

**FORMOSA PETROCHEMICAL CORPORATION  
AND SUBSIDIARIES  
Consolidated Financial Statements  
For The Period from January 1, 2021 to March 31, 2021  
And  
For The Period from January 1, 2020 to March 31, 2020  
Review Report of Independent Auditors**

*The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.*

## Review Report of Independent Accountants Translated from Chinese

To the Board of Directors and Stockholders of  
Formosa Petrochemical Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Petrochemical Corporation (the “Company”) and its subsidiaries as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$24,861,752 thousand and NT\$34,002,460 thousand, constituting 6% and 9% of the consolidated total assets as of March 31, 2021 and 2020, respectively, and total liabilities of NT\$8,149,460 thousand and NT\$11,859,155 thousand, constituting 10% and 19% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively; and total comprehensive income of NT\$327,545 thousand and NT\$(1,710,310) thousand, constituting 1% and 6% of the consolidated total comprehensive income for the three-month periods ended March 31, 2021 and 2020, respectively. As explained in Note 6(8), the financial statements of associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$29,627,573 thousand and NT\$27,321,802 thousand as of March 31, 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(24,213) thousand and NT\$239,357 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$296,246 thousand and NT\$(921,690) thousand for the three-month periods ended March 31, 2021 and 2020, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at March 31, 2021 and 2020, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Lin, Li Huang  
Fuh, Wen Fun  
Ernst & Young, Taiwan  
May 6, 2021

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**

**FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**

**(Expressed in Thousands of Dollars)**

**(March 31, 2021 and March 31, 2020 were unaudited)**

| ASSETS  | Notes             | March 31, 2021              | December 31, 2020           | March 31, 2020              |
|---|-------------------|-----------------------------|-----------------------------|-----------------------------|
|   |                   | NTD                         | NTD                         | NTD                         |
| <b>CURRENT ASSETS</b>   |                   |                             |                             |                             |
| Cash and cash equivalents   | 4 & 6.1 & 12      | \$50,818,392                | \$42,965,803                | \$34,315,018                |
| Financial assets at fair value through profit or loss — current                 | 4 & 6.2 & 12      | 3,897,807                   | 3,888,511                   | 4,085,858                   |
| Financial assets at fair value through other comprehensive income — current     | 4 & 6.3 & 8 & 12  | 65,970,197                  | 61,996,861                  | 41,919,443                  |
| Financial assets for hedging — current  | 4 & 6.4 & 12      | 235,811                     | 165,093                     | 35,428                      |
| Notes receivable, net   | 4 & 6.5 & 12      | 846                         | 1,970                       | 2,054                       |
| Notes receivable due from related parties, net                                  | 4 & 6.5 & 7 & 12  | 2,960,580                   | 1,465,976                   | 1,486,741                   |
| Accounts receivable, net  | 4 & 6.5 & 12      | 8,900,740                   | 11,549,278                  | 11,296,520                  |
| Accounts receivable due from related parties, net                               | 4 & 6.5 & 7 & 12  | 28,570,967                  | 22,401,436                  | 18,582,124                  |
| Finance lease receivables, net  | 4 & 6.17 & 7 & 12 | 292,586                     | 289,403                     | 297,088                     |
| Other receivables (including from related parties)                              | 7 & 12 & 13       | 11,575,207                  | 11,341,808                  | 15,735,441                  |
| Inventories   | 4 & 6.6           | 60,124,798                  | 47,037,406                  | 56,799,308                  |
| Prepayments   | 6.7               | 11,993,319                  | 11,633,763                  | 10,209,069                  |
| Other current assets  | 8                 | 589,173                     | 572,511                     | 973,513                     |
| Total current assets  |                   | <u>245,930,423</u>          | <u>215,309,819</u>          | <u>195,737,605</u>          |
| <b>NONCURRENT ASSETS</b>  |                   |                             |                             |                             |
| Financial assets at fair value through other comprehensive income — non-current | 4 & 6.3 & 12      | 16,224,488                  | 14,692,966                  | 14,162,810                  |
| Financial assets for hedging — non-current                                      | 4 & 6.4 & 12      | 10,079                      | -                           | 10,823                      |
| Investments accounted for using the equity method                               | 4 & 6.8           | 29,627,573                  | 28,467,719                  | 27,321,802                  |
| Property, plant and equipment   | 4 & 6.9 & 7       | 99,745,388                  | 99,329,548                  | 102,036,663                 |
| Mineral resources   | 4                 | 977,139                     | 1,005,845                   | 1,013,421                   |
| Right-of-use assets   | 4 & 6.17 & 7      | 6,028,283                   | 5,999,091                   | 6,844,878                   |
| Investment property   | 4 & 6.10          | 392,331                     | 365,564                     | 365,564                     |
| Deferred tax assets   | 4 & 6.21          | 3,350,531                   | 3,570,537                   | 6,943,577                   |
| Long-term finance lease receivable, net   | 4 & 6.17 & 7 & 12 | 2,727,148                   | 2,798,329                   | 3,191,853                   |
| Other non-current assets, others  | 4 & 6.10          | 9,317,679                   | 9,383,698                   | 8,326,797                   |
| Total non-current assets  |                   | <u>168,400,639</u>          | <u>165,613,297</u>          | <u>170,218,188</u>          |
| <b>TOTAL ASSETS</b>   |                   | <u><u>\$414,331,062</u></u> | <u><u>\$380,923,116</u></u> | <u><u>\$365,955,793</u></u> |

The accompanying notes are an integral part of the financial statements.

(Forward)

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**

**FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**

**(Expressed in Thousands of Dollars)**

**(March 31, 2021 and March 31, 2020 were unaudited)**

| <b>LIABILITIES AND EQUITY</b>                   | <b>Notes</b>      | <b>March 31, 2021</b> | <b>December 31, 2020</b> | <b>March 31, 2020</b> |
|---|-------------------|-----------------------|--------------------------|-----------------------|
|   |                   | <b>NTD</b>            | <b>NTD</b>               | <b>NTD</b>            |
| <b>CURRENT LIABILITIES</b>                      |                   |                       |                          |                       |
| Short-term loans                                | 6.11 & 8 & 12     | \$33,894              | \$271,781                | \$555,028             |
| Financial liabilities for hedging — current     | 4 & 6.4 & 12      | -                     | -                        | 19,174                |
| Contract liabilities — current                  | 4 & 6.15          | 58,791                | 60,401                   | 200,688               |
| Notes payable                                   | 12                | 1,414                 | 8,035                    | 1,417                 |
| Accounts payable                                | 12                | 13,011,882            | 8,434,654                | 9,998,693             |
| Accounts payable to related parties             | 7 & 12            | 3,674,057             | 2,248,564                | 1,683,884             |
| Other payables                                  | 6.14              | 15,086,742            | 15,481,247               | 15,280,073            |
| Other payables to related parties               | 7                 | 271,919               | 241,588                  | 287,146               |
| Current tax liabilities                         | 4 & 6.21          | 5,158,844             | 945,392                  | 3,499,790             |
| Current lease liabilities                       | 4 & 6.17 & 7 & 12 | 1,090,535             | 1,006,308                | 1,048,692             |
| Current portion of long-term liabilities        | 6.12              | -                     | -                        | 2,200,000             |
| Other current liabilities, others               | 9                 | 256,892               | 189,631                  | 494,742               |
| Total current liabilities                       |                   | 38,644,970            | 28,887,601               | 35,269,327            |
| <b>NONCURRENT LIABILITIES</b>                   |                   |                       |                          |                       |
| Financial liabilities for hedging — non-current | 4 & 6.4 & 12      | -                     | -                        | 14,363                |
| Bonds payable                                   | 6.12              | 29,200,000            | 29,200,000               | 14,700,000            |
| Deferred tax liabilities                        | 4 & 6.21          | 224,515               | 189,019                  | 168,294               |
| Non-current lease liabilities                   | 4 & 6.17 & 7 & 12 | 5,047,909             | 5,186,560                | 5,927,994             |
| Defined benefit pension liability               | 4 & 6.13          | 4,643,948             | 4,653,038                | 4,920,545             |
| Other non-current liabilities, others           |                   | 171,389               | 179,830                  | 1,397,252             |
| Total non-current liabilities                   |                   | 39,287,761            | 39,408,447               | 27,128,448            |
| <b>TOTAL LIABILITIES</b>                        |                   | <b>77,932,731</b>     | <b>68,296,048</b>        | <b>62,397,775</b>     |
| <b>EQUITY</b>                                   |                   |                       |                          |                       |
|   | 4 & 6.14          |                       |                          |                       |
| <b>Capital stock</b>                            |                   |                       |                          |                       |
| Common stock                                    |                   | 95,259,597            | 95,259,597               | 95,259,597            |
| Capital surplus                                 |                   | 31,418,849            | 31,418,849               | 31,418,784            |
| <b>Retained earnings</b>                        |                   |                       |                          |                       |
| Legal reserve                                   |                   | 72,190,485            | 72,190,485               | 68,510,664            |
| Special reserve                                 |                   | 3,033,784             | 3,033,784                | 3,033,784             |
| Unappropriated earnings                         |                   | 93,753,392            | 75,841,731               | 89,686,980            |
| Total retained earnings                         |                   | 168,977,661           | 151,066,000              | 161,231,428           |
| Other equity                                    |                   | 36,221,577            | 30,356,913               | 11,470,706            |
| Non-controlling interests                       | 6.14              | 4,520,647             | 4,525,709                | 4,177,503             |
| <b>TOTAL EQUITY</b>                             |                   | <b>336,398,331</b>    | <b>312,627,068</b>       | <b>303,558,018</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>             |                   | <b>\$414,331,062</b>  | <b>\$380,923,116</b>     | <b>\$365,955,793</b>  |

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1, 2021 TO MARCH 31, 2021

AND FOR THE PERIOD FROM JANUARY 1, 2020 TO MARCH 31, 2020

(Expressed in Thousands of Dollars, Except for Earnings per Share)

(Unaudited)

|   | Notes                      | For the period<br>from January 1 to<br>March 31, 2021<br>NTD | For the period<br>from January 1 to<br>March 31, 2020<br>NTD |
|---|----------------------------|--|--|
| OPERATING REVENUES  | 4 & 6.15 & 7               | \$130,299,666  | \$137,531,357  |
| OPERATING COSTS   | 4 & 6.6 & 6.18 & 7         | 106,672,139  | 148,683,903  |
| GROSS PROFIT (LOSS)   |                            | 23,627,527   | (11,152,546)   |
| OPERATING EXPENSES  | 4 & 6.13 & 6.16 & 6.18 & 7 |  |  |
| Selling and marketing   |                            | 1,288,123  | 1,474,619  |
| General and administrative  |                            | 1,121,194  | 1,164,614  |
| Research and development  |                            | 53,471   | 52,894   |
| Expected credit losses (gains)  |                            | 52,069   | (167,112)  |
| Total operating expenses  |                            | 2,514,857  | 2,525,015  |
| OPERATING INCOME (LOSS)   |                            | 21,112,670   | (13,677,561)   |
| NON-OPERATING INCOME AND EXPENSES   |                            |  |  |
| Interest income   | 6.19 & 7                   | 74,574   | 113,690  |
| Other income  | 6.19 & 7                   | 495,848  | 528,138  |
| Other gains and losses  | 6.19 & 7                   | 784,563  | 339,928  |
| Financial costs   | 6.19 & 7                   | (96,241)   | (128,706)  |
| Share of profit or loss of associates and joint ventures accounted for using the equity method                          | 4 & 6.8                    | (24,213)   | 239,357  |
| Total non-operating income and expenses   |                            | 1,234,531  | 1,092,407  |
| INCOME (LOSS) BEFORE INCOME TAX   |                            | 22,347,201   | (12,585,154)   |
| INCOME TAX EXPENSE (INCOME)   | 4 & 6.21                   | 4,454,966  | (2,581,930)  |
| NET INCOME (LOSS)   |                            | 17,892,235   | (10,003,224)   |
| OTHER COMPREHENSIVE INCOME (LOSS)   | 6.8 & 6.20                 |  |  |
| Items that will not be reclassified to profit or loss   |                            |  |  |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income |                            | 5,503,748  | (20,039,267)   |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method                  |                            | 284,930  | (977,014)  |
| Items that may be reclassified subsequently to profit or loss   |                            |  |  |
| Exchange differences arising from translation of foreign operations   |                            | 11,955   | 103,348  |
| Gains (losses) on hedging instrument  |                            | 80,732   | 9,304  |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method              |                            | 11,316   | 55,324   |
| Income tax relating to items that may be reclassified   |                            | 13,653   | 1,861  |
| Total other comprehensive income (loss) for the period, net of income tax   |                            | 5,879,028  | (20,850,166)   |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD  |                            | \$23,771,263   | \$(30,853,390)   |
| NET INCOME (LOSS) ATTRIBUTABLE TO:  |                            |  |  |
| Shareholders of the parent  |                            | \$17,900,835   | \$(9,993,205)  |
| Non-controlling interests   |                            | (8,600)  | (10,019)   |
|   |                            | \$17,892,235   | \$(10,003,224)   |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:  |                            |  |  |
| Shareholders of the parent  |                            | \$23,776,325   | \$(30,861,382)   |
| Non-controlling interests   |                            | (5,062)  | 7,992  |
|   |                            | \$23,771,263   | \$(30,853,390)   |
| EARNINGS (LOSSES) PER SHARE (NTD)   | 4 & 6.22                   |  |  |
| Earnings (losses) per share — basic/diluted   |                            |  |  |
| Continuing operating income (loss) before tax   |                            | \$2.34   | \$(1.32)   |
| Net income (loss)   |                            | \$1.88   | \$(1.05)   |

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1, 2021 TO MARCH 31, 2021

AND FOR THE PERIOD FROM JANUARY 1, 2020 TO MARCH 31, 2020

(Expressed in Thousands of Dollars)

(Unaudited)

|   | Equity Attributable to Shareholders of the Parent |                            |                    |                   |                    |                            |                                   |  |               |   |                           |                              |                 |
|---|---|----------------------------|--------------------|-------------------|--------------------|----------------------------|-----------------------------------|--|---------------|---|---------------------------|------------------------------|-----------------|
|   | New Taiwan Dollars                                | Other Components of Equity |                    |                   |                    |                            |                                   |  |               |   |                           |                              |                 |
|   |   | Common<br>Stock            | Capital<br>Surplus | Retained Earnings |                    |                            | Foreign<br>Translation<br>Reserve | Unrealized gains (losses)<br>from Equity Instruments                           |               | Gains (losses)<br>on Hedging<br>Instruments | Total<br>Parent<br>Equity | Non-controlling<br>Interests | Total<br>Equity |
|   |   |                            |                    | Legal<br>Reserve  | Special<br>Reserve | Unappropriated<br>Earnings |                                   | Investments measured<br>at Fair Value<br>through Other<br>Comprehensive Income |               |   |                           |                              |                 |
| Balance as of January 1, 2020   | \$95,259,597                                      | \$31,399,948               | \$68,510,664       | \$3,033,784       | \$99,680,185       | \$(81,529)                 | \$32,417,683                      | \$2,729  | \$330,223,061 | \$3,778,944                                 | \$334,002,005             |                              |                 |
| Other changes in capital surplus:   |   |                            |                    |                   |                    |                            |                                   |  |               |   |                           |                              |                 |
| Changes in equity of associates and joint ventures accounted for using equity method                      | -   | 18,845                     | -                  | -                 | -                  | -                          | -                                 | -  | 18,845        | -   | 18,845                    |                              |                 |
| Other change in capital surplus   | -   | (9)                        | -                  | -                 | -                  | -                          | -                                 | -  | (9)           | -   | (9)                       |                              |                 |
| Net loss for the period from January 1 to March 31, 2020  | -   | -                          | -                  | -                 | (9,993,205)        | -                          | -                                 | -  | (9,993,205)   | (10,019)                                    | (10,003,224)              |                              |                 |
| Other comprehensive income (loss) for the period from January 1 to March 31, 2020                         | -   | -                          | -                  | -                 | -                  | 140,661                    | (21,016,281)                      | 7,443  | (20,868,177)  | 18,011                                      | (20,850,166)              |                              |                 |
| Total comprehensive income (loss)   | -   | -                          | -                  | -                 | (9,993,205)        | 140,661                    | (21,016,281)                      | 7,443  | (30,861,382)  | 7,992                                       | (30,853,390)              |                              |                 |
| Increase (decrease) in non-controlling interests  | -   | -                          | -                  | -                 | -                  | -                          | -                                 | -  | -             | 390,567                                     | 390,567                   |                              |                 |
| Balance as of March 31, 2020  | \$95,259,597                                      | \$31,418,784               | \$68,510,664       | \$3,033,784       | \$89,686,980       | \$59,132                   | \$11,401,402                      | \$10,172   | \$299,380,515 | \$4,177,503                                 | \$303,558,018             |                              |                 |
| Balance as of January 1, 2021   | \$95,259,597                                      | \$31,418,849               | \$72,190,485       | \$3,033,784       | \$75,841,731       | \$(1,159,494)              | \$31,383,392                      | \$133,015  | \$308,101,359 | \$4,525,709                                 | \$312,627,068             |                              |                 |
| Net income for the period from January 1 to March 31, 2021  | -   | -                          | -                  | -                 | 17,900,835         | -                          | -                                 | -  | 17,900,835    | (8,600)                                     | 17,892,235                |                              |                 |
| Other comprehensive income for the period from January 1 to March 31, 2021                                | -   | -                          | -                  | -                 | -                  | 19,733                     | 5,788,678                         | 67,079   | 5,875,490     | 3,538                                       | 5,879,028                 |                              |                 |
| Total comprehensive income (loss)   | -   | -                          | -                  | -                 | 17,900,835         | 19,733                     | 5,788,678                         | 67,079   | 23,776,325    | (5,062)                                     | 23,771,263                |                              |                 |
| Disposal of equity instruments investments designated at fair value<br>through other comprehensive income | -   | -                          | -                  | -                 | 10,826             | -                          | (10,826)                          | -  | -             | -   | -                         |                              |                 |
| Balance as of March 31, 2021  | \$95,259,597                                      | \$31,418,849               | \$72,190,485       | \$3,033,784       | \$93,753,392       | \$(1,139,761)              | \$37,161,244                      | \$200,094  | \$331,877,684 | \$4,520,647                                 | \$336,398,331             |                              |                 |

The accompanying notes are an integral part of the financial statements.

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**

**FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE PERIOD FROM JANUARY 1, 2021 TO MARCH 31, 2021**

**AND FOR THE PERIOD FROM JANUARY 1, 2020 TO MARCH 31, 2020**

**(Expressed in Thousands of Dollars)**

**(Unaudited)**

|  | <b>For the period<br/>from January 1 to<br/>March 31, 2021</b> | <b>For the period<br/>from January 1 to<br/>March 31, 2019</b> |
|--|--|--|
|  | <b>NTD</b>   | <b>NTD</b>   |
| CASH FLOWS FROM OPERATING ACTIVITIES   |  |  |
| Income (loss) before income tax  | \$22,347,201   | \$(12,585,154)   |
| Adjustments to reconcile net income before tax to net cash provided by operating activities: |  |  |
| Depreciation and depletion   | 3,161,784  | 3,137,339  |
| Amortization   | 445,679  | 378,684  |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss      | (9,296)  | (41,889)   |
| Interest expense   | 96,241   | 128,706  |
| Interest income  | (74,574)   | (113,690)  |
| Share of loss (profit) of associates and joint ventures accounted for using equity method    | 24,213   | (239,357)  |
| (Gain) loss on disposal of property, plant and equipment                                     | (1,811)  | (1,114)  |
| Impairment loss on non-financial assets  | -  | 680  |
| Reversal of impairment loss on non-financial assets  | (26,767)   | -  |
| Other adjustments — (gain) loss on lease modifications                                       | -  | (61)   |
| Changes in operating assets and liabilities:   |  |  |
| Decrease (increase) in notes receivable (including related parties)                          | (1,493,480)  | 277,660  |
| Decrease (increase) in accounts receivable (including related parties)                       | (3,520,993)  | 15,609,659   |
| Decrease (increase) in other receivables (including related parties)                         | (649,568)  | (3,563,593)  |
| Decrease (increase) in inventories   | (13,087,392)   | 3,607,949  |
| Decrease (increase) in prepayments   | (1,005,175)  | (1,417,164)  |
| Decrease (increase) in other current assets  | (16,616)   | (307,993)  |
| Increase (decrease) in contract liabilities  | (1,610)  | 148,674  |
| Increase (decrease) in notes payable   | (6,621)  | (10,808)   |
| Increase (decrease) in accounts payable (including related parties)                          | 6,002,721  | (1,688,606)  |
| Increase (decrease) in other payables  | (454,767)  | 523,836  |
| Increase (decrease) in other current liabilities   | 67,261   | 196,245  |
| Increase (decrease) in defined benefit pension liability, net                                | (9,090)  | 548  |
| Cash from operating activities   | <u>11,787,340</u>  | <u>4,040,551</u>   |
| Income taxes received (paid)   | <u>(3,439)</u>   | <u>(247)</u>   |
| Net cash provided by (used in) operating activities  | <u>11,783,901</u>  | <u>4,040,304</u>   |

The accompanying notes are an integral part of the financial statements.

