

**Oriental Union Chemical Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Oriental Union Chemical Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, and the consolidated statements of comprehensive income for the three-month and nine-month then ended, and the consolidated statements of changes in equity and cash flows for the nine-month then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC"). Our responsibility is to express a conclusion on the 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". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$3,919,060 thousand and NT\$3,929,336 thousand, respectively, representing 11% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$1,741,073 thousand and NT\$2,073,224 thousand, respectively, representing 8% and 11%, respectively, of the consolidated total liabilities; for the three-month and nine-month periods ended September 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$23,077 thousand, NT\$(23,039) thousand, NT\$(141,387) thousand and NT\$(59,364) thousand, respectively, representing (45%), 6%, 15% and 132%, respectively, of the consolidated total comprehensive income (loss). In addition, as disclosed in Note 13 to the consolidated financial statements, as of September 30, 2020 and 2019, investments accounted for using the equity method were NT\$288,930 thousand and NT\$84,186 thousand, respectively; for the three-month and nine-month

periods ended September 30, 2020 and 2019, the amounts of the share of loss recognized from investments accounted for using the equity method were NT\$15,687 thousand, NT\$19,546 thousand, NT\$67,438 thousand and NT\$63,854 thousand respectively. These investment amounts were calculated and disclosed on basis of the associates financial statements which have not been reviewed for the same periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the financial reports of investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three-month and nine-month then ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2020

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 28)	\$ 3,873,677	11	\$ 3,098,554	9	\$ 1,228,515	4
Financial assets at fair value through profit or loss (Note 7)	45,758	-	144,336	-	126,957	1
Financial assets at amortized cost (Notes 9, 28 and 29)	9,614	-	462,298	1	429,203	1
Notes receivable, net (Note 10)	67,327	-	253,814	1	325,108	1
Trade receivables, net (Note 10)	804,644	2	648,856	2	1,132,438	3
Trade receivables from related parties (Notes 10 and 28)	106,037	-	94,422	-	110,005	-
Other receivables (Note 28)	551,834	2	358,658	1	76,351	-
Inventories (Note 11)	1,263,322	4	1,279,190	4	1,301,026	4
Prepayments for purchases (Note 28)	208,709	1	321,185	1	379,793	1
Other prepayments	146,294	-	66,665	-	337,378	1
Other current assets (Note 17)	<u>1,202,055</u>	<u>3</u>	<u>875,186</u>	<u>2</u>	<u>439,140</u>	<u>1</u>
Total current assets	<u>8,279,271</u>	<u>23</u>	<u>7,603,164</u>	<u>21</u>	<u>5,885,914</u>	<u>17</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Notes 8 and 28)	5,761,330	16	5,959,862	16	5,905,066	17
Financial assets at amortized cost (Notes 9, 28 and 29)	64,247	-	56,043	-	55,892	-
Investments accounted for using the equity method (Note 13)	1,924,325	5	2,362,912	7	2,229,337	6
Property, plant and equipment (Note 14)	13,705,610	38	13,861,199	38	14,270,731	40
