,103,433	50.00%	(98,496)	(49,034)	Note 3.4
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	18,738	100.00%	258,824	100.00%	8,444	8,487	Note 3.4

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2020			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2020	December 31, 2019	Shares (in thousands)	%	Carrying Value				
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	259,350	45.00%	173,301	77,988	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	18,067	44.96%	104	47	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	651,706	32.91%	7,179,892	32.91%	566,338	186,386	Note 3
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	68,267	33.34%	(38,443)	(12,817)	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,177,690	33.33%	308,015	102,673	Note 3
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	service business	359	359	34	34.00%	3,121	34.00%	1,176	400	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	13,335	58,000	1,221	29.22%	20,512	29.22%	1,730	505	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	601,727	24.94%	12,415,371	24.94%	6,702,012	1,671,606	Note 3
The Company	Nan YA Photonics Inc.	Taiwan	LED equipment manufacturer	761,820	-	10,609	23.02%	297,265	23.02%	90,298	12,065	Note 3
The Company	Formosa Synthetic Rubber Corporation	Taiwan	production of synthetic rubber products	-	446,000	-	-	-	33.33%	(686,050)	(228,683)	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	7,415,940	7,415,940	741,594	25.00%	6,169,287	25.00%	74,886	18,721	Note 3
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	649,229	25.00%	125,884	31,471	Note 3
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	600,000	100,000	60,000	33.33%	568,402	33.33%	(21,358)	(7,119)	Note 3
The Company	Nan Ya International (Cayman) Limited (Note)	Cayman Islands	investment	-	18,784,619	-	-	-	100.00%	-	-	Note 3.4
The Company	FG Inc. (Note)	U.S.A.	investment	1,137,655	891,746	2	10.00%	1,042,417	10.00%	(149,350)	(14,935)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.(Note)	U.S.A.	electricity generation and trading	228,064	228,064	-	12.10%	2,289,468	12.10%	(21,404)	(1,739)	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	13,968,920	9,407,640	3	100.00%	12,306,315	100.00%	(379,469)	(379,469)	Note 3.4
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	1,960,638	1,960,638	-	21.00%	1,844,017	21.00%	2,678,094	562,400	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2020			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2020	December 31, 2019	Shares (in thousands)	%	Carrying Value				
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Hong Kong	production of electronic products and investment retargeting	6,477,460	5,020,900	1,598,220	100.00%	11,534,930	100.00%	325,627	325,627	Note 3.4
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.		3,479	3,479	1,000	100.00%	14,580	100.00%	1,629	1,629	Note 3.4
Nan Ya PCB Corporation	Formosa Advanced Technologies Co.,LTD.	Taiwan	IC packaging, testing and modules	472,968	472,968	13,267	3.00%	487,152	3.00%	1,402,677	41,970	Note 3
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	6,474,281	5,017,721	-	100.00%	11,521,860	100.00%	325,553	325,553	Note 3.4
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	143,447	100.00%	7,644	7,644	Note 3.4
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	115,371	115,371	5	50.00%	236,557	50.00%	56,659	29,633	Note 3

Note : The reporting currency of Nan Ya Plastics Corporation U.S.A, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, Nan Ya International (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 December 31, 2020 (in average) is 28.508(29.567) : 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 December 31, 2020 (in average) is 3.6549(3.7907) : 1.

Note 2 : The reporting currency of Formosa Industries Corporation, Vietnam is denominated in VND, and the exchange rate of TWD to VND as of December 31, 2020 (in average) is 0.001234113(0.001272465) : 1.

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 consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATON ON INVESTMENT IN MAINLAND CHINA
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(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, 2020	For The Year Ended December 31, 2020		Investment Transferred from Taiwan as of December 31, 2020	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow							
Nan Ya Plastics (Guangzhou) Co., Ltd.(Note1)	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	87,203	100.00%	100.00%	87,203	2,437,985	611,825
Nan Ya Plastics (Xiamen) Co., Ltd.(Note1)	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	115,125	85.00%	85.00%	97,856	1,015,972	72,820
Nan Ya Plastics (Huizhou) Co., Ltd.(Note1)	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	127,363	100.00%	100.00%	127,363	3,396,832	-
Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note1)	production of copper clad laminate	5,489,509	Indirect investment	5,489,509	-	-	5,489,509	486,266	100.00%	100.00%	486,266	6,925,380	-
Nan Ya Trading (Huizhou) Co., Ltd.(Note1)	trading	32,267	Indirect investment	32,267	-	-	32,267	447	100.00%	100.00%	447	58,928	-
Nan Ya Plastics (Nantong) Co., Ltd.(Note1)	sale of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	377,606	100.00%	100.00%	377,606	10,297,597	103,612
China Nantong Huafeng Co., Ltd.(Note1)	trading	93,004	Indirect investment	99,636	-	-	99,636	5,657	100.00%	100.00%	5,657	340,625	-
Nantong HuaFu Plastics Co., Ltd.(Note1)	trading	79,111	Indirect investment	71,503	-	-	71,503	2,224	100.00%	100.00%	2,224	96,409	-
Nan Ya Electric (Nantong) Co.,(Note1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	57,904	100.00%	100.00%	57,904	1,177,143	-
Nanya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	108,888	50.00%	50.00%	54,444	222,630	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note1)	production of copper clad laminate, polyester products, steam and electricity, copper clad, epoxy	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	4,533,043	100.00%	100.00%	4,533,043	61,722,460	-
Nan Ya Draw Textured Yam (Kunshan) Co., Ltd.(Note1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(429,694)	100.00%	100.00%	(429,694)	(232,087)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	43,503	50.00%	50.00%	21,752	81,482	-
Nan Ya Plastics (Ningbo) Co., Ltd.(Note1)	production of BPA and plasticizer	3,081,205	Indirect investment	1,989,308	892,371	-	2,881,679	1,409,295	100.00%	100.00%	1,409,295	4,256,031	-
PFG Fiber Glass (Kunshan) Co., Ltd.(Note1)	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	(73,420)	100.00%	100.00%	(73,420)	7,729,271	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, 2020	For The Year Ended December 31, 2020		Investment Transferred from Taiwan as of December 31, 2020	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow							
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	341,170	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	390,831	12,687
Formosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(500,699)	33.33%	33.33%	(164,284)	2,163,217	-

Note: All companies disclosed within the investment income of the current year column are recognized according to the audited financial statements of the Company, except for Formosa Synthetic Rubber (Ningbo) Co., Ltd., which are recognized according to the financial statements audited by an international accounting firm.

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 December 31, 2020 (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)
48,483,340	53,671,092	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of December 31, 2020 (in average) is 1 : 1.1954(1.1317), and translated to TWD using the exchange rate as of December 31, 2020 (in average) is 1 : 3.6549(3.7907).

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 between the Company and its Chinese investees for the year ended December 31, 2020, please refer to the attachment of note 13 for "Information on material transaction items".