(Forward)

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**

**FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE PERIOD FROM JANUARY 1, 2021 TO MARCH 31, 2021**

**AND FOR THE PERIOD FROM JANUARY 1, 2020 TO MARCH 31, 2020**

**(Expressed in Thousands of Dollars)**

**(Unaudited)**

|  | <b>For the period<br/>from January 1 to<br/>March 31, 2021</b> | <b>For the period<br/>from January 1 to<br/>March 31, 2020</b> |
|--|--|--|
|  | <b>NTD</b>   | <b>NTD</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |  |  |
| Acquisition of financial assets at fair value through other comprehensive income | (1,065)  | (3,662)  |
| Acquisition of investments accounted for using the equity method                 | (887,820)  | (166,200)  |
| Acquisition of property, plant and equipment:                                    |  |  |
| Cost paid  | (3,257,432)  | (2,588,673)  |
| Interest paid  | (517)  | (153)  |
| Proceeds from disposal of property, plant and equipment                          | 3,164  | 1,407  |
| Decrease in other receivables — due from affiliates                              | 413,601  | 1,602,066  |
| Decrease in lone-term lease receivables  | 67,998   | 55,662   |
| Increase in other financial assets   | (46)   | (59)   |
| Decrease in other non-current assets   | 269,733  | 377,000  |
| Interests received   | 77,142   | 115,695  |
| Acquisition of mineral resources   | (12,155)   | (43,689)   |
| Net cash provided by (used in) investing activities                              | <u>(3,327,397)</u>   | <u>(650,606)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |  |  |
| Increase in short-term loans   | -  | 247,641  |
| Decrease in short-term loans   | (237,887)  | -  |
| Repayments of bonds (including current portion)                                  | -  | (1,000,000)  |
| Increase in other payables to related parties                                    | 30,331   | 19,799   |
| Payments of lease liabilities  | (355,688)  | (355,426)  |
| Increase in other non-current liabilities  | -  | 33,123   |
| Decrease in other non-current liabilities  | (8,441)  | -  |
| Cash dividends paid  | (82)   | (32)   |
| Interest paid  | (35,897)   | (93,925)   |
| Change in non-controlling interests  | -  | 390,567  |
| Net cash provided by (used in) financing activities                              | <u>(607,664)</u>   | <u>(758,253)</u>   |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS                     | <u>3,749</u>   | <u>5,535</u>   |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS                             | 7,852,589  | 2,636,980  |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD                                   | <u>42,965,803</u>  | <u>31,678,038</u>  |
| CASH AND CASH EQUIVALENTS, END OF PERIOD   | <u>\$50,818,392</u>  | <u>\$34,315,018</u>  |

The accompanying notes are an integral part of the financial statements.

**English Translation of Consolidated Financial Statements Originally Issued in Chinese**

**Formosa Petrochemical Corporation and Subsidiaries**

**Notes To Consolidated Financial Statements**

**March 31, 2021, December 31, 2020 and March 31, 2020**

**(March 31, 2021 and March 31, 2020 were unaudited)**

**(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

**1. HISTORY AND ORGANIZATION**

Formosa Petrochemical Corporation (the “Company”) had prepared for incorporation since March 1992 and was incorporated on April 6, 1992. The Company is located in the No.6 Naphtha Cracker Complex in Mailiao of Yunlin County. The Company’s shares were approved to be listed on the Taiwan Stock Exchange on November 12, 2003 and were traded publicly starting from December 26, 2003. The major shareholders of the Company are Formosa Plastics Corporation, Nan Ya Plastics Corporation and Formosa Chemicals & Fibre Corporation with equity interests of 28.55%, 23.10% and 24.15%, respectively, as of March 31, 2021.

**2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE**

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three months periods ended March 31, 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of Directors on May 6, 2021.

**3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS**

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations                        | Effective Date issued by IASB |
|-------|--|-------------------------------|
| a     | Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) | April 1, 2021                 |

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

(a) Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

This amendment extends the practical expedient in paragraph 46A of IFRS 16 Leases for one year. This amendment that are applicable for annual periods beginning on or after April 1, 2021 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC and not yet adopted by the Group as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations  | Effective Date issued by IASB |
|-------|--|-------------------------------|
| a     | IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB      |
| b     | IFRS 17 “Insurance Contracts”  | January 1, 2023               |
| c     | Classification of Liabilities as Current or Non-current – Amendments to IAS 1  | January 1, 2023               |
| d     | Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements  | January 1, 2022               |
| e     | Disclosure Initiative - Accounting Policies – Amendments to IAS 1  | January 1, 2023               |
| f     | Definition of Accounting Estimates – Amendments to IAS 8   | January 1, 2023               |

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

### (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

### (c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

### (d) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

#### A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

#### B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

### C. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

### D. Annual Improvements to IFRS Standards 2018 - 2020

#### *Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

#### *Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

#### *Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

#### *Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

### (e) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

### (f) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(1) Statement of compliance**

The consolidated financial statements of the Group for the three months periods ended March 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

##### **(2) Basis of preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

##### **(3) Basis of consolidation**

###### **A. Preparation principle of consolidated financial statements**

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group’s voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

B. The consolidated entities are listed as follows:

| Investor                        | Subsidiaries   | Main business                                    | Percentage of ownership (%) |                   |                |
|---------------------------------|--|--|-----------------------------|-------------------|----------------|
|                                 |  |  | March 31, 2021              | December 31, 2020 | March 31, 2020 |
| The Company                     | Formosa Oil (Asia Pacific) Corp.                             | Sales Retailer                                   | 100%                        | 100%              | 100%           |
| The Company                     | Formosa Petrochemical Transportation Corp.                   | Transportation Service                           | 88%                         | 88%               | 88%            |
| The Company                     | FPCC USA, INC.   | Oil exploration & production                     | 100%                        | 100%              | 100%           |
| The Company                     | FPCC Marine Corporation (Note1)                              | Leasing on ships                                 | -                           | -                 | 100%           |
| The Company                     | FPCC DILIGENCE Corp. (Note1)                                 | Leasing on ships                                 | 100%                        | 100%              | -              |
| The Company                     | FPCC MAJESTY Corp. (Note1)                                   | Leasing on ships                                 | 100%                        | 100%              | -              |
| The Company                     | FPCC NATURE Corp. (Note1)                                    | Leasing on ships                                 | 100%                        | 100%              | -              |
| The Company                     | Formosa Petrochemical International (Cayman) Limited (Note2) | Investing  | -                           | -                 | 100%           |
| The Company                     | FG INC.  | Investing  | 57%                         | 57%               | 57%            |
| FG INC.                         | FG LA LLC  | Petrochemical products manufacturing and selling | 100%                        | 100%              | 100%           |
| FPCC Marine Corporation (Note1) | FPCC DILIGENCE Corp. (Note1)                                 | Leasing on ships                                 | -                           | -                 | 100%           |
| FPCC Marine Corporation (Note1) | FPCC MAJESTY Corp. (Note1)                                   | Leasing on ships                                 | -                           | -                 | 100%           |
| FPCC Marine Corporation (Note1) | FPCC NATURE Corp. (Note1)                                    | Leasing on ships                                 | -                           | -                 | 100%           |

Note 1: FPCC Marine Corporation, the subsidiary of the Company, established FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. at the price of ship assets on March 20, 2020. After the reorganization procedures on April 15, 2020, the subsidiary company FPCC Marine Corporation transferred 100% equity of the three companies FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. to the Company and was entered into dissolution and liquidation process.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

Note 2: The Company merged with one of the subsidiaries, Formosa Petrochemical International (Cayman) Limited, on November 19, 2020. The equity investments in Formosa Ha Tinh (Cayman) Limited originally held by Formosa Petrochemical International (Cayman) Limited was directly held by the Company after the combination, and accounted for as financial assets at fair value through other comprehensive income – non-current.

C. Subsidiaries are excluded from the consolidated financial statements and the reason are as follows:

| Investor                                   | Subsidiaries                        | Main business  | Percentage of ownership (%) |                   |                |
|--|-------------------------------------|----------------|-----------------------------|-------------------|----------------|
|  |                                     |                | March 31, 2021              | December 31, 2020 | March 31, 2020 |
| Formosa Oil (Asia Pacific) Corp.           | Whalehome International Corp., Ltd. | Sales Retailer | 53.80%                      | 53.80%            | 53.80%         |
| Formosa Petrochemical Transportation Corp. | Whalehome International Corp., Ltd. | Sales Retailer | 15.69%                      | 15.69%            | 15.69%         |

Note: The total percentages of ownership of Formosa Oil (Asia Pacific) Corporation and Formosa Petrochemical Transportation Corporation in Whalehome International Corp., Ltd. all were 69.49% as of March 31, 2021, December 31, 2020, and March 31, 2020, respectively. Whalehome International Corp., Ltd.'s assets, liabilities and net income only representing 0.09%, 0.04%, 0.01% and 0.09%, 0.04%, 0.14% and 0.10%, 0.05%, (0.00)% of the Company's corresponding accounts as of March 31, 2021, December 31, 2020, and March 31, 2020. Whalehome International Corp., Ltd was not significant for the Group, so it was not included in the consolidated financial statement.

The financial statements of the consolidated subsidiaries listed above had not been reviewed by auditors. As of March 31, 2021 and March 31, 2020, the related total assets of the subsidiaries which were not reviewed by auditors amounted to NT\$24,861,752 thousand and NT\$34,002,460 thousand, respectively, and the related total liabilities amounted to NT\$8,149,460 thousand and NT\$11,859,155 thousand, respectively. The comprehensive income (loss) of these subsidiaries amounted to NT\$327,545 thousand and NT\$(1,710,310) thousand for the three months ended March 31, 2021 and 2020, respectively.

#### **(4) Foreign currency transactions**

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instrument* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

### **(5) Translation of financial statements in foreign currency**

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

### **(6) Current and non-current distinction**

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or 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

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

All other liabilities are classified as non-current.

### **(7) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturing of less than 12 months, repurchase bonds and commercial papers).

**(8) Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

*Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable (including financing lease receivables), financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

### *Financial asset measured at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
  - (i) For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
  - (ii) For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

### *Financial assets at fair value through profit or loss*

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

### **B. Impairment of financial assets**

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

## **English Translation of Consolidated Financial Statements Originally Issued in Chinese**

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

### C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

### D. Financial liabilities and equity

#### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

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### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from issuing price.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable, interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

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### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## **(9) Derivatives instrument and hedge accounting**

The Group uses derivative instruments to hedge its price risk of products. A derivative is classified in the balance sheet as financial asset or financial liability at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

The Group's purpose of using hedge accounting is to hedge the risk of cash flows. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or foreign exchange rate risk arising from an unrecognized commitment.

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Hedges that meet the hedge accounting requirement should be treated as follows:

### Cash flow hedge

Gains or losses arising from the effective portion of cash flow hedges are recognized in equity and gains or losses arising from the ineffective portion are recognized in profit or loss.

When the hedged transaction affected profit or loss, the gains or losses recognized in equity are transferred to profit or loss. When the hedged item is non-financial assets or non-financial liabilities, the gains or losses recognized in equity should be transferred to the book value of the hedged non-financial assets or non-financial liabilities.

When the expected transaction or commitment is not expected to happen, the gains or losses recognized in equity previously should be transferred to profit or loss. If the hedge instrument has expired, terminated or executed and not replaced or extended, or has cancelled the original designated hedge, then the gains or losses recognized in equity previously should remain in equity before the expected transaction or commitment affected profit or loss.

### **(10) Fair value measurement**

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability; or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must enter by the group to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

**(11) Inventories**

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. The fix manufacturing cost is allocated based on normal operating capacity. If the actual capacity exceeds the normal capacity, then the fix manufacturing cost is allocated based on the actual capacity. Finished goods and work in progress are based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

**(12) Investments accounted for using the equity method**

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

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When the associate issues or a joint venture new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

**(13) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings: 25~55 years

Machinery and equipment: 5~40 years

Transportation equipment: 3~15 years

Other equipment: 3~25 years

Leasehold improvements: The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company changed the depreciation method from the straight-line method to the fixed-percentage-on-declining-base method on January 1, 2008 with respect to the related machines, transportation and other equipment of the Refinery and Oil Products Division (excluding the utilities factory and oil factory), Petrochemical Olefins Division and Maintenance Center in Mailiao plant. PP&E still in use after its service life are further depreciated over the newly estimated remaining useful lives.

**(14) Investment property**

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

**(15) Leases**

The Group assesses whether the 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 for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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### Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increase the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

### **Group as a lessor**

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

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For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

### **(16) Exploration and evaluation assets**

Mineral resources means acquired mineral interests and the oil and gas wells and related facilities arising from oil and gas development activities. Necessary cost for the acquisition of mineral interest including acquisition, exploration, development and removal or restoration costs are capitalized as mineral resource assets.

### **(17) Impairment of non-financial assets**

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

**(18) Revenue recognition**

The Group's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follows:

Sales of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer (meaning that the customer has control over the use of the product and claims almost all of the remaining benefit) and the goods are delivered to the customers. The main product of the Group is petrochemical products and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Group has not provided any warranty to its products.

The credit period of the Group's sale of goods is from 30 to 60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The service provided by the Group is mainly terminal operations which have fixed price or negotiated price based on the number of times the service is provided. The performance obligation is fulfilled at a certain point, so the revenue should be recognized when the performance obligation is fulfilled.

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Most of the contractual consideration of the Group are claimed after services have been rendered. When services have been performed but the Group does not have the right to the consideration unconditionally, contract assets should be recognized. For part of the contracts where consideration is claimed upon signing the contract, then the Group has the obligation to provide the services subsequently and contract liabilities should be recognized.

The period between the transfers of contract liabilities to revenue is usually within one year, and thus, no significant financing component is arised.

### **(19) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **(20) Post-employment benefits**

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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

### **(21) Income taxes**

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

#### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

#### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

## **5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**(1) Judgment**

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Finance lease commitment – Group as the lessor/lessee

The Group has entered into commercial property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

**(2) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**A. Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

**B. Pension benefits**

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

**C. Revenue recognition – sales returns and allowance**

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. The aforementioned sales returns and allowance is estimated based on the assumption that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

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### D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

### E. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

### F. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

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**6. CONTENTS OF SIGNIFICANT ACCOUNTS**

**(1) Cash and cash equivalents**

|                             | As of               |                     |                     |
|-----------------------------|---------------------|---------------------|---------------------|
|                             | March 31,           | December 31,        | March 31,           |
|                             | 2021                | 2020                | 2020                |
|                             | NTD                 | NTD                 | NTD                 |
| Cash on hand and petty cash | \$4,920             | \$5,008             | \$5,120             |
| Checking accounts           | 63,491              | 427,073             | 43,502              |
| Demand deposits             | 38,856,575          | 26,010,042          | 19,568,875          |
| Time deposits               | 9,179,604           | 10,679,378          | 10,527,850          |
| Commercial paper            | 2,230,422           | 4,487,138           | 2,850,971           |
| Repurchase bonds            | 483,380             | 1,357,164           | 1,318,700           |
| <b>Total</b>                | <b>\$50,818,392</b> | <b>\$42,965,803</b> | <b>\$34,315,018</b> |

The above cash and cash equivalents were not pledged as collateral or restricted for uses.

**(2) Financial assets at fair value through profit or loss — current**

|  | As of       |              |             |
|--|-------------|--------------|-------------|
|  | March 31,   | December 31, | March 31,   |
|  | 2021        | 2020         | 2020        |
|  | NTD         | NTD          | NTD         |
| Mandatorily measured at fair value through profit or loss: |             |              |             |
| Funds  | \$3,897,807 | \$3,888,511  | \$4,085,858 |

The profit (loss) arising from financial assets at fair value through profit or loss were NT\$9,296 thousand and NT\$41,889 thousand for the three months ended March 31, 2021 and 2020, respectively.

Financial assets at fair value through profit or loss were not pledged.

**(3) Financial assets at fair value through other comprehensive income — current and non-current**

|   | As of               |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | March 31,           | December 31,        | March 31,           |
|   | 2021                | 2020                | 2020                |
|   | NTD                 | NTD                 | NTD                 |
| Equity instruments investments measured at fair value through other comprehensive income: |                     |                     |                     |
| Listed companies stocks   | \$65,970,197        | \$61,996,861        | \$41,919,443        |
| Unlisted companies stocks   | 16,224,488          | 14,692,966          | 14,162,810          |
| <b>Total</b>  | <b>\$82,194,685</b> | <b>\$76,689,827</b> | <b>\$56,082,253</b> |
| Current   | \$65,970,197        | \$61,996,861        | \$41,919,443        |
| Non-current   | 16,224,488          | 14,692,966          | 14,162,810          |
| <b>Total</b>  | <b>\$82,194,685</b> | <b>\$76,689,827</b> | <b>\$56,082,253</b> |

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The Group classified part of its financial assets as financial assets at fair value through other comprehensive income. Please refer to Note 8 for more details on financial assets at fair value through other comprehensive income under pledge.

The Group has equity instrument investments measured at fair value through other comprehensive income were not dividend for the three months ended March 31, 2021 and 2020.

**(4) Financial assets (liabilities) for hedging — current and non-current**

|  | As of             |                      |                   |
|--|-------------------|----------------------|-------------------|
|  | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020 |
|  | NTD               | NTD                  | NTD               |
| <u>Financial assets for hedging</u>      |                   |                      |                   |
| Financial Derivatives                    |                   |                      |                   |
| Energy commodity swap contracts          | \$245,890         | \$165,093            | \$46,251          |
| Current                                  | \$235,811         | \$165,093            | \$35,428          |
| Non-current                              | 10,079            | -                    | 10,823            |
| Total                                    | <u>\$245,890</u>  | <u>\$165,093</u>     | <u>\$46,251</u>   |
| <br>                                     |                   |                      |                   |
|  | As of             |                      |                   |
|  | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020 |
|  | NTD               | NTD                  | NTD               |
| <u>Financial liabilities for hedging</u> |                   |                      |                   |
| Financial Derivatives                    |                   |                      |                   |
| Energy commodity swap contracts          | \$-               | \$-                  | \$33,537          |
| Current                                  | \$-               | \$-                  | \$19,174          |
| Non-current                              | -                 | -                    | 14,363            |
| Total                                    | <u>\$-</u>        | <u>\$-</u>           | <u>\$33,537</u>   |

Note: The Group applied hedge accounting according to IAS 39.

A. As of March 31, 2021 December 31, 2020 and March 31, 2020, there were 82, 55 and 45 energy commodity swap contracts outstanding. The Company used these contracts to hedge the fluctuations of international crude oil, petroleum product and nature gas prices. The swap contracts entered into by the Company are highly correlated with the price movement of the hedged items and periodic reviews are conducted on the swap contracts undertaken. All energy commodity swap contracts currently held by the Company are held for purpose of hedging and hedge effective. Please refer to Note 12 for details of the company's financial risk management objectives and policies, hedging strategies and activities.

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B. For hedging fluctuations of international crude oil, petroleum product and nature gas prices, the outstanding energy commodity swap contracts were as follows:

|  |                              | March 31, 2021        |              |                  |
|--|------------------------------|-----------------------|--------------|------------------|
|  |                              | Notional<br>Quantity  | Book Value   |                  |
| Type of Transaction  | Pricing Period               |                       | Asset<br>NTD | Liability<br>NTD |
| Singapore gasoline /<br>Dubai Crack Swap                   | Apr.1, 2021~<br>Dec.31, 2022 | 1,200<br>(1,000 bbls) | \$229,389    | \$-              |
| Henry Hub Natural<br>Gas Asian Swap                        | Apr.1, 2021~<br>Dec.31, 2021 | 2,320,000<br>MMBtu    | 16,501       | -                |
| Total  |                              |                       | 245,890      | -                |
| Less: Financial assets (liabilities) for hedging — current |                              |                       | 235,811      | -                |
| Financial assets (liabilities) for hedging — non-current   |                              |                       | \$10,079     | \$-              |

|  |                              | December 31, 2020     |              |                  |
|--|------------------------------|-----------------------|--------------|------------------|
|  |                              | Notional<br>Quantity  | Book Value   |                  |
| Type of Transaction  | Pricing Period               |                       | Asset<br>NTD | Liability<br>NTD |
| Singapore gasoline /<br>Dubai Crack Swap                   | Jan.1, 2021~<br>Dec.31, 2021 | 1,200<br>(1,000 bbls) | \$161,127    | \$-              |
| Henry Hub Natural<br>Gas Asian Swap                        | Apr.1, 2021~<br>Oct.31, 2021 | 460,000<br>MMBtu      | 3,966        | -                |
| Total  |                              |                       | 165,093      | -                |
| Less: Financial assets (liabilities) for hedging — current |                              |                       | 165,093      | -                |
| Financial assets (liabilities) for hedging — non-current   |                              |                       | \$-          | \$-              |

|  |                              | March 31, 2020       |              |                  |
|--|------------------------------|----------------------|--------------|------------------|
|  |                              | Notional<br>Quantity | Book Value   |                  |
| Type of Transaction  | Pricing Period               |                      | Asset<br>NTD | Liability<br>NTD |
| Singapore gasoline /<br>Dubai Crack Swap                   | Jul.1, 2020~<br>Dec.31, 2021 | 900<br>(1,000 bbls)  | \$32,266     | \$33,537         |
| Singapore jet fuel<br>/diesel oil Crack<br>Swap            | Apr.1, 2020~<br>Dec.31, 2020 | 225<br>(1,000 bbls)  | 13,985       | -                |
| Total  |                              |                      | 46,251       | 33,537           |
| Less: Financial assets (liabilities) for hedging — current |                              |                      | 35,428       | 19,174           |
| Financial assets (liabilities) for hedging — non-current   |                              |                      | \$10,823     | \$14,363         |

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**(5) Notes and accounts receivable**

|  | As of               |                      |                     |
|--|---------------------|----------------------|---------------------|
|  | March 31,<br>2021   | December 31,<br>2020 | March 31,<br>2020   |
|  | NTD                 | NTD                  | NTD                 |
| A. Notes receivable                        | \$846               | \$1,970              | \$2,054             |
| Less: Loss allowance                       | -                   | -                    | -                   |
| Notes receivable, net                      | <u>\$846</u>        | <u>\$1,970</u>       | <u>\$2,054</u>      |
| B. Notes receivable – related parties      | \$2,960,580         | \$1,465,976          | \$1,486,741         |
| Less: Loss allowance                       | -                   | -                    | -                   |
| Notes receivable – related parties, net    | <u>\$2,960,580</u>  | <u>\$1,465,976</u>   | <u>\$1,486,741</u>  |
| C. Accounts receivable                     | \$9,324,876         | \$11,921,345         | \$11,623,999        |
| Less: Loss allowance                       | (424,136)           | (372,067)            | (327,479)           |
| Accounts receivable, net                   | <u>\$8,900,740</u>  | <u>\$11,549,278</u>  | <u>\$11,296,520</u> |
| D. Accounts receivable – related parties   | \$28,570,967        | \$22,401,436         | \$18,582,124        |
| Less: Loss allowance                       | -                   | -                    | -                   |
| Accounts receivable – related parties, net | <u>\$28,570,967</u> | <u>\$22,401,436</u>  | <u>\$18,582,124</u> |

Notes receivable and accounts receivable were from operations and were not held as collateral by any financial institution.