Construction in progress (Note 14)	763,051	2	1,078,421	3	993,453	3
Right-of-use assets (Note 15)	386,368	1	402,090	1	415,167	1
Investment properties (Note 16)	1,991,509	5	1,991,571	5	1,991,592	6
Intangible assets	21,771	-	20,235	-	19,516	-
Deferred tax assets	881,575	2	852,711	2	382,163	1
Other non-current assets (Notes 17 and 28)	<u>2,779,059</u>	<u>8</u>	<u>2,674,908</u>	<u>7</u>	<u>3,183,404</u>	<u>9</u>
Total non-current assets	<u>28,278,845</u>	<u>77</u>	<u>29,259,952</u>	<u>79</u>	<u>29,446,321</u>	<u>83</u>
TOTAL	<u>\$ 36,558,116</u>	<u>100</u>	<u>\$ 36,863,116</u>	<u>100</u>	<u>\$ 35,332,235</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 28)	\$ 7,829,518	22	\$ 7,923,978	21	\$ 8,536,479	24
Short-term bills payable	-	-	200,000	1	200,000	1
Notes payable	96,144	-	-	-	-	-
Trade payables (Note 28)	1,114,824	3	1,315,580	4	1,470,691	4
Other payables (Note 19)	1,175,189	3	356,526	1	406,539	1
Other payables to related parties (Note 28)	93,672	-	74,441	-	106,456	-
Current tax liabilities	35,481	-	35,225	-	22,796	-
Lease liabilities (Note 15)	8,332	-	8,996	-	9,786	-
Current portion of long-term borrowings (Note 18)	-	-	600,000	2	-	-
Other current liabilities (Note 20)	<u>318,703</u>	<u>1</u>	<u>191,375</u>	<u>-</u>	<u>341,675</u>	<u>1</u>
Total current liabilities	<u>10,671,863</u>	<u>29</u>	<u>10,706,121</u>	<u>29</u>	<u>11,094,422</u>	<u>31</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 29)	9,264,573	26	8,339,607	23	6,139,736	18
Deferred tax liabilities	703,052	2	689,556	2	684,467	2
Lease liabilities (Note 15)	8,947	-	14,919	-	16,732	-
Deferred revenue	95,242	-	102,135	-	106,461	-
Net defined benefit liabilities (Note 21)	252,931	1	263,765	1	247,816	1
Guarantee deposits	26,255	-	23,418	-	25,751	-
Other non-current liabilities (Note 20)	<u>20,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>10,371,304</u>	<u>29</u>	<u>9,433,400</u>	<u>26</u>	<u>7,220,963</u>	<u>21</u>
Total liabilities	<u>21,043,167</u>	<u>58</u>	<u>20,139,521</u>	<u>55</u>	<u>18,315,385</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)						
Common stock	<u>8,857,031</u>	<u>24</u>	<u>8,857,031</u>	<u>24</u>	<u>8,857,031</u>	<u>25</u>
Capital surplus	<u>829,348</u>	<u>2</u>	<u>825,222</u>	<u>2</u>	<u>789,428</u>	<u>2</u>
Retained earnings						
Legal reserve	2,327,378	7	2,325,353	6	2,325,353	7
Special reserve	1,911,129	5	1,911,129	5	1,911,129	5
Unappropriated earnings (accumulated deficits)	<u>(315,892)</u>	<u>(1)</u>	<u>541,859</u>	<u>2</u>	<u>597,513</u>	<u>2</u>
Total retained earnings	<u>3,922,615</u>	<u>11</u>	<u>4,778,341</u>	<u>13</u>	<u>4,833,995</u>	<u>14</u>
Other equity						
Exchange differences on translating foreign operations	(595,818)	(2)	(556,135)	(1)	(419,174)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(349,188)</u>	<u>(1)</u>	<u>(192,656)</u>	<u>(1)</u>	<u>(247,452)</u>	<u>(1)</u>
Total other equity	<u>(945,006)</u>	<u>(3)</u>	<u>(748,791)</u>	<u>(2)</u>	<u>(666,626)</u>	<u>(2)</u>
Treasury stock	<u>(187,798)</u>	<u>-</u>	<u>(187,798)</u>	<u>-</u>	<u>(187,798)</u>	<u>(1)</u>
Total equity	<u>3,038,759</u>	<u>8</u>	<u>3,199,590</u>	<u>8</u>	<u>3,390,820</u>	<u>10</u>
NON-CONTROLLING INTERESTS						
Total equity	<u>15,514,949</u>	<u>42</u>	<u>16,723,595</u>	<u>45</u>	<u>17,016,850</u>	<u>48</u>