Accounts receivable are generally on 30~60 day terms. As of March 31, 2021, December 31, 2020 and March 31, 2020, the book value were NT\$40,857,269 thousand, NT\$35,790,727 thousand and NT\$31,694,918 thousand, respectively. Please refer to Note 6.16 for more details on loss allowance of accounts receivable for the three months ended March 31, 2021 and 2020. Please refer to Note. 12 for more details on credit risk management.

**(6) Inventories**

|                  | As of               |                      |                     |
|------------------|---------------------|----------------------|---------------------|
|                  | March 31,<br>2021   | December 31,<br>2020 | March 31,<br>2020   |
|                  | NTD                 | NTD                  | NTD                 |
| Raw materials    | \$25,069,854        | \$21,642,951         | \$23,535,609        |
| Supplies         | 5,200,111           | 4,951,512            | 5,402,001           |
| Work in process  | 7,786,339           | 6,205,385            | 10,326,792          |
| Finished goods   | 16,664,810          | 12,703,418           | 13,255,003          |
| Goods in transit | 5,401,412           | 1,532,282            | 4,278,081           |
| By-product       | 2,272               | 1,858                | 1,822               |
| Total            | <u>\$60,124,798</u> | <u>\$47,037,406</u>  | <u>\$56,799,308</u> |

The cost of inventories (operating cost) recognized in expenses amounted to NT\$106,672,139 thousand and NT\$148,683,903 thousand for the three months ended March 31, 2021 and 2020, including the expense (benefit) from inventory diluted to its respective net realizable value of NT\$(43,153) thousand and NT\$5,261,463 thousand for the three months ended March 31, 2021 and 2020, respectively.

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COVID-19 vaccination prevented the spread of the epidemic and market was optimistic about the result of the vaccination. Therefore, demand was expected to grow hence led the crude oil and naphtha prices to rise. As a result, the Group had recognized gain from price recovery of inventory in the amount of NT\$43,153 thousand for the three months ended March 31, 2021.

No inventories were pledged as of March 31, 2021, December 31, 2020 and March 31, 2020.

### **(7) Prepaid expense**

|                               | As of               |                      |                     |
|-------------------------------|---------------------|----------------------|---------------------|
|                               | March 31,<br>2021   | December 31,<br>2020 | March 31,<br>2020   |
|                               | NTD                 | NTD                  | NTD                 |
| Prepaid expense – Maintenance | \$7,470,863         | \$7,710,693          | \$6,294,163         |
| Prepaid expense – Material    | 2,661,260           | 1,676,151            | 1,927,935           |
| Prepaid taxes – Input VAT     | -                   | 231,697              | 664,677             |
| Prepaid expense – Insurance   | 11,635              | 48,079               | 28,961              |
| Prepaid expense – Others      | 1,849,561           | 1,967,143            | 1,293,333           |
| Total                         | <u>\$11,993,319</u> | <u>\$11,633,763</u>  | <u>\$10,209,069</u> |

### **(8) Investments accounted for using the equity method**

The following table lists the investments accounted for using the equity method of the Group:

| Investee  | As of             |                                |                   |                                |                   |                                |
|---|-------------------|--------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
|   | March 31, 2021    |                                | December 31, 2020 |                                | March 31, 2020    |                                |
|   | NTD               | Percentage of<br>Ownership (%) | NTD               | Percentage of<br>Ownership (%) | NTD               | Percentage of<br>Ownership (%) |
| <b>Investments in associates</b>                |                   |                                |                   |                                |                   |                                |
| Mai-Liao Power Corporation                      | \$12,617,941      | 24.94                          | \$12,416,391      | 24.94                          | \$10,528,202      | 24.94                          |
| Yi-Chi Construction Corporation                 | 28,446            | 40.55                          | 28,467            | 40.55                          | 89,828            | 40.55                          |
| Mailiao Harbor Administration<br>Corporation    | 2,386,965         | 44.96                          | 2,295,271         | 44.96                          | 2,506,467         | 44.96                          |
| Formosa Development Corporation                 | 797,249           | 45.99                          | 772,318           | 45.99                          | 648,759           | 45.99                          |
| Formosa Marine Corporation                      | 266,678           | 20.00                          | 173,697           | 20.00                          | 36,903            | 20.00                          |
| Simosa Oil Corporation                          | 541,923           | 20.00                          | 541,394           | 20.00                          | 543,678           | 20.00                          |
| Formosa Environmental Technology<br>Corporation | 227,704           | 24.34                          | 227,350           | 24.34                          | 226,211           | 24.34                          |
| Formosa Plastics Synthetic Rubber               | -                 | -                              | -                 | -                              | 290,804           | 33.33                          |
| Formosa Plastics Synthetic Rubber (HK)          | 2,121,330         | 33.33                          | 2,163,006         | 33.33                          | 2,177,226         | 32.53                          |
| Nan Ya Photonics, Incorporation                 | 297,157           | 22.83                          | 294,829           | 22.83                          | -                 | -                              |
| Whalehome International Corp., Ltd.             | 228,779           | 69.49                          | 227,246           | 69.49                          | 228,325           | 69.49                          |
| TMS Corp.                                       | 54,203            | 49.00                          | 51,170            | 49.00                          | 46,006            | 49.00                          |
| Formolight Technologies, Inc.                   | 58,776            | 39.43                          | 62,497            | 39.43                          | 58,169            | 39.43                          |
| Formosa Resources Corporation                   | 7,054,834         | 25.00                          | 6,169,287         | 25.00                          | 6,607,841         | 25.00                          |
| Formosa Group (Cayman) Limited                  | 658,822           | 25.00                          | 649,229           | 25.00                          | 670,615           | 25.00                          |
| Subtotal  | <u>27,340,807</u> |                                | <u>26,072,152</u> |                                | <u>24,659,034</u> |                                |

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| Investee  | As of               |                             |                     |                             |                     |                             |
|---|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
|   | March 31, 2021      |                             | December 31, 2020   |                             | March 31, 2020      |                             |
|   | NTD                 | Percentage of Ownership (%) | NTD                 | Percentage of Ownership (%) | NTD                 | Percentage of Ownership (%) |
| <u>Investments in jointly controlled entities</u> |                     |                             |                     |                             |                     |                             |
| Caltex Taiwan Corporation                         | 57,160              | 50.00                       | 55,642              | 50.00                       | 95,613              | 50.00                       |
| Formosa Kraton Chemical Co., Ltd.                 | 1,285,429           | 50.00                       | 1,240,764           | 50.00                       | 1,155,674           | 50.00                       |
| Idemitsu Formosa Specialty Chemicals Corp.        | 377,433             | 50.00                       | 423,174             | 50.00                       | 575,395             | 50.00                       |
| Formosa Falkor Engineering Corporation            | -                   | -                           | -                   | -                           | 7,515               | 50.00                       |
| NKFG  | 566,744             | 45.00                       | 675,987             | 45.00                       | 828,571             | 45.00                       |
| Subtotal  | <u>2,286,766</u>    |                             | <u>2,395,567</u>    |                             | <u>2,662,768</u>    |                             |
| Total   | <u>\$29,627,573</u> |                             | <u>\$28,467,719</u> |                             | <u>\$27,321,802</u> |                             |

### A. Investments in associates

- (a) The associates of the Group was not significant. The summary financial information of related party was listed below:

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
| Net income                                 | \$84,589  | \$220,593                                       |
| Other comprehensive income (loss), net     | 296,246   | (921,690)                                       |
| Comprehensive income (loss) for the period | <u>\$380,835</u>                                | <u>\$(701,097)</u>                              |

- (b) The associates of the Group have no publicly quoted prices.
- (c) Formosa Plastics Synthetic Rubber was dissolved in September 2020, and transferred its equity of Formosa Plastics Synthetic Rubber (HK) to other original shareholders. And the Group transferred accumulated share of other comprehensive income accounted for using equity method NT\$(44,168) thousand from other equity to retained earnings. The Group acquired 3,333 thousand shares of Formosa Plastics Synthetic Rubber (HK), and the Group's aggregated shareholding percentage is 33.33%.

### B. Investments in joint ventures

- (a) The joint ventures of the Group was not significant. The summary financial information of joint ventures was listed below:

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
| Net income (loss)                          | \$(108,802)                                     | \$18,764  |
| Other comprehensive income (loss), net     | -   | -   |
| Comprehensive income (loss) for the period | <u>\$(108,802)</u>                              | <u>\$18,764</u>                                 |

- (b) During March of 2020, NKFG increased capital by issuing new shares. The Group did not acquire the newly issued shares proportionately to its original ownership interest and thus, its ownership interest changes. Therefore, the Group increase capital surplus and investments accounted for using equity method by NT\$18,845 thousand.

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- C. The associates and joint ventures had no contingent liability, committed capital or provided guarantee on March 31, 2021, December 31, 2020 and March 31, 2020. The joint venture could not distribute profits before obtaining all partners' consent.

The above-mentioned investment under the equity method amounted to NT\$29,627,573 thousand and NT\$27,321,802 thousand as of March 31, 2021 and 2020, respectively. The related share of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT\$(24,213) thousand and NT\$239,357 thousand for the three months ended March 31, 2021 and 2020, respectively. The share of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to NT\$296,246 thousand and NT\$(921,690) thousand for the three months ended March 31, 2021 and 2020, respectively. The financial statements of these investee were unreviewed.

- D. Whalehome International Corp., Ltd. was not included in the consolidated financial statements. Please refer to Note 4.(3).C °

- E. To develop UVLED business in collaboration with other companies, the Group established NKFG, a joint venture, in July 2018. According to the investment agreement, the Group was the sole owner of NKFG initially, and NKFG received capital injection on September 20, 2019 and March 20, 2020. As of March 31, 2021, The Group's ownership of NKFG was 45%.

- F. The Group's associate Mai-Liao Power Corporation was approved to cease public issuing by Financial Supervisory Commission approved document No. 1090347583 dated June 23, 2020.

- G. The Group acquired 3,931 thousand shares of Nan Ya Photonics Incorporation on August 31, 2020, and the Group's shareholding percentage was risen from 14.3% to 22.83%. Therefore, the Group reclassified the equity instrument investments measured at fair value through other comprehensive income – non-current to investments accounted for using equity method, which based on the fair value on acquisition date. And the Group transferred related accumulated fair value changes NT\$(124,434) thousand from other equity to retained earnings.

- H. Yi-Chi Construction Corporation, the associate of the Company, held an extraordinary shareholders' meeting on December 15, 2020. The extraordinary shareholders' meeting adopted a resolution to reduce capital by NT\$156,700 thousand to cover losses and refund the amount to shareholders. The base date was December 21, 2020. Therefore, the Company collected back investment in the amount of NT\$61,992 thousand.

- I. Long-term equity investments are not pledged as collaterals for bank loans as of March 31, 2021 and 2020.

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### (9) Property, plant and equipment

As of March 31, 2021, the property, plant and equipment for operating leases, representing 0% of total property, plant and equipment. Therefore, it is not intended to separately list Statement of changes in property, plant and equipment for operating leases.

|                              | Land and land<br>improvements | Buildings           | Machinery and<br>equipment | Other<br>equipment | Transportation<br>equipment | Leasehold<br>Improvement | Construction in<br>progress | Total                |
|------------------------------|-------------------------------|---------------------|----------------------------|--------------------|-----------------------------|--------------------------|-----------------------------|----------------------|
| Cost:                        |                               |                     |                            |                    |                             |                          |                             |                      |
| 2021.1.1                     | \$26,515,601                  | \$44,883,212        | \$365,488,419              | \$4,443,292        | \$889,513                   | \$368,891                | \$11,034,328                | \$453,623,256        |
| Additions                    | -                             | -                   | 14,874                     | 28,601             | 1,720                       | -                        | 3,212,754                   | 3,257,949            |
| Transfer                     | -                             | 1,067               | 467,798                    | 112                | 598                         | 1,204                    | (470,779)                   | -                    |
| Disposals                    | -                             | -                   | (40,505)                   | (18,274)           | (17,831)                    | -                        | -                           | (76,610)             |
| Exchange<br>differences      | 2,686                         | -                   | -                          | 16                 | -                           | -                        | 4,917                       | 7,619                |
| 2021.3.31                    | <u>\$26,518,287</u>           | <u>\$44,884,279</u> | <u>\$365,930,586</u>       | <u>\$4,453,747</u> | <u>\$874,000</u>            | <u>\$370,095</u>         | <u>\$13,781,220</u>         | <u>\$456,812,214</u> |
|                              |                               |                     |                            |                    |                             |                          |                             |                      |
| 2020.1.1                     | \$26,643,779                  | \$44,758,083        | \$362,524,280              | \$4,254,619        | \$882,516                   | \$330,043                | \$8,849,866                 | \$448,243,186        |
| Additions                    | 6,580                         | -                   | 13,987                     | 20,824             | 1,185                       | 23,438                   | 2,522,812                   | 2,588,826            |
| Transfer                     | -                             | 49,654              | 1,001,132                  | 118                | 254                         | -                        | (1,051,158)                 | -                    |
| Disposals                    | -                             | -                   | (18,375)                   | (5,047)            | (2,430)                     | (10,165)                 | -                           | (36,017)             |
| Exchange<br>differences      | 17,215                        | -                   | -                          | 98                 | -                           | -                        | 21,520                      | 38,833               |
| 2020.3.31                    | <u>\$26,667,574</u>           | <u>\$44,807,737</u> | <u>\$363,521,024</u>       | <u>\$4,270,612</u> | <u>\$881,525</u>            | <u>\$343,316</u>         | <u>\$10,343,040</u>         | <u>\$450,834,828</u> |
|                              |                               |                     |                            |                    |                             |                          |                             |                      |
| Depreciation and impairment: |                               |                     |                            |                    |                             |                          |                             |                      |
| 2021.1.1                     | \$-                           | \$30,044,303        | \$319,817,165              | \$3,570,648        | \$600,112                   | \$261,480                | \$-                         | \$354,293,708        |
| Depreciation                 | -                             | 473,092             | 2,294,188                  | 63,689             | 14,059                      | 3,329                    | -                           | 2,848,357            |
| Disposals                    | -                             | -                   | (40,224)                   | (17,872)           | (17,161)                    | -                        | -                           | (75,257)             |
| Transfer                     | -                             | -                   | (228)                      | 1                  | 227                         | -                        | -                           | -                    |
| Exchange<br>differences      | -                             | -                   | -                          | 18                 | -                           | -                        | -                           | 18                   |
| 2021.3.31                    | <u>\$-</u>                    | <u>\$30,517,395</u> | <u>\$322,070,901</u>       | <u>\$3,616,484</u> | <u>\$597,237</u>            | <u>\$264,809</u>         | <u>\$-</u>                  | <u>\$357,066,826</u> |
|                              |                               |                     |                            |                    |                             |                          |                             |                      |
| 2020.1.1                     | \$-                           | \$28,156,244        | \$313,633,716              | \$3,384,659        | \$569,285                   | \$268,634                | \$-                         | \$346,012,538        |
| Depreciation                 | -                             | 470,875             | 2,278,122                  | 55,517             | 13,860                      | 2,936                    | -                           | 2,821,310            |
| Disposals                    | -                             | -                   | (18,083)                   | (5,046)            | (2,430)                     | (10,165)                 | -                           | (35,724)             |
| Transfer                     | -                             | -                   | (76)                       | 2                  | 74                          | -                        | -                           | -                    |
| Exchange<br>differences      | -                             | -                   | -                          | 41                 | -                           | -                        | -                           | 41                   |
| 2020.3.31                    | <u>\$-</u>                    | <u>\$28,627,119</u> | <u>\$315,893,679</u>       | <u>\$3,435,173</u> | <u>\$580,789</u>            | <u>\$261,405</u>         | <u>\$-</u>                  | <u>\$348,798,165</u> |
|                              |                               |                     |                            |                    |                             |                          |                             |                      |
| Net carrying amount as of:   |                               |                     |                            |                    |                             |                          |                             |                      |
| 2021.3.31                    | <u>\$26,518,287</u>           | <u>\$14,366,884</u> | <u>\$43,859,685</u>        | <u>\$837,263</u>   | <u>\$276,763</u>            | <u>\$105,286</u>         | <u>\$13,781,220</u>         | <u>\$99,745,388</u>  |
| 2020.12.31                   | <u>\$26,515,601</u>           | <u>\$14,838,909</u> | <u>\$45,671,254</u>        | <u>\$872,644</u>   | <u>\$289,401</u>            | <u>\$107,411</u>         | <u>\$11,034,328</u>         | <u>\$99,329,548</u>  |
| 2020.3.31                    | <u>\$26,667,574</u>           | <u>\$16,180,618</u> | <u>\$47,627,345</u>        | <u>\$835,439</u>   | <u>\$300,736</u>            | <u>\$81,911</u>          | <u>\$10,343,040</u>         | <u>\$102,036,663</u> |

Capitalized borrowing costs of property, plant and equipment are as follows:

| Item                                   | For the three months<br>ended March 31, 2021 | For the three months<br>ended March 31, 2020 |
|--|--|--|
| Construction in progress               | \$517  | \$153  |
| Capitalisation rate of borrowing costs | 0.82%~0.96%                                  | 1.57%~1.88%                                  |

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A. The Group's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT\$96,758 thousand and NT\$128,859 thousand for three months ended March 31, 2021 and 2020, respectively.

**(10) Investment property and other non-current assets**

A. Investment property:

|       | <u>2021.1.1</u>  | <u>Additions</u> | <u>Disposals</u> | <u>2021.3.31</u> |
|-------|------------------|------------------|------------------|------------------|
| Land: |                  |                  |                  |                  |
| Cost  | <u>\$946,818</u> | <u>\$-</u>       | <u>\$-</u>       | <u>\$946,818</u> |

|                        | <u>2021.1.1</u>  | <u>Impairment</u> | <u>Reversal of<br/>impairment loss</u> | <u>2021.3.31</u> |
|------------------------|------------------|-------------------|--|------------------|
| Land:                  |                  |                   |  |                  |
| Accumulated impairment | <u>\$581,254</u> | <u>\$-</u>        | <u>\$(26,767)</u>                      | <u>\$554,487</u> |

|                           | <u>2021.1.1</u>  | <u>2021.3.31</u> |
|---------------------------|------------------|------------------|
| Land:                     |                  |                  |
| Net carrying amount as of | <u>\$365,564</u> | <u>\$392,331</u> |

|       | <u>2020.1.1</u>  | <u>Additions</u> | <u>Disposals</u> | <u>2020.3.31</u> |
|-------|------------------|------------------|------------------|------------------|
| Land: |                  |                  |                  |                  |
| Cost  | <u>\$946,818</u> | <u>\$-</u>       | <u>\$-</u>       | <u>\$946,818</u> |

|                        | <u>2020.1.1</u>  | <u>Impairment</u> | <u>Reversal of<br/>impairment loss</u> | <u>2020.3.31</u> |
|------------------------|------------------|-------------------|--|------------------|
| Land:                  |                  |                   |  |                  |
| Accumulated impairment | <u>\$580,574</u> | <u>\$680</u>      | <u>\$-</u>                             | <u>\$581,254</u> |

|                           | <u>2020.1.1</u>  | <u>2020.3.31</u> |
|---------------------------|------------------|------------------|
| Land:                     |                  |                  |
| Net carrying amount as of | <u>\$366,244</u> | <u>\$365,564</u> |

(a) The Group's investment property was not pledged as collaterals.

(b) The Group measures its investment property not by the fair value, however it discloses its information by the fair value, and it is belong to level 3. The fair value of the investment property held by the Group amounted to NT\$392,331 thousand, NT\$365,564 thousand and NT\$365,564 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively. The fair value of investment property was valued by an independent external appraisal expert – CCIS Real Estate Joint Appraisers Firm and Euro-Asia Real Estate Appraisers Firm. The fair value was determined based on the market evidence, and the evaluation method was the comparison method, which input is estimated by the price of square meters.

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B. Other non-current assets:

|                                      | As of              |                    |                    |
|--------------------------------------|--------------------|--------------------|--------------------|
|                                      | March 31,          | December 31,       | March 31,          |
|                                      | 2021               | 2020               | 2020               |
|                                      | NTD                | NTD                | NTD                |
| Refundable deposits                  | \$390,687          | \$384,448          | \$516,132          |
| Prepaid expense — land and equipment | 4,021,569          | 4,141,628          | 4,126,974          |
| Advance                              | 120,825            | 116,401            | 124,702            |
| Unamortized expense                  | 1,125,732          | 1,068,510          | 656,330            |
| Other assets — land                  | 9,823              | 9,823              | 9,823              |
| Prepaid expense — Maintenance        | 2,608,695          | 2,426,121          | 1,528,009          |
| Other assets — Others                | 1,040,348          | 1,236,767          | 1,364,827          |
| Total                                | <u>\$9,317,679</u> | <u>\$9,383,698</u> | <u>\$8,326,797</u> |

As of March 31, 2021, December 31, 2020 and March 31, 2020, the above land was temporarily registered under a third party's name, all at cost amounting to NT\$9,823 thousand. A lien has been created on the land through the land administration authority of the government, and the registered amounts of the lien were all NT\$90,360 thousand in order to protect the interest of the Company. The land was accounted for as the other non-current asset.

**(11) Short-term loans**

|                | Interest Rate | As of           |                  |                  |
|----------------|---------------|-----------------|------------------|------------------|
|                |               | March 31,       | December 31,     | March 31,        |
|                |               | 2021            | 2020             | 2020             |
|                |               | NTD             | NTD              | NTD              |
| Purchase loans | 0.850%~1.200% | \$-             | \$-              | \$282,508        |
| Others         | 0.79%~1.07%   | 33,894          | 271,781          | 272,520          |
| Total          |               | <u>\$33,894</u> | <u>\$271,781</u> | <u>\$555,028</u> |

A. The Group's unused short-term lines of credits amounted to NT\$19,612,400 thousand, NT\$19,584,034 thousand and NT\$4,104,322 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

**(12) Bonds payable**

|  | As of               |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | March 31,           | December 31,        | March 31,           |
|  | 2021                | 2020                | 2020                |
|  | NTD                 | NTD                 | NTD                 |
| Domestic unsecured unconvertible bonds | \$29,200,000        | \$29,200,000        | \$16,900,000        |
| Less: current portion                  | -                   | -                   | (2,200,000)         |
| Long-term bonds payable                | <u>\$29,200,000</u> | <u>\$29,200,000</u> | <u>\$14,700,000</u> |

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As of March 31, 2021, the terms of the domestic bonds were as follows:

### Domestic unsecured unconvertible bonds

| Item   | Unsecured<br>Bonds No.35   |   | Unsecured<br>Bonds No.36  |   |  | Unsecured<br>Bonds No.37  |   |  |
|--|--|---|---|---|--|---|---|--|
|  | Bond B   | Bond C  | Bond A  | Bond B  | Bond C   | Bond A  | Bond B  | Bond C   |
| Type of bonds  |  |   |   |   |  |   |   |  |
| Issue date   | 2014.9.12  | 2014.9.12   | 2019.7.24   | 2019.7.24   | 2019.7.24  | 2020.8.6  | 2020.8.6  | 2020.8.6   |
| Principal amount                                       | 2,200,000  | 1,400,000   | 4,500,000   | 4,500,000   | 2,100,000  | 4,600,000   | 7,800,000   | 2,100,000  |
| Ending balance   | 2,200,000  | 1,400,000   | 4,500,000   | 4,500,000   | 2,100,000  | 4,600,000   | 7,800,000   | 2,100,000  |
| Face value   | 1,000  | 1,000   | 1,000   | 1,000   | 1,000  | 1,000   | 1,000   | 1,000  |
| Issue price  | Par value  | Par value   | Par value   | Par value   | Par value  | Par value   | Par value   | Par value  |
| Maturity   | 10 years   | 12 years  | 5 years   | 7 years   | 10 years   | 5 years   | 7 years   | 10 years   |
| Coupon rate  | Fixed rate<br>1.90%  | Fixed rate<br>1.99%   | Fixed rate<br>0.72%   | Fixed rate<br>0.78%   | Fixed rate<br>0.87%  | Fixed rate<br>0.55%   | Fixed rate<br>0.64%   | Fixed rate<br>0.68%  |
| Interest payment                                       | Annually   | Annually  | Annually  | Annually  | Annually   | Annually  | Annually  | Annually   |
| Repayment  | Repay 50% of the principal at the end of the 9 <sup>th</sup> and 10 <sup>th</sup> year | Repay 50% of the principal at the end of the 11 <sup>th</sup> and 12 <sup>th</sup> year | Repay 50% of the principal at the end of the 4 <sup>th</sup> and 5 <sup>th</sup> year | Repay 50% of the principal at the end of the 6 <sup>th</sup> and 7 <sup>th</sup> year | Repay 50% of the principal at the end of the 9 <sup>th</sup> and 10 <sup>th</sup> year | Repay 50% of the principal at the end of the 4 <sup>th</sup> and 5 <sup>th</sup> year | Repay 50% of the principal at the end of the 6 <sup>th</sup> and 7 <sup>th</sup> year | Repay 50% of the principal at the end of the 9 <sup>th</sup> and 10 <sup>th</sup> year |
| Conversion exchange or stock warrants                  | Not applicable   | Not applicable  | Not applicable  | Not applicable  | Not applicable   | Not applicable  | Not applicable  | Not applicable   |
| Securities and Futures Bureau approved document number | Financial Supervisory Commission approved document No. 1030029158, July 31, 2014       | Financial Supervisory Commission approved document No. 1030029158, July 31, 2014        | Taipei Exchange approved document No.10800082232, July 22, 2019                       | Taipei Exchange approved document No.10800082232, July 22, 2019                       | Taipei Exchange approved document No.10800082232, July 22, 2019                        | Taipei Exchange approved document No.10900087591, July 28, 2020                       | Taipei Exchange approved document No.10900087591, July 28, 2020                       | Taipei Exchange approved document No.10900087591, July 28, 2020                        |

### (13) Post-employment benefits

#### A. Defined contribution plan

Expenses under the defined contribution plan were NT\$67,716 thousand and NT\$68,849 thousand for the three months ended March 31, 2021 and 2020, respectively.

#### B. Defined benefits plan

Expenses under the defined benefits plan were NT\$22,880 thousand and NT\$24,136 thousand for the three months ended March 31, 2021 and 2020, respectively.

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### (14) Equities

#### A. Common stock

The Company's authorized and issued capital all amounted to NT\$95,259,597 thousand and consisted of 9,525,960 thousand shares at \$10 par value each as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively. Each share has one vote and the right to receive dividends.

#### B. Capital surplus

|  | As of               |                      |                     |
|--|---------------------|----------------------|---------------------|
|  | March 31,<br>2021   | December 31,<br>2020 | March 31,<br>2020   |
|  | NTD                 | NTD                  | NTD                 |
| Additional paid-in capital-premium in excess of the par value of shares issued | \$24,864,000        | \$24,864,000         | \$24,864,000        |
| Additional paid-in capital-bond conversion                                     | 6,379,284           | 6,379,284            | 6,379,284           |
| Joint venture and associates change in equity under equity method              | 171,986             | 171,986              | 171,986             |
| Subsidiary change in equity  | 2,994               | 2,994                | 2,994               |
| Others   | 585                 | 585                  | 520                 |
| Total  | <u>\$31,418,849</u> | <u>\$31,418,849</u>  | <u>\$31,418,784</u> |

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Also, the capital reserve arisen from equity investments cannot be used for any purpose.

#### C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

- (a) Payments of all taxes, if any
- (b) To offset prior year's deficit, if any
- (c) To set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b)
- (d) To set aside special reserve, if required
- (e) To set aside an amount for dividends
- (f) The remaining amount (the "appropriable after-dividend earnings"), if any, combination with prior year's accumulated unappropriated earnings is appropriated based on the appropriation of shareholders' bonuses plan drafted by the board of directors under the ordinary shareholders' meeting.

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The above special reserve includes:

- (a) Reserve recorded for special purposes
- (b) Investment income recognized under equity method
- (c) Net assessment income arising from financial transactions, however, when the cumulative decreases, the special reserve should be reduced accordingly to the extent that has been set aside;
- (d) The special reserve required by other laws and regulations.

The Company's business is in its maturity stage. As a result, the dividends can be distributed in a combination of cash and capital increase out of earnings and paid-in capital. The total amount distributed should be at least 50% of the earnings available after setting aside legal reserve and special reserve, provided that cash dividends take precedence and capital increase out of earnings and paid-in capital do not exceed 50% of the total distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

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For the years ended December 31, 2020 and 2019, the details of earnings distribution and dividends per share as proposed by the board meeting on March 11, 2021 and resolved by the shareholder's meeting on May 29, 2020, were as follows:

|                              | Appropriation of earnings |                     | Dividend per share |        |
|------------------------------|---------------------------|---------------------|--------------------|--------|
|                              | 2020                      | 2019                | 2020               | 2019   |
| Legal reserve                | \$746,665                 | \$3,679,821         |                    |        |
| Common stock — cash dividend | 5,620,316                 | 27,625,283          | \$0.59             | \$2.90 |
| Total                        | <u>\$6,366,981</u>        | <u>\$31,305,104</u> |                    |        |

Please refer to Note 6.18 for details on employee's compensation.

### D. Non-controlling interests

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | NTD   | NTD   |
| Beginning balance   | \$4,525,709                                     | \$3,778,944                                     |
| Net loss attributed to the non-controlling interest   | (8,600)   | (10,019)  |
| Other comprehensive income attributed to the non-controlling interest:                          |   |   |
| Exchange differences resulting from translating the financial statements of a foreign operation | 3,538   | 18,011  |
| Acquisition of new shares in a subsidiary in proportionate to ownership interest                | -   | 390,567   |
| Ending balance  | <u>\$4,520,647</u>                              | <u>\$4,177,503</u>                              |

### (15) Operating revenues

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | NTD   | NTD   |
| Revenue from contracts with customers                 |   |   |
| Sale of goods   |   |   |
| Gasoline  | \$17,690,685                                    | \$18,754,992                                    |
| Petrochemical products (ethylene and propylene, etc.) | 48,217,603                                      | 37,871,509                                      |
| Diesel oil  | 19,759,276                                      | 31,286,111                                      |
| Jet fuel  | 3,133,401                                       | 7,439,935                                       |
| Electricity   | 5,693,172                                       | 4,661,345                                       |
| Steam   | 2,498,669                                       | 2,887,689                                       |
| Others  | 33,065,913                                      | 34,398,799                                      |
| Subtotal  | <u>130,058,719</u>                              | <u>137,300,380</u>                              |
| Service revenues                                      | <u>240,947</u>                                  | <u>230,977</u>                                  |
| Total   | <u>\$130,299,666</u>                            | <u>\$137,531,357</u>                            |

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Analysis of revenue from contracts with customers during the three months periods ended March 31, 2021 and 2020 are as follows:

### (1) Disaggregation of revenue

For the three months ended March 31, 2021

|  | Petrochemical        |                    |                    | Total                |
|--|----------------------|--------------------|--------------------|----------------------|
|  | Division             | Utility Division   | Others             |                      |
| Sale of goods  |                      |                    |                    |                      |
| Gasoline   | \$14,934,967         | \$-                | \$2,755,718        | \$17,690,685         |
| Petrochemical products<br>(ethylene and propylene, etc.) | 48,217,603           | -                  | -                  | 48,217,603           |
| Diesel oil   | 18,808,927           | -                  | 950,349            | 19,759,276           |
| Jet fuel   | 3,133,401            | -                  | -                  | 3,133,401            |
| Electricity  | -                    | 5,693,172          | -                  | 5,693,172            |
| Steam  | -                    | 2,498,669          | -                  | 2,498,669            |
| Others   | 32,558,795           | 314,784            | 192,334            | 33,065,913           |
| Subtotal   | 117,653,693          | 8,506,625          | 3,898,401          | 130,058,719          |
| Service revenues   | -                    | -                  | 240,947            | 240,947              |
| Total  | <u>\$117,653,693</u> | <u>\$8,506,625</u> | <u>\$4,139,348</u> | <u>\$130,299,666</u> |
| Revenue recognition point:                               |                      |                    |                    |                      |
| At a point in time                                       | <u>\$117,653,693</u> | <u>\$8,506,625</u> | <u>\$4,139,348</u> | <u>\$130,299,666</u> |

For the three months ended March 31, 2020

|  | Petrochemical        |                    |                    | Total                |
|--|----------------------|--------------------|--------------------|----------------------|
|  | Division             | Utility Division   | Others             |                      |
| Sale of goods  |                      |                    |                    |                      |
| Gasoline   | \$17,692,748         | \$-                | \$1,062,244        | \$18,754,992         |
| Petrochemical products<br>(ethylene and propylene, etc.) | 37,871,509           | -                  | -                  | 37,871,509           |
| Diesel oil   | 30,958,014           | -                  | 328,097            | 31,286,111           |
| Jet fuel   | 7,439,935            | -                  | -                  | 7,439,935            |
| Electricity  | -                    | 4,661,345          | -                  | 4,661,345            |
| Steam  | -                    | 2,887,689          | -                  | 2,887,689            |
| Others   | 31,787,019           | 304,657            | 2,307,123          | 34,398,799           |
| Subtotal   | 125,749,225          | 7,853,691          | 3,697,464          | 137,300,380          |
| Service revenues   | -                    | -                  | 230,977            | 230,977              |
| Total  | <u>\$125,749,225</u> | <u>\$7,853,691</u> | <u>\$3,928,441</u> | <u>\$137,531,357</u> |
| Revenue recognition point:                               |                      |                    |                    |                      |
| At a point in time                                       | <u>\$125,749,225</u> | <u>\$7,853,691</u> | <u>\$3,928,441</u> | <u>\$137,531,357</u> |

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(2) Contract balances

Contract liabilities — current

|                | As of             |                      |                   |                    |
|----------------|-------------------|----------------------|-------------------|--------------------|
|                | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020 | January 1,<br>2020 |
| Sales of goods | <u>\$58,791</u>   | <u>\$60,401</u>      | <u>\$200,688</u>  | <u>\$52,014</u>    |

The significant changes in the Group's balances of contract liabilities for the three months periods ended March 31, 2021 and 2020 are as follows:

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | <u>NTD</u>                                      | <u>NTD</u>                                      |
| Revenue recognized during the year that was included<br>in the balance at the beginning of the year | <u>\$60,401</u>                                 | <u>\$52,014</u>                                 |

(3) Transaction price allocated to unsatisfied performance obligations

The Group's contracts are all shorter than one year, there is not to provide information on outstanding performance obligations.

(4) Assets recognized from costs to fulfil a contract

None.

**(16) Expected credit losses/ (gains)**

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | <u>NTD</u>                                      | <u>NTD</u>                                      |
| Operating expenses — Expected credit losses/(gains) |   |   |
| Accounts receivable                                 | <u>\$52,069</u>                                 | <u>\$(167,112)</u>                              |

The Group does not expect that any significant losses will incur because the counterparty fail to fulfill the agreement. Please refer to Note 12 for information of credit risks.

The Group measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The explanation of the loss allowance measured for the three months ended March 31, 2021 and 2020 are as follows:

- A. By expected credit losses approximately 1% (including historical and forward-looking information, which refers to chemical material, petroleum and coal product price index) as of March 31, 2021 and 2020.

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B. The Group needs to consider the grouping of receivables by past experiences and its loss allowance is measured by using a provision matrix, details as follows:

| As at March 31, 2021            | Past due            |                  |              |            |              | Total               |
|---------------------------------|---------------------|------------------|--------------|------------|--------------|---------------------|
|                                 | Neither past due    | Within 30 days   | 31-60 days   | 61-90 days | Over 90 days |                     |
| Gross carrying amount           | \$40,503,138        | \$353,927        | \$204        | \$-        | \$-          | \$40,857,269        |
| Loss ratio                      | 1%                  | 1%               | 1%           | -          | -            |                     |
| Lifetime expected credit losses | 420,595             | 3,539            | 2            | -          | -            | 424,136             |
| Total                           | <u>\$40,082,543</u> | <u>\$350,388</u> | <u>\$202</u> | <u>\$-</u> | <u>\$-</u>   | <u>\$40,433,133</u> |

| As at December 31, 2020         | Past due            |                  |            |            |              | Total               |
|---------------------------------|---------------------|------------------|------------|------------|--------------|---------------------|
|                                 | Neither past due    | Within 30 days   | 31-60 days | 61-90 days | Over 90 days |                     |
| Gross carrying amount           | \$35,535,531        | \$255,196        | \$-        | \$-        | \$-          | \$35,790,727        |
| Loss ratio                      | 1%                  | 1%               | -          | -          | -            |                     |
| Lifetime expected credit losses | 369,515             | 2,552            | -          | -          | -            | 372,067             |
| Total                           | <u>\$35,166,016</u> | <u>\$252,644</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u>   | <u>\$35,418,660</u> |

| As at March 31, 2020            | Past due            |                 |              |            |              | Total               |
|---------------------------------|---------------------|-----------------|--------------|------------|--------------|---------------------|
|                                 | Neither past due    | Within 30 days  | 31-60 days   | 61-90 days | Over 90 days |                     |
| Gross carrying amount           | \$31,625,011        | \$69,329        | \$578        | \$-        | \$-          | \$31,694,918        |
| Loss ratio                      | 1%                  | 1%              | 1%           | -          | -            |                     |
| Lifetime expected credit losses | 326,780             | 693             | 6            | -          | -            | 327,479             |
| Total                           | <u>\$31,298,231</u> | <u>\$68,636</u> | <u>\$572</u> | <u>\$-</u> | <u>\$-</u>   | <u>\$31,367,439</u> |

The movement in the provision for impairment of notes receivable and accounts receivable during the three months periods ended March 31, 2021 and 2020 are as follows:

|  | Receivables      |
|--|------------------|
| Balance as at January 1, 2021              | \$372,067        |
| Addition/(reversal) for the current period | 52,069           |
| Balance as at March 31, 2021               | <u>\$424,136</u> |
| Balance as at January 1, 2020              | \$494,591        |
| Addition/(reversal) for the current period | (167,112)        |
| Balance as at March 31, 2020               | <u>\$327,479</u> |

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### (17) Lease

#### (1) Group as lessee

The Group has entered into commercial leases on land and buildings. These leases have an average life of more than one to twenty years with no restrictions placed upon the Group in the contracts.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

#### A. Amounts recognized in the balance sheet

##### (a) Right-of-use asset

The carrying amount of right-of-use asset

|                          | As of              |                    |                    |
|--------------------------|--------------------|--------------------|--------------------|
|                          | March 31,          | December 31,       | March 31,          |
|                          | 2021               | 2020               | 2020               |
|                          | NTD                | NTD                | NTD                |
| Land                     | \$101,096          | \$29,873           | \$37,522           |
| Buildings                | 75,108             | 81,546             | 92,406             |
| Machinery and equipment  | 203,397            | -                  | 2,000              |
| Transportation equipment | 2,597,581          | 2,703,012          | 3,210,892          |
| Gas station              | 3,051,101          | 3,184,660          | 3,502,058          |
| Total                    | <u>\$6,028,283</u> | <u>\$5,999,091</u> | <u>\$6,844,878</u> |

During the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets of the Group amounting to NT\$310,334 thousand and NT\$156,504 thousand, respectively.

##### (b) Lease liability

|                 | As of              |                    |                    |
|-----------------|--------------------|--------------------|--------------------|
|                 | March 31,          | December 31,       | March 31,          |
|                 | 2021               | 2020               | 2020               |
|                 | NTD                | NTD                | NTD                |
| Lease liability | <u>\$6,138,444</u> | <u>\$6,192,868</u> | <u>\$6,976,686</u> |
| Current         | <u>\$1,090,535</u> | <u>\$1,006,308</u> | <u>\$1,048,692</u> |
| Non-current     | <u>\$5,047,909</u> | <u>\$5,186,560</u> | <u>\$5,927,994</u> |

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Please refer to Note 6 (19)(D) for the interest on lease liability recognized during the three months periods ended March 31, 2021 and 2020 and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities.

### B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

|                          | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--------------------------|---|---|
| Land                     | \$4,265   | \$2,550   |
| Buildings                | 6,441   | 6,674   |
| Machinery and equipment  | 5,296   | 667   |
| Transportation equipment | 107,084   | 113,734   |
| Gas station              | 148,814   | 150,377   |
| Total                    | <u>\$271,900</u>                                | <u>\$274,002</u>                                |

### C. Income and costs relating to leasing activities

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
| The expense relating to short-term leases | <u>\$37,342</u>                                 | <u>\$49,009</u>                                 |

As at March 31, 2021, December 31, 2020, and March 31, 2020, the Group has no committed short-term lease portfolio.

### D. Cash outflow relating to leasing activities

During the three months periods ended March 31, 2021, the Group's total cash outflow for leases amounting to NT\$355,688 thousand and short-term leases NT\$37,342 thousand.

During the three months periods ended March 31, 2020, the Group's total cash outflow for leases amounting to NT\$355,426 thousand and short-term leases NT\$49,009 thousand.

### E. Other information relating to leasing activities

None.

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(2) Group as lessor

The Group has entered into leases on certain equipment of vessel equipment and automated storage and retrieval systems. These leases have terms of between ten years and fifteen years, respectively. These leases are classified as finance leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
| Lease income for finance leases                   |   |   |
| Finance income on the net investment in the lease | \$30,843  | \$36,077  |

For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at March 31, 2021, December 31, 2020 and March 31, 2020 are as follow:

|  | As of             |                      |                   |
|--|-------------------|----------------------|-------------------|
|  | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020 |
| Not later than one year                                    | \$410,776         | \$410,457            | \$434,674         |
| Later than one year but not later than<br>two years        | 410,776           | 410,457              | 434,674           |
| Later than two years but not later than<br>three years     | 411,860           | 410,457              | 434,674           |
| Later than three years but not later than<br>four years    | 1,203,778         | 411,540              | 435,823           |
| Later than four years but not later than<br>five years     | 881,267           | 1,770,430            | 1,275,566         |
| Later than five years                                      | 124,167           | 127,929              | 1,057,745         |
| Total undiscounted lease payments                          | 3,442,624         | 3,541,270            | 4,073,156         |
| Less: Unearned finance income to finance<br>leases         | (422,890)         | (453,538)            | (584,215)         |
| Net investment in the lease (Finance<br>lease receivables) | \$3,019,734       | \$3,087,732          | \$3,488,941       |
| Current  | \$292,586         | \$289,403            | \$297,088         |
| Non-current  | \$2,727,148       | \$2,798,329          | \$3,191,853       |

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**(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:**

| Function<br>Description         | For the three months ended<br>March 31, 2021 |                               |                | For the three months ended<br>March 31, 2020 |                               |                |
|---------------------------------|--|-------------------------------|----------------|--|-------------------------------|----------------|
|                                 | Operating<br>Cost<br>(NTD)                   | Operating<br>Expense<br>(NTD) | Total<br>(NTD) | Operating<br>Cost<br>(NTD)                   | Operating<br>Expense<br>(NTD) | Total<br>(NTD) |
| Employee benefits expense       | \$1,300,182                                  | \$910,643                     | \$2,210,825    | \$1,307,758                                  | \$913,827                     | \$2,221,585    |
| Salaries and wages              | 1,123,483                                    | 800,946                       | 1,924,429      | 1,134,879                                    | 805,620                       | 1,940,499      |
| Labor and health insurance      | 87,026                                       | 58,392                        | 145,418        | 81,614                                       | 55,438                        | 137,052        |
| Pension                         | 56,874                                       | 33,722                        | 90,596         | 58,367                                       | 34,618                        | 92,985         |
| Other employee benefits expense | 32,799                                       | 17,583                        | 50,382         | 32,898                                       | 18,151                        | 51,049         |
| Depreciation and depletion      | 2,896,363                                    | 265,421                       | 3,161,784      | 2,769,672                                    | 367,667                       | 3,137,339      |
| Amortization                    | 443,896                                      | 158                           | 444,054        | 377,271                                      | 103                           | 377,374        |

The amortization recognized as non-operating income and expenses are NT\$1,625 thousand and NT\$1,310 thousand for the three months ended March 31, 2021 and 2020, respectively.

According to the Company's Articles of Incorporation, 0.02% to 0.1% of the profit of the period should be distributed as employee's compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employee compensation was NT\$4,466 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the three months ended March 31, 2021. As the operations during the first quarter of 2020 resulted in a net loss, no employee compensation was estimated and accrued.

The Company's the board of director's meeting on March 11, 2021, resolved to distribute NT\$1,733 thousand of employee compensation in cash. No difference existed between the employee compensation distributed and disclosed in the financial statements of 2020.

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**(19) Non-operating income and expenses**

A. Interest income

|                                       | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---------------------------------------|---|---|
|                                       | NTD   | NTD   |
| Bank interest income                  | \$12,271  | \$23,322  |
| Interest income — due from affiliates | 28,516  | 49,634  |
| Interest income — finance leases      | 30,843  | 36,077  |
| Other interest income                 | 2,944   | 4,657   |
| <b>Total</b>                          | <b>\$74,574</b>                                 | <b>\$113,690</b>                                |

B. Other income

|               | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---------------|---|---|
|               | NTD   | NTD   |
| Rental income | \$290,838                                       | \$294,120                                       |
| Others        | 205,010   | 234,018   |
| <b>Total</b>  | <b>\$495,848</b>                                | <b>\$528,138</b>                                |

C. Other gains and losses

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
|  | NTD   | NTD   |
| Gains (losses) on disposal and abandon of property, plant and equipment        | \$1,811   | \$1,114   |
| Foreign exchange (losses) gains, net   | 764,407   | 317,528   |
| Impairment loss / Reversal of impairment loss                                  |   |   |
| Investment property  | 26,767  | (680)   |
| Other gains (losses) — others  | (17,718)  | (19,923)  |
| Gains (losses) on financial assets at fair value through profit or loss (Note) | 9,296   | 41,889  |
| <b>Total</b>   | <b>\$784,563</b>                                | <b>\$339,928</b>                                |

Note: Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss.

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D. Financial costs

|                                | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--------------------------------|---|---|
|                                | NTD   | NTD   |
| Interest on bonds payable      | \$60,394  | \$48,763  |
| Interbank loans with interest  | -   | 10,326  |
| Interest for lease liabilities | 30,968  | 36,759  |
| Other interest expenses        | 4,879   | 32,858  |
| Total finance costs            | <u>\$96,241</u>                                 | <u>\$128,706</u>                                |

**(20) Components of other comprehensive income**

For the three months ended March 31, 2021

|  | Arising during<br>the period | Reclassification<br>adjustments<br>during the<br>period | Other<br>comprehensive<br>income, before<br>tax | Income tax<br>relating to<br>components of<br>other<br>comprehensive<br>income | Other<br>comprehensive<br>income, net of<br>tax |
|--|------------------------------|---|---|--|---|
| Items that will not be reclassified<br>to profit or loss:  |                              |   |   |  |   |
| Unrealized gains (losses) from<br>equity instruments investments<br>measured at fair value through<br>other comprehensive income | \$5,503,748                  | \$-   | \$5,503,748                                     | \$-  | \$5,503,748                                     |
| Share of other comprehensive<br>income of associates and joint<br>ventures accounted for using<br>the equity method              | 284,930                      | -   | 284,930   | -  | 284,930   |
| Items that may be reclassified<br>subsequently to profit or loss:  |                              |   |   |  |   |
| Exchange differences arising<br>from translation of foreign<br>operations  | 11,955                       | -   | 11,955  | -  | 11,955  |
| Gains (losses) on hedging<br>instrument  | 128,944                      | (48,212)  | 80,732  | 13,653   | 67,079  |
| Share of other comprehensive<br>income of associates and joint<br>ventures accounted for using<br>the equity method              | 11,316                       | -   | 11,316  | -  | 11,316  |
| Total  | <u>\$5,940,893</u>           | <u>\$(48,212)</u>                                       | <u>\$5,892,681</u>                              | <u>\$13,653</u>  | <u>\$5,879,028</u>                              |

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For the three months ended March 31, 2020

|   | Arising during<br>the period | Reclassification<br>adjustments<br>during the<br>period | Other<br>comprehensive<br>income, before<br>tax | Income tax<br>relating to<br>components of<br>other<br>comprehensive<br>income | Other<br>comprehensive<br>income, net of<br>tax |
|---|------------------------------|---|---|--|---|
| Items that will not be reclassified to profit or loss:  |                              |   |   |  |   |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | \$(20,039,267)               | \$-   | \$(20,039,267)                                  | \$-  | \$(20,039,267)                                  |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method              | (977,014)                    | -   | (977,014)                                       | -  | (977,014)                                       |
| Items that may be reclassified subsequently to profit or loss:  |                              |   |   |  |   |
| Exchange differences arising from translation of foreign operations   | 103,348                      | -   | 103,348   | -  | 103,348   |
| Gains (losses) on hedging instrument  | 9,304                        | -   | 9,304   | 1,861  | 7,443   |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method              | 55,324                       | -   | 55,324  | -  | 55,324  |
| Total   | <u>\$(20,848,305)</u>        | <u>\$-</u>  | <u>\$(20,848,305)</u>                           | <u>\$1,861</u>   | <u>\$(20,850,166)</u>                           |

### (21) Income taxes

The major components of income tax expense (income) for the three months ended March 31, 2021 and 2020 are as follows:

#### Income tax expense (income) recognized in profit or loss

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | NTD   | NTD   |
| Current income tax expense (income):  |   |   |
| Current income tax charge   | \$4,245,766                                     | \$7,227   |
| Deferred tax expense (income):  |   |   |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | 195,157   | (2,591,642)                                     |
| Others  | 14,043  | 2,485   |
| Total income tax expense (income)   | <u>\$4,454,966</u>                              | <u>\$(2,581,930)</u>                            |

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### Income tax relating to components of other comprehensive income

|                                      | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--------------------------------------|---|---|
|                                      | NTD   | NTD   |
| Deferred tax expense (income):       |   |   |
| Gains (losses) on hedging instrument | \$13,653  | \$1,861   |

### The assessment of income tax returns

As of March 31, 2021, the assessment of the income tax returns of the Company and its subsidiaries was as follows:

|  | <u>The assessment of income tax returns</u> |
|--|---|
| The Company  | Assessed and approved up to 2017            |
| Subsidiary- Formosa Oil (Asia Pacific) Corporation           | Assessed and approved up to 2018            |
| Subsidiary- Formosa Petrochemical Transportation Corporation | Assessed and approved up to 2018            |

### **(22) Earnings (losses) per share**

Basic earnings (losses) per share amounts are calculated by dividing net profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
|  | NTD   | NTD   |
| Basic/Diluted earnings (losses) per share  |   |   |
| Profit (loss) attributable to ordinary equity holders of the Company (in thousands)                        | \$17,900,835                                    | \$(9,993,205)                                   |
| Weighted average number of ordinary shares outstanding for basic/diluted earnings per share (in thousands) | 9,525,960                                       | 9,525,960                                       |
| Basic/Diluted earnings (losses) per share  | \$1.88  | \$(1.05)  |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

### **(23) Subsidiaries that have material non-controlling interests**

The Group does not have subsidiaries that have material non-controlling interests.

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### 7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

#### Name and nature of relationship of the related parties

| <u>Name of the related parties</u>               | <u>Nature of relationship of the related parties</u> |
|--|--|
| Formosa Plastics Corporation                     | Significant influence over the Company               |
| Formosa Chemicals & Fibre Corporation            | Significant influence over the Company               |
| Nan Ya Plastics Corporation                      | Significant influence over the Company               |
| Whalehome International Corp., Ltd.              | Associate  |
| Mai-Liao Power Corporation                       | Associate  |
| Mailiao Harbor Administration Corporation        | Associate  |
| Formosa Marine Corporation                       | Associate  |
| Simosa Oil Corporation                           | Associate  |
| Formosa Environmental Technology Corporation     | Associate  |
| TMS Corp.  | Associate  |
| Formosa Group (Cayman) Limited                   | Associate  |
| Formosa Resources Corporation                    | Associate  |
| Nan Ya Photonics Incorporation                   | Associate  |
| NKFG   | Joint venture  |
| Caltex Taiwan Corporation                        | Joint venture  |
| Formosa Kraton Chemical Co., Ltd.                | Joint venture  |
| Idemitsu Formosa Specialty Chemicals Corporation | Joint venture  |
| Formosa FCFC Carpet Corporation                  | Other  |
| Formosa Chemicals Industries (Ningbo) Co., Ltd.  | Other  |
| Formosa Biomedical Technology Corp.              | Other  |
| Formosa BP Chemicals Corporation                 | Other  |
| Formosa Taffeta Co., Ltd                         | Other  |
| Hong Jing Resource Co., Ltd                      | Other  |
| Nan Ya Printed Circuit Board Corporation         | Other  |
| Nan Chung Petrochemical Corp.                    | Other  |
| Formosa Heavy Industries Corporation             | Other  |
| Hwa Ya Power Corporation                         | Other  |
| National Petroleum Co., Ltd.                     | Other  |
| Formosa Plastics Maritime Corporation            | Other  |
| Chang Gung Medical Foundation                    | Other  |
| Simosa Shipping Co., Ltd.                        | Other  |
| Formosa Ha Tinh (Cayman) Limited                 | Other  |

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### Significant transactions with the related parties

#### (1) Sales

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
|  | NTD   | NTD   |
| Entity with joint control or significant influence over the<br>Company |   |   |
| Formosa Chemicals & Fibre Corporation                                  | \$33,106,245                                    | \$26,714,011                                    |
| Formosa Plastics Corporation   | 23,474,843                                      | 17,908,778                                      |
| Nan Ya Plastics Corporation  | 10,556,919                                      | 8,425,673                                       |
| Subtotal   | 67,138,007                                      | 53,048,462                                      |
| Associate  | 1,067,861                                       | 1,587,739                                       |
| Joint venture  | 733,624   | 1,670,607                                       |
| Others   | 8,628,141                                       | 8,774,825                                       |
| Total  | \$77,567,633                                    | \$65,081,633                                    |

The terms and conditions of sales (including prices) to related parties are similar to those with non-related parties. The credit term is 30 days from the day the related party confirms the sale.

#### (2) Purchase

|  | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
|  | NTD   | NTD   |
| Entity with joint control or significant influence over the<br>Company | \$8,452,934                                     | \$6,386,475                                     |
| Associate  | 23,979  | -   |
| Joint venture  | 10,487  | 850   |
| Others   | 198,056   | 179,339   |
| Total  | \$8,685,456                                     | \$6,566,664                                     |

The Company and subsidiaries did not receive special discounts when purchasing from the related parties. Payment term is 30 days after receiving the goods.

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**(3) Notes receivable – related parties**

|                              | As of              |                    |                    |
|------------------------------|--------------------|--------------------|--------------------|
|                              | March 31,          | December 31,       | March 31,          |
|                              | 2021               | 2020               | 2020               |
|                              | NTD                | NTD                | NTD                |
| Others                       |                    |                    |                    |
| National Petroleum Co., Ltd. | \$2,960,580        | \$1,465,976        | \$1,486,741        |
| Total                        | 2,960,580          | 1,465,976          | 1,486,741          |
| Less: Loss allowance         | -                  | -                  | -                  |
| Net                          | <u>\$2,960,580</u> | <u>\$1,465,976</u> | <u>\$1,486,741</u> |

**(4) Accounts receivable – related parties**

|   | As of               |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | March 31,           | December 31,        | March 31,           |
|   | 2021                | 2020                | 2020                |
|   | NTD                 | NTD                 | NTD                 |
| Entity with joint control or significant influence over the Company |                     |                     |                     |
| Formosa Chemicals & Fibre Corporation                               | \$10,817,597        | \$8,902,181         | \$7,602,407         |
| Formosa Plastics Corporation  | 9,480,043           | 7,302,521           | 5,263,180           |
| Nan Ya Plastics Corporation   | 4,162,251           | 3,258,578           | 2,600,204           |
| Subtotal  | 24,459,891          | 19,463,280          | 15,465,791          |
| Associate   | 271,996             | 180,353             | 415,151             |
| Joint venture   | 300,627             | 197,717             | 283,162             |
| Others  | 3,538,453           | 2,560,086           | 2,418,020           |
| Total   | 28,570,967          | 22,401,436          | 18,582,124          |
| Less: Loss allowance  | -                   | -                   | -                   |
| Net   | <u>\$28,570,967</u> | <u>\$22,401,436</u> | <u>\$18,582,124</u> |

**(5) Accounts payable – related parties**

|   | As of              |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | March 31,          | December 31,       | March 31,          |
|   | 2021               | 2020               | 2020               |
|   | NTD                | NTD                | NTD                |
| Entity with joint control or significant influence over the Company |                    |                    |                    |
| Formosa Chemicals & Fibre Corporation                               | \$2,728,779        | \$1,684,297        | \$1,159,181        |
| Others  | 817,082            | 488,421            | 387,265            |
| Subtotal  | 3,545,861          | 2,172,718          | 1,546,446          |
| Associate   | 49,962             | 10,079             | 82,193             |
| Joint venture   | 4,364              | 4,464              | 3,625              |
| Others  | 73,870             | 61,303             | 51,620             |
| Total   | <u>\$3,674,057</u> | <u>\$2,248,564</u> | <u>\$1,683,884</u> |

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**(6) Transaction of property, plant and equipment**

Commissioned construction

The Company commissioned the following related parties to construct items of property, plant and equipment:

|   |                         | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|-------------------------|---|---|
|   | Items                   | NTD   | NTD   |
| Entity with joint control or significant influence over the Company | Maintenance             | \$14,226  | \$36,811  |
| Entity with joint control or significant influence over the Company | Expansion of facilities | 48,356  | 15,669  |
| Others  | Maintenance             | 144,055   | 67,149  |
| Others  | Expansion of facilities | 6,130   | 122,767   |
| Total   |                         | <u>\$212,767</u>                                | <u>\$242,396</u>                                |

The Company followed the general procedures to commission Formosa Heavy Industries Corporation and Nan Ya Plastics Corporation to expand its facilities and the maintenance of them. The payment period is one month after the acceptance of the construction work.

**(7) Financing**

Other receivables – due from affiliates

|                                      | As of              |                      |                    |
|--------------------------------------|--------------------|----------------------|--------------------|
|                                      | March 31,<br>2021  | December 31,<br>2020 | March 31,<br>2020  |
|                                      | NTD                | NTD                  | NTD                |
| Associate                            | \$-                | \$100                | \$200,000          |
| Others                               |                    |                      |                    |
| Formosa Heavy Industries Corporation | 3,810,000          | 3,810,000            | 3,970,000          |
| Total                                | <u>\$3,810,000</u> | <u>\$3,810,100</u>   | <u>\$4,170,000</u> |

The lending of funds condition to the associates was charged in accordance with the contract schedule after loan received. For the three months ended March 31, 2021 and 2020, interest income from related parties were NT\$11,553 thousand and NT\$13,268 thousand, respectively. And interest charged at the rate of 1.230% and 1.417%~1.418%, respectively.

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**(8) Other receivables, other payables**

Receivables from/payables to related parties (bear no interest) are as follows:

A. Other receivables – sale of raw materials, etc.

|   | As of            |             |                   |             |                 |             |
|---|------------------|-------------|-------------------|-------------|-----------------|-------------|
|   | March 31, 2021   |             | December 31, 2020 |             | March 31, 2020  |             |
|   | Amount           | %           | Amount            | %           | Amount          | %           |
|   | NTD              |             | NTD               | NTD         |                 |             |
| Entity with joint control or significant influence over the Company | \$59,317         | 0.51        | \$5,987           | 0.05        | \$46,338        | 0.29        |
| Associate   | 73,695           | 0.64        | 12,084            | 0.11        | 17,023          | 0.11        |
| Joint venture   | 12,220           | 0.11        | 4,664             | 0.04        | 17,985          | 0.11        |
| Others  | 4,969            | 0.04        | 52,113            | 0.46        | 3,883           | 0.03        |
| Total   | <u>\$150,201</u> | <u>1.30</u> | <u>\$74,848</u>   | <u>0.66</u> | <u>\$85,229</u> | <u>0.54</u> |

They are payments received from selling raw material. The payment term is within 30 days following confirmation with the counterparty.

B. Other payables

|           | As of            |             |                   |             |                  |             |
|-----------|------------------|-------------|-------------------|-------------|------------------|-------------|
|           | March 31, 2021   |             | December 31, 2020 |             | March 31, 2020   |             |
|           | Amount           | %           | Amount            | %           | Amount           | %           |
|           | NTD              |             | NTD               | NTD         |                  |             |
| Associate | \$12,478         | 0.08        | \$8,562           | 0.06        | \$30,501         | 0.19        |
| Others    | 259,441          | 1.69        | 233,026           | 1.48        | 256,645          | 1.65        |
| Total     | <u>\$271,919</u> | <u>1.77</u> | <u>\$241,588</u>  | <u>1.54</u> | <u>\$287,146</u> | <u>1.84</u> |

Other payables are purchases of raw material for construction. The payment term is within 30 days after inspection and approval of accepting the materials.

**(9) Lease**

A. Group as a lessee

(a) Right-of-use assets

The carrying amount of right-of-use asset

|   | As of              |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | March 31, 2021     | December 31, 2020  | March 31, 2020     |
|   | NTD                | NTD                | NTD                |
| Entity with joint control or significant influence over the Company | \$5,386            | \$750              | \$3,031            |
| Associate   | 176,915            | 187,833            | 220,586            |
| Other   | 2,597,581          | 2,703,012          | 3,210,892          |
| Total   | <u>\$2,779,882</u> | <u>\$2,891,595</u> | <u>\$3,434,509</u> |

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(b) Lease liabilities

|   | As of              |                      |                    |
|---|--------------------|----------------------|--------------------|
|   | March 31,<br>2021  | December 31,<br>2020 | March 31,<br>2020  |
|   | NTD                | NTD                  | NTD                |
| Entity with joint control or significant influence over the Company | \$5,401            | \$763                | \$3,063            |
| Associate   | 180,595            | 191,301              | 223,120            |
| Other   | 2,807,868          | 2,912,734            | 3,435,731          |
| Total   | <u>\$2,993,864</u> | <u>\$3,104,798</u>   | <u>\$3,661,914</u> |
| Current   | <u>\$487,936</u>   | <u>\$482,326</u>     | <u>\$503,214</u>   |
| Non-current   | <u>\$2,505,928</u> | <u>\$2,622,472</u>   | <u>\$3,158,700</u> |

(c) Interest for lease liabilities

|           | For the three<br>months ended<br>March 31, 2021                     | For the three<br>months ended<br>March 31, 2020 |
|-----------|---|---|
|           | NTD   | NTD   |
|           | Entity with joint control or significant influence over the Company | \$7   |
| Associate | 875   | 1,073   |
| Other     | 15,321  | 18,711  |
| Total     | <u>\$16,203</u>   | <u>\$19,799</u>                                 |

(d) The expense relating to short-term leases

|  | For the three<br>months ended<br>March 31, 2021                     | For the three<br>months ended<br>March 31, 2020 |
|--|---|---|
|  | NTD   | NTD   |
|  | Entity with joint control or significant influence over the Company | <u>\$13,588</u>                                 |

B. Group as a lessor

(a) The revenue relating to short-term leases

The Group derived the following rental income from leasing oil storage facilities and land to related parties:

|               | For the three<br>months ended<br>March 31, 2021                     | For the three<br>months ended<br>March 31, 2020 |
|---------------|---|---|
|               | NTD   | NTD   |
|               | Entity with joint control or significant influence over the Company | \$39,797  |
| Associate     | 4,285   | 4,097   |
| Joint venture | 8,121   | 8,121   |
| Other         | 8,253   | 8,253   |
| Total         | <u>\$60,456</u>   | <u>\$62,551</u>                                 |

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(b) The income relating to finance leases

The Group derived the following rental income from leasing automated storage and retrieval systems to related parties:

|               | For the three months<br>ended March 31,<br>2021 | For the three months<br>ended March 31,<br>2020 |
|---------------|---|---|
|               | NTD   | NTD   |
| Joint venture | \$1,070   | \$1,137   |

**(10) Other related party transactions**

A. Use of labor

The details of use of the related parties' labor force are as follows:

|               |                     | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---------------|---------------------|---|---|
|               | Items               | NTD   | NTD   |
| Associate     | Harbor Labor force  | \$342,303                                       | \$434,443                                       |
| Joint venture | Refuel, Labor force | 10,367  | 13,030  |
| Others        | Labor force         | 385   | 554   |
| Total         |                     | \$353,055                                       | \$448,027                                       |

The payments include harbor usage, towage, and fuel delivery. The payment is mutually agreed to be made one month after the monthly closing.

B. Notes endorsements and guarantees

|               | As of             |                      |                   |
|---------------|-------------------|----------------------|-------------------|
|               | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020 |
|               | NTD               | NTD                  | NTD               |
| Associate     | \$10,199,833      | \$10,191,610         | \$10,815,805      |
| Joint venture | 494,000           | 741,000              | 988,000           |
| Others        | 16,895,419        | 18,967,581           | 20,855,583        |
| Total         | \$27,589,252      | \$29,900,191         | \$32,659,388      |

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**(11) Key management personnel compensation**

|                              | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|------------------------------|---|---|
|                              | NTD   | NTD   |
| Short-term employee benefits | <u>\$18,374</u>                                 | <u>\$21,916</u>                                 |

**8. PLEDGED ASSETS**

The following assets were pledged to banks as collaterals for bank loans:

| Pledged Assets  | Contents                             | As of             |                      |                    |
|---|--------------------------------------|-------------------|----------------------|--------------------|
|   |                                      | March 31,<br>2021 | December 31,<br>2020 | March 31,<br>2020  |
|   |                                      | NTD               | NTD                  | NTD                |
| Financial assets at fair value through other comprehensive income – current | Stock of Nan Ya Plastics Corporation | \$-               | \$-                  | \$4,348,650        |
| Other current assets  | Certificates of time deposit         | 222,179           | 222,133              | 226,464            |
| Total   |                                      | <u>\$222,179</u>  | <u>\$222,133</u>     | <u>\$4,575,114</u> |

**9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

As of March 31, 2021, the Group's commitments and contingent liabilities were as follows:

- (1) Finance lease commitments: Simosa Shipping Co. Ltd. leased vessel and equipment to the Group. The lease term is from January 2012 to December 2026 at US\$33,500 per day. When the lease expires, the ownership of the shipping equipment will transfer to the Group.
- (2) Guarantee notes received from counterparties as collateral for payment, construction completion commitment and others for operational needs were NT\$236,006 thousand.
- (3) Guarantee notes issued for borrowings (financing) were NT\$151,071,615 thousand.
- (4) The unutilized portion of letters of credit issued by banks for importing raw materials was NT\$2,128,505 thousand.
- (5) Due to the funding demand of the investments in Formosa Ha Tinh Steel Corporation, Formosa Group (Cayman) limited, an investee of the Group, issues US\$1 billion 10 years corporate bonds in April 14, 2015. The Group provides a guarantee of payment obligation with 25% of the bonds.

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- (6) The Group invested in Formosa Ha Tinh (Cayman) Limited with an equity interest of 11.432%. Due to the funding demand of Formosa Ha Tinh (Cayman) Limited's investee Formosa Ha Tinh Steel Corporation, Formosa Ha Tinh (Cayman) Limited applied for a 5-year syndicated credit line led by Sumitomo Mitsui Banking Corporation. Also, to cover the capital expenditure of investing in Formosa Ha Tinh (Cayman) Limited and repay the loans for Formosa Ha Tinh (Cayman) Limited, the Group applied for a 7-year syndicated credit line led by Hua Nan Bank, a 5-year syndicated credit line led by MUFG Bank and a 7-year syndicated credit line led by Bank of Taiwan. To support the above credit line, the Group provides loan guarantee according to equity interest. In addition, Formosa Ha Tinh (Cayman) Limited applied for a 5-year credit line from Bank of China (Hong-Kong) where the Group provides loan guarantee according to equity interest.
- (7) To expand the investment in mineral resources and increase the level of working capital, the Group through its joint venture, Formosa Resources Corporation applied a credit line of amount US\$430 million led by Crédit Agricole Corporate & Investment Bank. To support the above credit line, the Group provides loan guarantee according to equity interest.
- (8) Idemitsu Formosa Specialty Chemicals Corp., a joint venture of the Group, borrowed NT\$3.3 billion from Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.. To secure the rights of its shareholders, the Company is required to issue a letter of support to ensure the borrower has fulfilled its obligation for repayment.
- (9) Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation, the investee of the Group, borrowed credit line of US\$1.485 billion and credit line of US\$1.4375 billion from different banks. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.
- (10) Formosa Kraton Chemical Co., Ltd. a joint venture of the Group, borrowed NT\$494 million from Taiwan Cooperative Bank. To support the above credit line, the Group provides loan guarantee according to equity interest.

### **10. SIGNIFICANT DISASTER LOSSES**

None.

### **11. SIGNIFICANT SUBSEQUENT EVENTS**

- (1) Formosa Ha Tinh (Cayman) Limited, the investee of the Group, applied for US\$315 million credit line in total with several banks and applied for a US\$165 million credit line together with Formosa Ha Tinh Steel Corporation. The Company and the other investors intends to issue a Letter of support.
- (2) Formosa Resources Corporation, the investee of the Group, plans to apply for a US\$430 million 5-year syndicated credit line to repay an old debt. The Company and the other investors intends to issue a Letter of support.
- (3) Formosa Resources Corporation, the investee of the Group, plans to apply for a US\$550 million 3-year syndicated credit line for supporting its 100% subsidiary, Formosa Resources Australia Pty Ltd, expanding the investment in mineral resources and increase the level of working capital. The Company and the other investors intends to issue a Letter of support.

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**12. OTHERS**

**(1) Categories of financial instruments**

|   | As of                |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | March 31,            | December 31,         | March 31,            |
|   | 2021                 | 2020                 | 2020                 |
|   | NTD                  | NTD                  | NTD                  |
| <b>Financial Assets</b>   |                      |                      |                      |
| Financial assets at fair value through profit or loss:            |                      |                      |                      |
| Mandatorily measured at fair value through profit or loss         | \$3,897,807          | \$3,888,511          | \$4,085,858          |
| Financial assets at fair value through other comprehensive income | 82,194,685           | 76,689,827           | 56,082,253           |
| Financial assets at amortized cost                                |                      |                      |                      |
| Cash and cash equivalents (excluding cash on hand)                | 50,813,472           | 42,960,795           | 34,309,898           |
| Notes and accounts receivable, net (including related party)      | 40,433,133           | 35,418,660           | 31,367,439           |
| Finance lease receivables   | 3,019,734            | 3,087,732            | 3,488,941            |
| Other receivables   | 11,575,207           | 11,341,808           | 15,735,441           |
| Subtotal  | 105,841,546          | 92,808,995           | 84,901,719           |
| Financial assets for hedging                                      | 245,890              | 165,093              | 46,251               |
| <b>Total</b>  | <b>\$192,179,928</b> | <b>\$173,552,426</b> | <b>\$145,116,081</b> |
|   |                      |                      |                      |
|   | As of                |                      |                      |
|   | March 31,            | December 31,         | March 31,            |
|   | 2021                 | 2020                 | 2020                 |
|   | NTD                  | NTD                  | NTD                  |
| <b>Financial Liabilities</b>                                      |                      |                      |                      |
| Financial liabilities at amortized cost:                          |                      |                      |                      |
| Short-term borrowings   | \$33,894             | \$271,781            | \$555,028            |
| Notes and accounts payable (including related party)              | 16,687,353           | 10,691,253           | 11,683,994           |
| Bonds payable (including current portion)                         | 29,200,000           | 29,200,000           | 16,900,000           |
| Lease liabilities   | 6,138,444            | 6,192,868            | 6,976,686            |
| Subtotal  | 52,059,691           | 46,355,902           | 36,115,708           |
| Financial liabilities for hedging                                 | -                    | -                    | 33,537               |
| <b>Total</b>  | <b>\$52,059,691</b>  | <b>\$46,355,902</b>  | <b>\$36,149,245</b>  |

**(2) Financial risk management objectives and policies**

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by audit committee and the Company's board of directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

**(3) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

To avoid the risk of foreign currency assets impairment and future cash flow changes, the Company uses forward contracts and foreign currency loans to hedge the foreign currency risk. However, the abovementioned method can reduce the risk arise from changes of foreign currency exchange rate, it cannot completely eliminate the risk.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for a foreign currency: US dollars. The information of the sensitivity analysis is as follows:

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When NTD appreciate/depreciate against US dollars by NT\$1, the profit decreased/ increased by NT\$(61,447) thousand and NT\$245,897 thousand for the three months ended March 31, 2021 and 2020, respectively.

### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$0 thousand and NT\$177 thousand for the three months ended March 31, 2021 and 2020, respectively.

### **Equity price risk**

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

The Group did not hold any listed and OTC equity securities measured at fair value through profit or loss.

When the price of the listed equity securities at fair value through other comprehensive income increases/ decreases 1%, it could have impacts of NT\$659,702 thousand and NT\$419,194 thousand on the equity attributable to the Group for the three months ended March 31, 2021 and 2020, respectively.

**(4) Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable from top ten customers represented 75.37%, 77.27% and 74.15% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group did not hold any debt instrument investments which were measured at fair value through profit or loss for the three months ended March 31, 2021.

**(5) Liquidity risk management**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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### Non-derivative financial instruments

|                   | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | > 5 years  | Total      |
|-------------------|------------------|--------------|--------------|--------------|--------------|------------|------------|
| March 31, 2021    |                  |              |              |              |              |            |            |
| Borrowings        | \$34,165         | \$-          | \$-          | \$-          | \$-          | \$-        | \$34,165   |
| Accounts payable  | 16,687,353       | -            | -            | -            | -            | -          | 16,687,353 |
| Bonds payable     | -                | -            | 3,377,805    | 5,696,895    | 5,293,575    | 15,074,085 | 29,442,360 |
| Lease liabilities | 1,207,685        | 1,170,313    | 1,101,411    | 959,767      | 737,563      | 1,456,249  | 6,632,988  |
| December 31, 2020 |                  |              |              |              |              |            |            |
| Borrowings        | \$274,716        | \$-          | \$-          | \$-          | \$-          | \$-        | \$274,716  |
| Accounts payable  | 10,691,253       | -            | -            | -            | -            | -          | 10,691,253 |
| Bonds payable     | -                | -            | 3,382,495    | 5,704,805    | 5,300,925    | 15,095,015 | 29,483,240 |
| Lease liabilities | 1,126,775        | 1,096,082    | 1,046,290    | 934,253      | 865,934      | 1,617,950  | 6,687,284  |
| March 31, 2020    |                  |              |              |              |              |            |            |
| Borrowings        | \$561,245        | \$-          | \$-          | \$-          | \$-          | \$-        | \$561,245  |
| Accounts payable  | 11,683,994       | -            | -            | -            | -            | -          | 11,683,994 |
| Bonds payable     | 2,224,420        | -            | -            | 3,387,185    | 3,387,185    | 8,088,800  | 17,087,590 |
| Lease liabilities | 1,185,348        | 1,135,035    | 1,106,243    | 1,041,005    | 932,454      | 2,160,243  | 7,560,328  |

### Derivative financial instruments

|                   | Less than 1 year | 2 to 3 years     | 4 to 5 years | > 5 years  | Total            |
|-------------------|------------------|------------------|--------------|------------|------------------|
| March 31, 2021    |                  |                  |              |            |                  |
| Inflows           | \$235,811        | \$10,079         | \$-          | \$-        | \$245,890        |
| Outflows          | -                | -                | -            | -          | -                |
| Net               | <u>\$235,811</u> | <u>\$10,079</u>  | <u>\$-</u>   | <u>\$-</u> | <u>\$245,890</u> |
| December 31, 2020 |                  |                  |              |            |                  |
| Inflows           | \$165,093        | \$-              | \$-          | \$-        | \$165,093        |
| Outflows          | -                | -                | -            | -          | -                |
| Net               | <u>\$165,093</u> | <u>\$-</u>       | <u>\$-</u>   | <u>\$-</u> | <u>\$165,093</u> |
| March 31, 2020    |                  |                  |              |            |                  |
| Inflows           | \$35,428         | \$10,823         | \$-          | \$-        | \$46,251         |
| Outflows          | (19,174)         | (14,363)         | -            | -          | (33,537)         |
| Net               | <u>\$16,254</u>  | <u>\$(3,540)</u> | <u>\$-</u>   | <u>\$-</u> | <u>\$12,714</u>  |

The table above contains the undiscounted net cash flows of derivative financial instruments.

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### (6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the three months ended March 31, 2021:

|                       | Short-term<br>loans | Other payables<br>to related<br>parties | Bonds payable<br>(including<br>current<br>portion) | Lease<br>liabilities<br>(current and<br>non-current) | Increase<br>(decrease) in<br>other non-<br>current<br>liabilities | Total liabilities<br>from financing<br>activities |
|-----------------------|---------------------|---|--|--|---|---|
| 2021.1.1              | \$271,781           | \$241,588                               | \$29,200,000                                       | \$6,192,868  | \$179,830   | \$36,086,067                                      |
| Cash flows            | (237,887)           | 30,331                                  | -  | (355,688)  | (8,441)   | (571,685)   |
| Non-cash changes      | -                   | -                                       | -  | 299,436  | -   | 299,436   |
| Exchange rate changes | -                   | -                                       | -  | 1,828  | -   | 1,828   |
| 2021.3.31             | \$33,894            | \$271,919                               | \$29,200,000                                       | \$6,138,444  | \$171,389   | \$35,815,646                                      |

Reconciliations of the liabilities for the three months ended March 31, 2020:

|                       | Short-term<br>loans | Other payables<br>to related<br>parties | Bonds payable<br>(including<br>current<br>portion) | Lease<br>liabilities<br>(current and<br>non-current) | Increase<br>(decrease) in<br>other non-<br>current<br>liabilities | Total liabilities<br>from financing<br>activities |
|-----------------------|---------------------|---|--|--|---|---|
| 2020.1.1              | \$307,387           | \$267,347                               | \$17,900,000                                       | \$7,165,101  | \$1,364,129   | \$27,003,964                                      |
| Cash flows            | 247,641             | 19,799                                  | (1,000,000)  | (355,426)  | 33,123  | (1,054,863)                                       |
| Non-cash changes      | -                   | -                                       | -  | 150,012  | -   | 150,012   |
| Exchange rate changes | -                   | -                                       | -  | 16,999   | -   | 16,999  |
| 2020.3.31             | \$555,028           | \$287,146                               | \$16,900,000                                       | \$6,976,686  | \$1,397,252   | \$26,116,112                                      |

### (7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value because of its shorter maturities.

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- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities and unquoted public company) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) The fair value of bank loans, corporate bonds and lease liabilities is determined by the counterparty's quotation or valuation technique. The valuation technique is discounted cash flow analysis with interest and discount rate selected with reference to those of similar financial instruments (E.g. the yield curve reference of Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivative financial instrument is based on market quotations.

### **B. Fair value of financial instruments measured at amortized cost**

The carrying amount of the Group's financial assets (including held-to-maturity financial assets, loans and receivables) and liabilities (including loan, bonds payable, lease liabilities) measured at amortized cost approximate their fair value.

### **C. Information about financial instrument fair value level**

For the information of fair value hierarchy financial level value please refer to related Note 12(9).

- (8)** Derivatives financial instruments the Group holds for trading are mainly energy commodity contracts. Please refer to Note 6(4) for related information.

## **(9) Fair value hierarchy**

### **A. Definition**

For the assets and liabilities measured and disclosed under fair value, the fair value hierarchy is categorized on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The inputs of each level are as follows:

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Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liabilities.

At the end of each reporting period, the fair value hierarchy for each financial instrument is revaluated to decide if there is any transfer into or out of any hierarchy.

B. The fair value at each fair value hierarchy for financial instruments of the Group are as follows:

March 31, 2021

|   | Level 1    | Level 2     | Level 3    | Total       |
|---|------------|-------------|------------|-------------|
| Financial assets:   |            |             |            |             |
| Financial assets at fair value through profit or loss                                       |            |             |            |             |
| Funds   | \$-        | \$3,897,807 | \$-        | \$3,897,807 |
| Financial assets at fair value through other comprehensive income                           |            |             |            |             |
| Investments in equity instruments measured at fair value through other comprehensive income | 65,970,197 | -           | 16,224,488 | 82,194,685  |
| Financial assets for hedging  |            |             |            |             |
| Energy commodity swap contracts   | 245,890    | -           | -          | 245,890     |

December 31, 2020

|   | Level 1    | Level 2     | Level 3    | Total       |
|---|------------|-------------|------------|-------------|
| Financial assets:   |            |             |            |             |
| Financial assets at fair value through profit or loss                                       |            |             |            |             |
| Funds   | \$-        | \$3,888,511 | \$-        | \$3,888,511 |
| Financial assets at fair value through other comprehensive income                           |            |             |            |             |
| Investments in equity instruments measured at fair value through other comprehensive income | 61,996,861 | -           | 14,692,966 | 76,689,827  |
| Financial assets for hedging  |            |             |            |             |
| Energy commodity swap contracts   | 165,093    | -           | -          | 165,093     |

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March 31, 2020

|   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Financial assets:   |                |                |                |              |
| Financial assets at fair value through profit or loss                                       |                |                |                |              |
| Funds   | \$-            | \$4,085,858    | \$-            | \$4,085,858  |
| Financial assets at fair value through other comprehensive income                           |                |                |                |              |
| Investments in equity instruments measured at fair value through other comprehensive income |                |                |                |              |
|   | 41,919,443     | -              | 14,162,810     | 56,082,253   |
| Financial assets for hedging  |                |                |                |              |
| Energy commodity swap contracts   | 46,251         | -              | -              | 46,251       |
| Financial liabilities:  |                |                |                |              |
| Financial liabilities for hedging   |                |                |                |              |
| Energy commodity swap contracts   | \$33,537       | \$-            | \$-            | \$33,537     |

Fair value hierarchy transfer between level 1 input and level 2 input

The group had no recurring assets and liabilities transfer between level 1 input and level 2 input for the three months ended March 31, 2021 and 2020.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

|  | <u>Asset</u>                                     |
|--|--|
|  | At fair value through other comprehensive income |
|  | <u>Stocks</u>                                    |
| 2021.1.1   | \$14,692,966                                     |
| Acquisition  | 1,065  |
| Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income) | 1,530,411  |
| Effects of exchange rates  | 46   |
| 2021.3.31  | <u>\$16,224,488</u>                              |

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|  | <u>Asset</u>  |
|--|---|
|  | <u>At fair value through other comprehensive income</u> |
|  | <u>Stocks</u>   |
| 2020.1.1   | \$16,633,662  |
| Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income) | (2,526,014)   |
| Effects of exchange rates  | 55,162  |
| 2020.3.31  | <u>\$14,162,810</u>                                     |

**Information on significant unobservable inputs to valuation**

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at March 31, 2021:

|   | <u>Valuation technique</u> | <u>Material unobservable inputs</u> | <u>Quantitative information</u> | <u>Inputs and the fair value relationship</u>   | <u>Inputs and the fair value relationship’s sensitivity analysis value relationship</u>   |
|---|----------------------------|-------------------------------------|---------------------------------|---|---|
| Financial assets :  |                            |                                     |                                 |   |   |
| Financial assets at fair value through other comprehensive income |                            |                                     |                                 |   |   |
| Stocks  | Market approach            | Discount for lack of marketability  | 20%~21.50%                      | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group’s equity by NT\$2,006,132 thousand |
| Stocks  | Assets approach            | Discount for lack of marketability  | 20%                             | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group’s equity by NT\$48,245 thousand    |

As at December 31, 2020:

|   | <u>Valuation technique</u> | <u>Material unobservable inputs</u> | <u>Quantitative information</u> | <u>Inputs and the fair value relationship</u>   | <u>Inputs and the fair value relationship’s sensitivity analysis value relationship</u>  |
|---|----------------------------|-------------------------------------|---------------------------------|---|--|
| Financial assets :  |                            |                                     |                                 |   |  |
| Financial assets at fair value through other comprehensive income |                            |                                     |                                 |   |  |
| Stocks  | Market approach            | Discount for lack of marketability  | 20%~20.90%                      | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group’s equity by NT\$1,804,603 thousand |
| Stocks  | Assets approach            | Discount for lack of marketability  | 20%                             | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group’s equity by NT\$45,382 thousand    |

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As at March 31, 2020:

|   | Valuation technique | Material unobservable inputs       | Quantitative information | Inputs and the fair value relationship  | Inputs and the fair value relationship's sensitivity analysis value relationship  |
|---|---------------------|------------------------------------|--------------------------|---|---|
| Financial assets :  |                     |                                    |                          |   |   |
| Financial assets at fair value through other comprehensive income |                     |                                    |                          |   |   |
| Stocks  | Market approach     | Discount for lack of marketability | 8.42%~20%                | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$1,549,455 thousand |
| Stocks  | Assets approach     | Discount for lack of marketability | 20%                      | The higher the discount for lack of marketability, the lower the fair value of the stocks | 10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$37,746 thousand    |

**Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy**

The Group's accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

**C. Not measure by the fair value but have to disclose by the fair value hierarchy information**

March 31, 2021

|   | Level 1 | Level 2 | Level 3   | Total     |
|---|---------|---------|-----------|-----------|
| Only disclose fair value of assets:                 |         |         |           |           |
| Investment property<br>(please refer to note 6(10)) | \$-     | \$-     | \$392,331 | \$392,331 |

December 31, 2020

|   | Level 1 | Level 2 | Level 3   | Total     |
|---|---------|---------|-----------|-----------|
| Only disclose fair value of assets:                 |         |         |           |           |
| Investment property<br>(please refer to Note 6(10)) | \$-     | \$-     | \$365,564 | \$365,564 |

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March 31, 2020

|                                     | Level 1 | Level 2 | Level 3   | Total     |
|-------------------------------------|---------|---------|-----------|-----------|
| Only disclose fair value of assets: |         |         |           |           |
| Investment property                 |         |         |           |           |
| (please refer to note 6(10))        | \$-     | \$-     | \$365,564 | \$365,564 |

### (10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

|                                | March 31, 2021      |                  |              | December 31, 2020   |                  |              | March 31, 2020      |                  |              |
|--------------------------------|---------------------|------------------|--------------|---------------------|------------------|--------------|---------------------|------------------|--------------|
|                                | Foreign<br>currency | Exchange<br>rate | NTD          | Foreign<br>currency | Exchange<br>rate | NTD          | Foreign<br>currency | Exchange<br>rate | NTD          |
| Financial assets               |                     |                  |              |                     |                  |              |                     |                  |              |
| Monetary items:                |                     |                  |              |                     |                  |              |                     |                  |              |
| USD                            | \$303,986           | 28.531           | \$8,673,025  | \$429,124           | 28.508           | \$12,233,467 | \$541,438           | 30.254           | \$16,380,665 |
| EUR                            | 31,785              | 33.385           | 1,061,142    | 105                 | 34.560           | 3,629        | 35                  | 33.449           | 1,171        |
| YEN                            | 21,216              | 0.258            | 5,474        | 9,643               | 0.272            | 2,627        | 11,335              | 0.281            | 3,185        |
| Long-term equity               |                     |                  |              |                     |                  |              |                     |                  |              |
| Investments – equity<br>method |                     |                  |              |                     |                  |              |                     |                  |              |
| USD                            | \$97,443            | 28.531           | \$2,780,146  | \$98,647            | 28.508           | \$2,812,235  | \$94,131            | 30.254           | \$2,847,839  |
| Financial liabilities          |                     |                  |              |                     |                  |              |                     |                  |              |
| Monetary items:                |                     |                  |              |                     |                  |              |                     |                  |              |
| USD                            | \$365,433           | 28.531           | \$10,426,169 | \$282,558           | 28.508           | \$8,055,163  | \$295,541           | 30.254           | \$8,941,297  |
| EUR                            | 49,456              | 33.385           | 1,651,089    | 181                 | 34.560           | 6,255        | 26,348              | 33.449           | 881,314      |
| YEN                            | 134,019             | 0.258            | 34,577       | 79,007              | 0.272            | 21,490       | 175,620             | 0.281            | 49,349       |

The above information is disclosed based on book value transferred to functional currency.

The foreign exchange gains (losses) that was material and recognized are NT\$764,407 thousand and NT\$317,528 thousand for the three months ended March 31, 2021 and 2020, respectively.

### (11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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**13. OTHER DISCLOSURE**

**(1) Significant transaction information**

**A. Financings provided to others**

| No.<br>(Note 1) | Financing<br>Company | Counterparty  | Financial<br>Statement<br>Account<br>(Note 2)   | Related<br>Party | Maximum<br>Balance for the<br>Period<br>(Approved by<br>the Board)<br>(Note 3) | Ending<br>Balance<br>(Approved by<br>the Board)<br>(Note 8) | Amount<br>Actually<br>Drawn | Interest<br>Rate% | Nature of<br>Financing<br>(Note 4) | Reason for<br>Financing<br>(Note 6) | Loss<br>allowance | Collateral |       | Limit of Financing<br>Amount for<br>Individual<br>Counterparty<br>(Note 7)   | Limit of Total<br>Financial Amount<br>for Financing<br>Company<br>(Note 7)   |
|-----------------|----------------------|---|---|------------------|--|---|-----------------------------|-------------------|------------------------------------|-------------------------------------|-------------------|------------|-------|--|--|
|                 |                      |   |   |                  |  |   |                             |                   |                                    |                                     |                   | Item       | Value |  |  |
| 0               | The<br>Company       | Formosa<br>Plastics<br>Corporation                                    | Other<br>receivables<br>from related<br>parties | Yes              | \$4,500,000  | \$4,500,000   | \$-                         | -                 | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   | Financing to<br>individual entity is<br>limited to 10% of the<br>Company's net asset   | Financing to others is<br>limited to 50% of the<br>Company's net asset<br>165,938,842 thousand;<br>financing to nonbusiness but in<br>need for capital is<br>limited to 40% of the<br>Company's net asset<br>132,751,074 thousand.<br>financing to related<br>party and party with<br>business transaction<br>is limited to 25% of<br>the Company's net<br>asset 82,969,421<br>thousand; financing<br>to others is limited<br>to 20% of the<br>Company's net asset<br>66,375,537 thousand. |
| 0               | The<br>Company       | Nan Ya<br>Plastics<br>Corporation                                     | Other<br>receivables<br>from related<br>parties | Yes              | 4,500,000  | 4,500,000   | -                           | -                 | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   | 33,187,768 thousand;   |  |
| 0               | The<br>Company       | Formosa<br>Chemicals &<br>Fibre<br>Corporation                        | Other<br>receivables<br>from related<br>parties | Yes              | 4,500,000  | 4,500,000   | -                           | -                 | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   | financing to related<br>party and party with<br>business transaction<br>is limited to 25% of<br>the Company's net<br>asset 82,969,421<br>thousand; financing |  |
| 0               | The<br>Company       | Formosa<br>Plastics<br>Marine<br>Corporation                          | Other<br>receivables<br>from related<br>parties | No               | 4,449,186  | 4,433,926   | 3,893,926                   | 123-<br>123       | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   | to others is limited<br>to 20% of the<br>Company's net asset<br>66,375,537 thousand.   |  |
| 0               | The<br>Company       | Formosa<br>Group Ocean<br>Investment<br>Corporation                   | Other<br>receivables<br>from related<br>parties | No               | 1,856,493  | 1,856,493   | 1,466,493                   | 123-<br>123       | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   |  |  |
| 0               | The<br>Company       | Formosa<br>Heavy<br>Industries<br>Corporation                         | Other<br>receivables<br>from related<br>parties | Yes              | 8,910,000  | 8,910,000   | 3,810,000                   | 123-<br>123       | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   |  |  |
| 0               | The<br>Company       | Formosa Oil<br>(Asia Pacific)<br>Corporation<br>(Note 9)              | Other<br>receivables<br>from related<br>parties | Yes              | 500,000  | 500,000   | -                           | -                 | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   |  |  |
| 0               | The<br>Company       | Formosa<br>Petrochemical<br>Transportation<br>Corporation<br>(Note 9) | Other<br>receivables<br>from related<br>parties | Yes              | 250,000  | 250,000   | -                           | -                 | (2)                                | Need for<br>operating               | N/A               | N/A        | N/A   |  |  |
|                 |                      |   |   |                  | Total  | \$29,450,419  | \$9,170,419                 |                   |                                    |                                     |                   |            |       |  |  |

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

- (1) The financing occurred due to business transactions is coded "1".
- (2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

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Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

### B. Endorsement/guarantee provided to others

| No.<br>(Note1) | Endorser/<br>Guarantor | Receiving Party                            |                         | Limit of the<br>Endorsement /<br>Guarantee Amount<br>for Receiving Party<br>(Note3) | Maximum<br>Balance<br>for the Period<br>(Note4) | Ending<br>Balance<br>(Note5) | Actual<br>Amount<br>Borrowed<br>(Note6) | Amount of<br>Collateral | Percentage | Limit on the<br>Endorsement/Guarantee<br>Amount<br>(Note3)   | Parent Company<br>Endorsed /<br>Guaranteed for<br>the Subsidiaries<br>(Note7) | Subsidiaries<br>Endorsed/<br>Guaranteed for<br>the Parent<br>Company<br>(Note7) | Endorsement or<br>Guarantee for<br>Entities in China<br>(Note7) |
|----------------|------------------------|--|-------------------------|---|---|------------------------------|---|-------------------------|------------|--|---|---|---|
|                |                        | Company<br>Name                            | Relationship<br>(Note2) |   |   |                              |   |                         |            |  |   |   |   |
| 0              | The<br>Company         | FPCC USA,<br>INC.                          | (2)                     | \$215,720,495   | \$285,310                                       | \$285,310                    | \$285,310                               | N/A                     | 0.09       | The Company may<br>provide<br>endorsement/guarantee to<br>others but shall not<br>exceed 130% of its net<br>assets. The limit is<br>431,440,989 thousand.<br>For endorsement/<br>guarantee to individual<br>entity, the amount is<br>limited to 50% of the<br>limit. | Y   | N   | N   |
| 0              | The<br>Company         | Formosa<br>Kraton<br>Chemical Co.,<br>Ltd. | (6)                     | 215,720,495   | 494,000   | 494,000                      | 494,000                                 | N/A                     | 0.15       | "  | N   | N   | N   |
| 0              | The<br>Company         | Formosa<br>Resources<br>Corporation        | (6)                     | 215,720,495   | 3,067,083                                       | 3,067,083                    | 3,067,083                               | N/A                     | 0.92       | "  | N   | N   | N   |
| 0              | The<br>Company         | Formosa<br>Group<br>(Cayman)<br>Limited    | (6)                     | 215,720,495   | 7,132,750                                       | 7,132,750                    | 7,132,750                               | N/A                     | 2.15       | "  | N   | N   | N   |
| 0              | The<br>Company         | Formosa Ha<br>Tinh<br>(Cayman)<br>Limited  | (6)                     | 215,720,495   | 18,903,708                                      | 16,895,419                   | 16,895,419                              | N/A                     | 5.09       | "  | N   | N   | N   |

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

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- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: The limits and the calculation methods of endorsement/guarantee amount for individual counterparty and maximum balance are disclosed in accordance with company's operating procedure of endorsement/guarantee.

Note 4: Maximum balance of endorsement/guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed/guaranteed company within the limit of endorsement/guarantee amount.

Note 7: It should be filled in "Y", if it is the public parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the public parent company, or endorsement or guarantee for entities in china.

### C. Securities held as of March 31, 2021 (not including subsidiaries, associates and joint ventures)

| Company     | Type and Name of the Securities (Note 1)                  | Relationship (Note 2)   | Financial Statement Account   | As of March 31, 2021 |                         |                             |                       | Note |
|-------------|---|---|---|----------------------|-------------------------|-----------------------------|-----------------------|------|
|             |   |   |   | Shares (In thousand) | Carrying Value (Note 3) | Percentage of Ownership (%) | Market Value (Note 4) |      |
| The Company | Stock – Formosa Plastics Corporation                      | Entity with joint control or significant influence over the Company | Financial assets at fair value through other comprehensive income-current     | 131,460              | \$13,277,497            | 2.07%                       | \$101.00              |      |
| The Company | Stock – Nan Ya Plastics Corporation                       | Entity with joint control or significant influence over the Company | Financial assets at fair value through other comprehensive income-current     | 179,214              | 14,301,311              | 2.26%                       | 79.80                 |      |
| The Company | Stock – Formosa Chemicals & Fibre Corporation             | Entity with joint control or significant influence over the Company | Financial assets at fair value through other comprehensive income-current     | 48,568               | 4,254,520               | 0.83%                       | 87.60                 |      |
| The Company | Stock – National Petroleum Co., Ltd.                      | Others  | Financial assets at fair value through other comprehensive income-current     | 60,082               | 3,034,134               | 19.44%                      | 50.50                 |      |
| The Company | Stock – Nan Ya Technology Corporation                     | -   | Financial assets at fair value through other comprehensive income-current     | 334,815              | 30,769,536              | 10.81%                      | 91.90                 |      |
| The Company | Fund – Mega USD Fend-Shou Private Market Fund             | -   | Financial assets at fair value through profit or loss-current                 | 12,478               | 3,897,807               | -                           | 312.37                |      |
| The Company | Stock – Formosa Ha Tinh (Cayman) Limited                  | Others  | Financial assets at fair value through other comprehensive income-non-current | 621,178              | 10,456,473              | 11.43%                      | 16.83                 |      |
| The Company | Stock – Asia Pacific Investment Corporation               | -   | Financial assets at fair value through other comprehensive income-non-current | 8,950                | 313,071                 | 2.11%                       | 34.98                 |      |
| The Company | Stock – Formosa Network Technology Corporation            | -   | Financial assets at fair value through other comprehensive income-non-current | 2,925                | 160,230                 | 12.50%                      | 54.78                 |      |
| The Company | Stock – Formosa Heavy Industries Corporation              | Others  | Financial assets at fair value through other comprehensive income-non-current | 24,981               | 373,222                 | 1.26%                       | 14.94                 |      |
| The Company | Stock – Formosa Ocean Group Marine Investment Corporation | -   | Financial assets at fair value through other comprehensive income-non-current | 3                    | 4,790,872               | 19.00%                      | 1,827,182.30          |      |
| The Company | Stock – Amtrust Capital Corporation                       | -   | Financial assets at fair value through other comprehensive income-non-current | 3,750                | 25,076                  | 3.91%                       | 6.69                  |      |
| The Company | Stock – Mega Growth Venture Capital Co., Ltd.             | -   | Financial assets at fair value through other comprehensive income-non-current | 2,500                | 21,325                  | 1.97%                       | 8.53                  |      |

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

Note 2: If the securities listed above are issued by related parties, the column is specified with further information.

Note 3: For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note 4: Fill in the fair value in the following ways:

- (1) For securities with quoted prices in active markets, fair value is the closing price at the balance sheet date. However, for open-end funds, fair value is the net asset value of the fund.
- (2) For securities without quoted prices in an active market, doesn't have be filled unless the security is stock. Fill in the book value column with book value per share if it is stock.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 percent of the Company's paid-in capital:

| Company     | Securities Category (Note 1) | Financial Statement Account                       | Counterparty (Note 2)         | Relationship (Note 2) | As January 1, 2021   |                      | Purchase (Note 3)    |           | Sell (Note 3)        |       |           |             | As March 31, 2021    |                      |
|-------------|------------------------------|---|-------------------------------|-----------------------|----------------------|----------------------|----------------------|-----------|----------------------|-------|-----------|-------------|----------------------|----------------------|
|             |                              |   |                               |                       | Shares (In thousand) | Amount               | Shares (In thousand) | Amount    | Shares (In thousand) | Price | Book Cost | Gain / Loss | Shares (In thousand) | Amount               |
| The Company | Stock                        | Investments accounted for using the equity method | Formosa Resources Corporation | Associate             | 741,594              | \$7,415,940 (Note 5) | 88,453               | \$884,531 | -                    | \$-   | \$-       | \$-         | 830,047              | \$8,300,471 (Note 5) |

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

Note2: If the securities listed above are investments accounted for using the equity method, fill in the second column.

Note3: The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: The Company's paid-in capital means the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT\$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5: Beginning balance and ending balance herein is disclosed in original cost.

E. Acquisition of property with the amount exceeding NT \$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of property with amount exceeding NT \$300 million or 20% of the Company's paid-in capital: None.

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G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

| Purchaser / Seller | Counterparty                                    | Relationship with the counterparty                                  | Transaction       |            |                                       |                                   | Differences in transaction terms compared to third party transactions |             | Notes/accounts receivable (payable) |   | Note   |
|--------------------|---|---|-------------------|------------|---------------------------------------|-----------------------------------|---|-------------|-------------------------------------|---|--------|
|                    |   |   | Purchases (Sales) | Amount     | Percentage of total purchases (sales) | Credit term                       | Unit price  | Credit term | Balance                             | Percentage of total notes/accounts receivable (payable) |        |
| The Company        | Formosa Plastics Corporation                    | Entity with joint control or significant influence over the Company | Sales             | 23,474,843 | 18.02                                 | 30 days after receiving the goods | N/A   | N/A         | 9,480,043                           | 25.30   |        |
|                    |   |   | Purchases         | 1,431,347  | 1.39                                  |                                   |   |             | 743,121                             | 4.45  |        |
| The Company        | Nan Ya Plastics Corporation                     | Entity with joint control or significant influence over the Company | Sales             | 10,556,919 | 8.10                                  | 30 days after receiving the goods | N/A   | N/A         | 4,162,251                           | 11.11   |        |
|                    |   |   | Purchases         | 219,863    | 0.21                                  |                                   |   |             | 73,961                              | 0.44  |        |
| The Company        | Formosa Chemicals & Fibre Corporation           | Entity with joint control or significant influence over the Company | Sales             | 33,106,245 | 25.41                                 | 30 days after receiving the goods | N/A   | N/A         | 10,817,597                          | 28.87   |        |
|                    |   |   | Purchases         | 6,801,724  | 6.62                                  |                                   |   |             | 2,728,779                           | 16.35   |        |
| The Company        | National Petroleum Co., Ltd.                    | Others  | Sales             | 4,319,748  | 3.32                                  | 60 days after receiving the goods | N/A   | N/A         | 1,764,482                           | 4.71  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | 2,960,580                           | 99.97   |        |
| The Company        | Formosa Oil (Asia Pacific) Corporation          | Subsidiary  | Sales             | 3,253,352  | 2.50                                  | 30 days after receiving the goods | N/A   | N/A         | 1,249,850                           | 3.34  | (Note) |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | Formosa Taffeta Co., Ltd.                       | Others  | Sales             | 2,300,847  | 1.77                                  | 30 days after receiving the goods | N/A   | N/A         | 438,435                             | 1.17  |        |
|                    |   |   | Purchases         | 430        | -                                     |                                   |   |             | 11                                  | -   |        |
| The Company        | Nan Chung Petrochemical Corp.                   | Others  | Sales             | 785,701    | 0.60                                  | 30 days after receiving the goods | N/A   | N/A         | 655,027                             | 1.75  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | Caltex Taiwan Corporation                       | Joint venture   | Sales             | 481,537    | 0.37                                  | 30 days after receiving the goods | N/A   | N/A         | 200,535                             | 0.54  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | Simosa Oil Corporation                          | Associate   | Sales             | 604,706    | 0.46                                  | 30 days after receiving the goods | N/A   | N/A         | 262,319                             | 0.70  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | Formosa BP Chemicals Corporation                | Others  | Sales             | 581,901    | 0.45                                  | 30 days after receiving the goods | N/A   | N/A         | 207,159                             | 0.55  |        |
|                    |   |   | Purchases         | 187,513    | 0.18                                  |                                   |   |             | 72,761                              | 0.44  |        |
| The Company        | Formosa Chemicals Industries (Ningbo) Co., Ltd. | Others  | Sales             | 622,522    | 0.48                                  | 30 days after receiving the goods | N/A   | N/A         | 468,318                             | 1.25  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | TMS Corp.                                       | Associate   | Sales             | 381,092    | 0.29                                  | 30 days after receiving the goods | N/A   | N/A         | -                                   | -   |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |
| The Company        | Formosa Kraton Chemical Co., Ltd.               | Joint venture   | Sales             | 161,338    | 0.12                                  | 30 days after receiving the goods | N/A   | N/A         | 71,007                              | 0.19  |        |
|                    |   |   | Purchases         | -          | -                                     |                                   |   |             | -                                   | -   |        |

Note: All transactions are eliminated in the consolidated financial statements.

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### H. Receivables from related parties with amounts exceeding NT\$100 million or 20 percent of capital stock

| Creditor    | Counterparty                                    | Relationship with the counterparty                                  | Balance      | Turnover rate | Overdue receivables |              | Amount collected subsequent to the balance sheet date | Loss Allowance | Note   |
|-------------|---|---|--------------|---------------|---------------------|--------------|---|----------------|--------|
|             |   |   |              |               | Amount              | Action taken |   |                |        |
|             | Accounts receivable                             |   |              |               |                     |              |   |                |        |
| The Company | Formosa Chemicals & Fibre Corporation           | Entity with joint control or significant influence over the Company | \$10,817,597 | 13.43         | -                   | -            | \$10,816,464  | N/A            |        |
| The Company | Formosa Plastics Corporation                    | Entity with joint control or significant influence over the Company | 9,480,043    | 11.19         | -                   | -            | 9,480,042   | N/A            |        |
| The Company | Nan Ya Plastics Corporation                     | Entity with joint control or significant influence over the Company | 4,162,251    | 11.38         | -                   | -            | 4,162,251   | N/A            |        |
| The Company | National Petroleum Co., Ltd.                    | Others  | 4,725,062    | 4.41          | -                   | -            | 1,442,785   | N/A            |        |
| The Company | Formosa Oil (Asia Pacific) Corporation          | Subsidiary  | 1,249,850    | 10.99         | -                   | -            | 1,249,850   | N/A            | (Note) |
| The Company | Formosa Taffeta Co., Ltd                        | Others  | 438,435      | 21.91         | -                   | -            | 438,435   | N/A            |        |
| The Company | Caltex Taiwan Corporation                       | Joint venture   | 200,535      | 11.22         | -                   | -            | -   | N/A            |        |
| The Company | Formosa BP Chemicals Corporation                | Others  | 207,159      | 12.78         | -                   | -            | 207,159   | N/A            |        |
| The Company | Simosa Oil Corporation                          | Associate   | 262,319      | 11.34         | -                   | -            | 262,319   | N/A            |        |
| The Company | Nan Chung Petrochemical Corp.                   | Others  | 655,027      | 6.83          | -                   | -            | 655,027   | N/A            |        |
| The Company | Formosa Chemicals Industries (Ningbo) Co., Ltd. | Others  | 468,318      | 9.20          | -                   | -            | 180,727   | N/A            |        |
|             | Other receivables from related parties          |   |              |               |                     |              |   |                |        |
| The Company | Formosa Heavy Industries Corporation            | Others  | 3,810,000    | -             | -                   | -            | 810,000   | N/A            |        |

Note: All transactions are eliminated in the consolidated financial Statements.

I. Derivative financial instruments undertaken: Please refer to Notes 6(4) and 12.

J. Significant intercompany transactions between consolidated entities

| No.<br>(Note 1) | Company name                                     | Counterparty                           | Relationship<br>(Note 2) | Transaction         |           |  |  |
|-----------------|--|--|--------------------------|---------------------|-----------|--|--|
|                 |  |  |                          | Account             | Amount    | Transaction terms                                | Percentage of consolidated total operating revenues or total assets<br>(Note3) |
| 0               | The Company                                      | Formosa Oil (Asia Pacific) Corporation | 1                        | Sales revenue       | 3,253,352 | Prices similar to those with non-related parties | 2.50%  |
|                 |  |  |                          | Accounts receivable | 1,249,850 | Receive in the following month                   | 0.30%  |
| 1               | Formosa Oil (Asia Pacific) Corporation           | The Company                            | 2                        | Labor force revenue | 20,552    | Receive in the following month                   | 0.02%  |
| 2               | Formosa Petrochemical Transportation Corporation | The Company                            | 2                        | Labor force revenue | 103,716   | Receive in the following month                   | 0.08%  |
|                 |  |  |                          | Accounts receivable | 5,248     | -  | -  |
| 3               | FPCC DILIGENCE Corp.                             | The Company                            | 2                        | Labor force revenue | 151,396   | Receive in the following month                   | 0.12%  |
|                 |  |  |                          | Accounts receivable | 38,225    | -  | 0.01%  |
| 4               | FG INC.  | FPCC USA, INC.                         | 3                        | Other receivables   | 42,797    | -  | 0.01%  |

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

- (1) Parent Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary.

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

Note 4: Whether the Company discloses the significant transaction in this sheet is according to materiality principle.

### (2) Investee information

#### A. Names, locations and related information of investee companies as of March 31, 2021 (excluding Mainland China)

| Investor    | Investee (Note1 ~ 2)                             | Region  | Main Business  | Original cost             |                              | At the end of period           |            |             | Investees company net income (Note2(2)) | Share of Profits/Losses (Note2(3)) | Note |
|-------------|--|---------|--|---------------------------|------------------------------|--------------------------------|------------|-------------|---|------------------------------------|------|
|             |  |         |  | Balance at March 31, 2021 | Balance at December 31, 2020 | Number of shares (in thousand) | Percentage | Amount      |   |                                    |      |
| The Company | Formosa Oil (Asia Pacific) Corporation           | ROC     | Retail of petrochemical                                | \$1,097,992               | \$1,097,992                  | 100,000                        | 100.00     | \$1,803,850 | \$116,174                               | \$116,174                          |      |
| The Company | Formosa Petrochemical Transportation Corporation | ROC     | Transportation   | 176,019                   | 176,019                      | 19,378                         | 88.00      | 329,662     | 13,651                                  | 12,013                             |      |
| The Company | FPCC USA, INC.                                   | US      | Oil drilling   | 1,637,968                 | 1,637,968                    | 10                             | 100.00     | 1,040,972   | 55,157                                  | 55,157                             |      |
| The Company | FPCC DILIGENCE Corp.                             | Liberia | Ship chartering  | 894,723                   | 894,723                      | -                              | 100.00     | (161,534)   | (94)                                    | (94)                               |      |
| The Company | FPCC MAJESTY Corp.                               | Liberia | Ship chartering  | 1,092,467                 | 1,092,467                    | -                              | 100.00     | 1,597,387   | 14,612                                  | 14,612                             |      |
| The Company | FPCC NATURE Corp.                                | Liberia | Ship chartering  | 1,126,902                 | 1,126,902                    | -                              | 100.00     | 1,648,412   | 15,134                                  | 15,134                             |      |
| The Company | FG INC.  | US      | Investing  | 6,506,856                 | 6,506,856                    | 11                             | 57.00      | 5,932,896   | (23,810)                                | (13,572)                           |      |
| The Company | Mai-Liao Power Corporation                       | ROC     | Electricity generation                                 | 5,985,981                 | 5,985,979                    | 601,777                        | 24.94      | 12,617,941  | 1,674                                   | 418                                |      |
| The Company | Yi-Chi Construction Corporation                  | ROC     | Construction   | 18,508                    | 18,508                       | 1,695                          | 40.55      | 28,446      | (52)                                    | (21)                               |      |
| The Company | Mailiao Harbor Administration Corporation        | ROC     | Harbor manage  | 1,348,137                 | 1,348,137                    | 98,907                         | 44.96      | 2,386,965   | 168,829                                 | 75,905                             |      |
| The Company | Formosa Development Corporation                  | ROC     | Development of land                                    | 229,970                   | 229,970                      | 46,641                         | 45.99      | 797,249     | (229)                                   | (105)                              |      |
| The Company | Formosa Marine Corporation                       | ROC     | Transportation   | 20,000                    | 20,000                       | 3,238                          | 20.00      | 266,678     | 242,462                                 | 48,492                             |      |
| The Company | Simosa Oil Corporation                           | ROC     | Retail of other oil products and manufacturing         | 54,000                    | 54,000                       | 41,748                         | 20.00      | 541,923     | 2,646                                   | 529                                |      |
| The Company | Caltex Taiwan Corporation                        | ROC     | Retail of petrochemical products and airport refueling | 21,501                    | 21,501                       | 2,400                          | 50.00      | 57,160      | 3,035                                   | 1,518                              |      |
| The Company | Formosa Environmental Technology Corporation     | ROC     | Crop cultivating, Disposals of waste and sewage        | 417,145                   | 417,145                      | 41,714                         | 24.34      | 227,704     | 1,571                                   | 382                                |      |
| The Company | Formosa Plastics Synthetic Rubber(HK)            | HK      | Investing  | 4,244,064                 | 4,244,059                    | 138,333                        | 33.33      | 2,121,330   | (129,637)                               | (43,208)                           |      |
| The Company | Formosa Kraton Chemical Co., Ltd.                | ROC     | Synthetic Rubber Manufacturing                         | 1,237,500                 | 1,237,500                    | 123,750                        | 50.00      | 1,285,429   | 89,328                                  | 44,664                             |      |
| The Company | Formolight Technologies, Inc.                    | ROC     | LED  | 80,361                    | 80,361                       | 8,036                          | 39.43      | 58,776      | (9,437)                                 | (3,721)                            |      |
| The Company | Formosa Resources Corporation                    | ROC     | Mining   | 8,300,471                 | 7,415,940                    | 830,047                        | 25.00      | 7,054,834   | (46,061)                                | (11,515)                           |      |
| The Company | Formosa Group (Cayman) Limited                   | Cayman  | Investing  | 377                       | 377                          | 13                             | 25.00      | 658,822     | 36,101                                  | 9,025                              |      |

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| Investor   | Investee (Note1、2)                         | Region | Main Business                                  | Original cost             |                              | At the end of period           |            |           | Investees company net income (Note2(2)) | Share of Profits/Losses (Note2(3)) | Note |
|--|--|--------|--|---------------------------|------------------------------|--------------------------------|------------|-----------|---|------------------------------------|------|
|  |  |        |  | Balance at March 31, 2021 | Balance at December 31, 2020 | Number of shares (in thousand) | Percentage | Amount    |   |                                    |      |
| The Company                                      | Idemitsu Formosa Specialty Chemicals Corp. | ROC    | Retail of petrochemical products               | 750,000                   | 750,000                      | 75,000                         | 50.00      | 377,433   | (91,481)                                | (45,741)                           |      |
| The Company                                      | NKFG                                       | ROC    | Electronic components manufacturing & selling  | 997,200                   | 997,200                      | 99,720                         | 45.00      | 566,744   | (242,763)                               | (109,243)                          |      |
| The Company                                      | Nan Ya Photonics Incorporation             | ROC    | Lighting equipment manufacturing               | 270,584                   | 270,584                      | 10,522                         | 22.83      | 297,157   | 16,823                                  | 3,841                              |      |
| Formosa Oil (Asia Pacific) Corporation           | TMS Corp.                                  | ROC    | Vehicle and parts export and import            | 40,000                    | 40,000                       | 3,430                          | 49.00      | 54,203    | 6,190                                   | 3,033                              |      |
| Formosa Oil (Asia Pacific) Corporation           | Whalehome International Corp., Ltd         | ROC    | Retail of petrochemical                        | 167,323                   | 167,323                      | 16,463                         | 53.80      | 177,128   | 2,207                                   | 1,188                              |      |
| Formosa Petrochemical Transportation Corporation | Whalehome International Corp., Ltd         | ROC    | Retail of petrochemical                        | 48,209                    | 48,209                       | 4,801                          | 15.69      | 51,651    | 2,207                                   | 346                                |      |
| FG INC.  | FG LA LLC                                  | US     | Petrochemical products manufacturing & selling | 10,569,834                | 10,232,843                   | -                              | 100.00     | 9,678,079 | (23,129)                                | (23,129)                           |      |

Note1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investees could disclosed their holding company's relevant information.

Note2: If not belong to Note 1, filled in by the following rules

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee's net income.
- (3) In "Share of Profits/Losses" column only need to filled in the share of profit or loss of each subsidiary and the company under the equity method. Regarding to the profit or loss of each subsidiary should contain the share of profit or loss of its investee.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, FPCC USA, INC., FG INC., FG LA LLC, FPCC DILIGENCE Corp. (Note) , FPCC MAJESTY Corp. (Note) and FPCC NATURE Corp. (Note). Although the total assets and total operating revenue has not reached 10% of the company's account, but the significant transaction should be disclosed.

Note: FPCC Marine Corporation, the subsidiary of the Company, established FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. at the price of ship assets on March 20, 2020. After the reorganization procedures on April 15, 2020, the subsidiary company FPCC Marine Corporation transferred 100% equity of the three companies FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. to the Company and was entered into dissolution and liquidation process.

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### (a) Financing provided to others

| No<br>(Note1) | Creditor                                     | Borrower                                  | General Ledger<br>account<br>(Note2)         | Related<br>party | Maximum<br>outstanding<br>balance during<br>the three month<br>period ended<br>March 31, 2021 | Balance at<br>March 31,<br>2021 (Credits<br>approved by<br>the Boards)<br>(Note 8) | Actual<br>amount | Interest<br>rate% | Nature for<br>Financing<br>(Note 4) | Reason for<br>Financing<br>(Note 6) | Loss<br>Allowance | Collateral |       | Financing<br>Limits for Each<br>Borrowing<br>Company<br>(Note 7) | Financing<br>Company's<br>Total Financing<br>Amount Limits<br>(Note 7) |
|---------------|--|---|--|------------------|---|--|------------------|-------------------|-------------------------------------|-------------------------------------|-------------------|------------|-------|--|--|
|               |  |   |  |                  |   |  |                  |                   |                                     |                                     |                   | Item       | Value |  |  |
| 1             | Formosa Oil<br>(Asia Pacific)<br>Corporation | Whalehome<br>International<br>Corp., Ltd. | Other<br>receivables from<br>related parties | yes              | \$50,000  | \$-  | \$-              | 1.23-1.23         | (2)                                 | Need for<br>operating               | N/A               | N/A        | N/A   | \$901,925  | \$1,803,850  |
| 2             | FG INC.<br>(Note 9)                          | FPC USA,<br>INC.                          | Other<br>receivables from<br>related parties | yes              | 185,452   | 42,797   | 42,797           | 0.69-0.72         | (2)                                 | Need for<br>operating               | N/A               | N/A        | N/A   | 1,040,859  | 31,225,766   |

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1".

(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

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(b) Endorsement/guarantee provided to others for the three months ended March 31, 2021:  
None.

(c) Securities held as of March 31, 2021

| Holding Company                        | Type and Name of the Securities        | Relationship | Financial Statement Account   | As March 31, 2021    |                |                             |              |
|--|--|--------------|---|----------------------|----------------|-----------------------------|--------------|
|  |  |              |   | Shares (In thousand) | Carrying Value | Percentage of Ownership (%) | Market Value |
| Formosa Oil (Asia Pacific) Corporation | Stock – National Petroleum Co., Ltd.   | Others       | Financial assets at fair value through other comprehensive income – current     | 717                  | \$36,199       | 0.23%                       | \$50.50      |
| Formosa Oil (Asia Pacific) Corporation | Stock – North-Star Petroleum Co., Ltd. | -            | Financial assets at fair value through other comprehensive income – current     | 10,000               | 297,000        | 5.21%                       | 29.70        |
| Formosa Oil (Asia Pacific) Corporation | Stock – Tai Yi Feng Corporation        | -            | Financial assets at fair value through other comprehensive income – non-current | 1,500                | 32,655         | 5.00%                       | 21.77        |
| FPCC USA, INC.                         | Stock – Cross Lake Gathering, LLC      | -            | Financial assets at fair value through other comprehensive income – non-current | -                    | 51,564         | 12.50%                      | 51,563.910   |

(d) Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 percent of the capital stock:

| Company | Securities Category (Note 1) | Financial Statement Account                       | Counterparty (Note 2) | Relationship (Note 2) | As January 1, 2021   |                          | Purchase (Note 3)    |           | Sell (Note 3)        |       |           |             | As March 31, 2021    |                          |
|---------|------------------------------|---|-----------------------|-----------------------|----------------------|--------------------------|----------------------|-----------|----------------------|-------|-----------|-------------|----------------------|--------------------------|
|         |                              |   |                       |                       | Shares (In thousand) | Amount                   | Shares (In thousand) | Amount    | Shares (In thousand) | Price | Book Cost | Gain / Loss | Shares (In thousand) | Amount                   |
| FG INC. | Stock                        | Investments accounted for using the equity method | FG LA LLC             | Subsidiary            | -                    | \$10,232,843<br>(Note 5) | -                    | \$336,991 | -                    | \$-   | \$-       | \$-         | -                    | \$10,569,834<br>(Note 5) |

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

Note 2: If the securities listed above are long-term investments, fill in the second column.

Note 3: The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: It's the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT\$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5: Beginning balance and ending balance herein is disclosed in original cost.

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

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- (f) Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- (g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- (h) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- (i) Derivative financial instruments undertaken: None.
- (j) Significant inter-company transactions: None.

**C. Investment in Mainland China as of March 31, 2021**

| Investee company                          | Main Businesses and Products   | Total Amount of Paid-in Capital | Method of Investment (Note1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2021 | Investment Flows |   | Accumulated Outflow of Investment from Taiwan as of March 31, 2021 | Investees company net income (Note2) | Percentage of Ownership | Share of Profits/Losses (Note2) | Carrying Amount as of March 31, 2021 | Accumulated Inward Remittance of Earnings as of March 31, 2021 |
|---|--------------------------------|---------------------------------|------------------------------|---|------------------|---|--|--------------------------------------|-------------------------|---------------------------------|--------------------------------------|--|
|   |                                |                                 |                              | Outflow   | Inflow           |   |  |                                      |                         |                                 |                                      |  |
| Formosa Plastics Synthetic Rubber(Ningbo) | Synthetic Rubber Manufacturing | US\$415,000<br>NT\$11,840,365   | (2)                          | US\$138,333<br>NT\$4,244,059  | -                | - | US\$138,333<br>NT\$4,244,059                                       | NT\$(129,637)                        | 33.33%                  | NT\$(43,208)                    | NT\$2,121,330                        | \$-  |

| Accumulated Investment in Mainland China | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note3) |
|--|--|-----------------------------------|
| US\$138,333<br>NT\$4,244,059             | US\$138,333<br>NT\$4,244,059                                 | NT\$199,126,610                   |

Note1: The methods for engaging in investment in Mainland China include the following:

- (1) Directly invested in China
- (2) Investment in Mainland China companies through a company invested and established in a third region (The third region company is Formosa Plastics Synthetic Rubber(HK))
- (3) Other method

Note2: Recognized based on valuation in financial statements audited by investee companies' independent accountants.

Note3: According to MOEA's regulation, the company set its upper limit on investment is based on 60% of equity.

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### D. Information on major shareholders

| Major shareholders                    | Shares        | Percentage of Ownership |
|---------------------------------------|---------------|-------------------------|
| Formosa Plastics Corporation          | 2,720,549,010 | 28.55%                  |
| Formosa Chemicals & Fibre Corporation | 2,300,799,801 | 24.15%                  |
| Nan Ya Plastics Corporation           | 2,201,306,014 | 23.10%                  |
| Chang Gung Medical Foundation         | 551,360,791   | 5.78%                   |

Note 1: 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.

Note 2: If shares 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. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

- A. Petrochemical segment: Producing and selling petroleum, and petrochemical products.
- B. Public utility segment: Producing and selling water, electricity and steam.

For information regarding the segment reporting and operating activities, please refer to "Other" section of the Note.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group finance costs, finance income and income taxes are managed on a group basis and are not allocated to operating segments.

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The transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Information for the three months ended March 31, 2021

|                        | Petrochemical<br>Division | Utility<br>Division | Others             | Adjustment<br>and<br>eliminations | Consolidated<br>Amount |
|------------------------|---------------------------|---------------------|--------------------|-----------------------------------|------------------------|
| Revenue                |                           |                     |                    |                                   |                        |
| External customer      | \$117,653,693             | \$8,506,625         | \$4,139,348        | \$-                               | \$130,299,666          |
| Inter-segment          | 3,253,352                 | 319,781             | 586,780            | (4,159,913)                       | -                      |
| Total revenues         | <u>\$120,907,045</u>      | <u>\$8,826,406</u>  | <u>\$4,726,128</u> | <u>\$(4,159,913)</u>              | <u>\$130,299,666</u>   |
| Segment profit or loss | <u>\$19,401,050</u>       | <u>\$1,805,240</u>  | <u>\$271,355</u>   | <u>\$869,556</u>                  | <u>\$22,347,201</u>    |

Information for the three months ended March 31, 2020

|                        | Petrochemical<br>Division | Utility<br>Division | Others             | Adjustment<br>and<br>eliminations | Consolidated<br>Amount |
|------------------------|---------------------------|---------------------|--------------------|-----------------------------------|------------------------|
| Revenue                |                           |                     |                    |                                   |                        |
| External customer      | \$125,749,225             | \$7,853,691         | \$3,928,441        | \$-                               | \$137,531,357          |
| Inter-segment          | 3,024,609                 | 2,555,417           | 730,813            | (6,310,839)                       | -                      |
| Total revenues         | <u>\$128,773,834</u>      | <u>\$10,409,108</u> | <u>\$4,659,254</u> | <u>\$(6,310,839)</u>              | <u>\$137,531,357</u>   |
| Segment profit or loss | <u>\$(10,432,541)</u>     | <u>\$2,073,637</u>  | <u>\$177,428</u>   | <u>\$(4,403,678)</u>              | <u>\$(12,585,154)</u>  |

Note1: Revenues were from segments below the quantitative thresholds, such as load and unload process, transportation services and sales of petroleum products. None of those segments has ever met the quantitative thresholds for determining reportable segments assets.

Note2: Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' section. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Note3: Profit or loss of each reportable segment does not include the share of profits of associates and joint venture and the foreign currency exchange gains and losses.

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The reportable segment assets and liabilities as of March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

### Reportable segment assets

|                   | Petrochemical |                  |               | Adjustment and | Consolidated  |
|-------------------|---------------|------------------|---------------|----------------|---------------|
|                   | Division      | Utility Division | Others        | eliminations   | Amount        |
| March 31, 2021    | \$170,678,035 | \$36,146,900     | \$221,591,074 | \$(14,084,947) | \$414,331,062 |
| December 31, 2020 | \$151,835,020 | \$46,435,961     | \$196,402,188 | \$(13,750,053) | \$380,923,116 |
| March 31, 2020    | \$164,912,480 | \$36,090,126     | \$187,036,020 | \$(22,082,833) | \$365,955,793 |

### Reportable segment liabilities

|                   | Petrochemical |                  |              | Adjustment and | Consolidated |
|-------------------|---------------|------------------|--------------|----------------|--------------|
|                   | Division      | Utility Division | Others       | eliminations   | Amount       |
| March 31, 2021    | \$57,876,767  | \$6,769,565      | \$15,179,702 | \$(1,893,303)  | \$77,932,731 |
| December 31, 2020 | \$45,877,771  | \$6,266,991      | \$18,042,302 | \$(1,891,016)  | \$68,296,048 |
| March 31, 2020    | \$54,580,597  | \$6,444,395      | \$5,489,814  | \$(4,117,031)  | \$62,397,775 |

### Reconciliations of reportable segment profit or loss:

|   | For the three<br>months ended<br>March 31, 2021 | For the three<br>months ended<br>March 31, 2020 |
|---|---|---|
|   | NTD   | NTD   |
| Total profit or loss for reportable segments        | \$21,206,290                                    | \$(8,358,904)                                   |
| Other profit  | 271,355   | 177,428   |
| Unallocated amounts:                                |   |   |
| Share of profits of associates and joint venture    | (24,213)  | 239,357   |
| Gain (loss) on foreign exchange                     | 764,407   | 317,528   |
| Other corporate revenue (expenses)                  | 129,362   | (4,960,563)                                     |
| Income (loss) before tax from continuing operations | \$22,347,201                                    | \$(12,585,154)                                  |