TOTAL	<u>\$ 36,558,116</u>	<u>100</u>	<u>\$ 36,863,116</u>	<u>100</u>	<u>\$ 35,332,235</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 10, 2020)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales revenue (Note 28)	\$ 4,205,197	99	\$ 5,380,044	100	\$ 13,407,482	100	\$ 18,248,493	100
Other operating revenue	<u>40,877</u>	<u>1</u>	<u>17,291</u>	<u>-</u>	<u>40,877</u>	<u>-</u>	<u>18,500</u>	<u>-</u>
Total operating revenue	<u>4,246,074</u>	<u>100</u>	<u>5,397,335</u>	<u>100</u>	<u>13,448,359</u>	<u>100</u>	<u>18,266,993</u>	<u>100</u>
OPERATING COST								
Cost of goods sold (Notes 11, 23 and 28)	4,070,984	96	5,169,661	96	12,816,690	95	17,819,067	97
Other operating cost	<u>(4,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating cost	<u>4,066,019</u>	<u>96</u>	<u>5,169,661</u>	<u>96</u>	<u>12,816,690</u>	<u>95</u>	<u>17,819,067</u>	<u>97</u>
GROSS PROFIT	<u>180,055</u>	<u>4</u>	<u>227,674</u>	<u>4</u>	<u>631,669</u>	<u>5</u>	<u>447,926</u>	<u>3</u>
OPERATING EXPENSES (Notes 23 and 28)								
Selling and marketing expenses	136,454	3	146,679	2	391,940	3	424,855	2
General and administrative expenses	62,021	1	61,990	1	205,375	1	176,522	1
Research and development expenses	37,516	1	42,677	1	113,832	1	118,062	1
Expected credit loss (Note 10)	<u>267</u>	<u>-</u>	<u>2,139</u>	<u>-</u>	<u>157</u>	<u>-</u>	<u>1,163</u>	<u>-</u>
Total operating expenses	<u>236,258</u>	<u>5</u>	<u>253,485</u>	<u>4</u>	<u>711,304</u>	<u>5</u>	<u>720,602</u>	<u>4</u>
LOSS FROM OPERATIONS	<u>(56,203)</u>	<u>(1)</u>	<u>(25,811)</u>	<u>-</u>	<u>(79,635)</u>	<u>-</u>	<u>(272,676)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	11,660	-	26,290	1	37,721	-	60,284	-
Rental income (Note 28)	9,888	-	9,942	-	29,681	-	30,048	-
Dividend income	49,990	1	48,382	1	49,990	1	49,089	-
Other income (Note 23)	(23,080)	-	15,667	-	32,772	-	379,008	2
Foreign currency exchange gain (loss)	4,937	-	(1,972)	-	2,979	-	(15)	-
Gain (loss) on financial assets at fair value through profit or loss	8,409	-	(2,074)	-	5,131	-	8,230	-
Interest expense (Notes 23 and 28)	(90,195)	(2)	(92,738)	(2)	(281,238)	(2)	(258,765)	(1)
Other expenses (Note 23)	(37,479)	(1)	(37,236)	(1)	(102,369)	(1)	(128,457)	(1)
Share of (loss) profit of associates accounted for using the equity method (Note 13)	<u>(105,992)</u>	<u>(2)</u>	<u>58,571</u>	<u>1</u>	<u>(423,331)</u>	<u>(3)</u>	<u>88,945</u>	<u>1</u>
Total non-operating income and expenses	<u>(171,862)</u>	<u>(4)</u>	<u>24,832</u>	<u>-</u>	<u>(648,664)</u>	<u>(5)</u>	<u>228,367</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(228,065)	(5)	(979)	-	(728,299)	(5)	(44,309)	-
INCOME TAX EXPENSE (Note 24)	<u>8,466</u>	<u>-</u>	<u>6,145</u>	<u>-</u>	<u>4,080</u>	<u>-</u>	<u>44,567</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(236,531)</u>	<u>(5)</u>	<u>(7,124)</u>	<u>-</u>	<u>(732,379)</u>	<u>(5)</u>	<u>(88,876)</u>	<u>-</u>

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ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (6,615)	-	\$ (75,310)	(1)	\$ (156,532)	(1)	\$ 237,474	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statement of foreign operations	153,357	3	(227,268)	(4)	(45,072)	(1)	(145,919)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	38,438	1	(67,853)	(2)	(13,078)	-	(47,632)	-
Other comprehensive income (loss) for the period, net of income tax	185,180	4	(370,431)	(7)	(214,682)	(2)	43,923	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (51,351)</u>	<u>(1)</u>	<u>\$ (377,555)</u>	<u>(7)</u>	<u>\$ (947,061)</u>	<u>(7)</u>	<u>\$ (44,953)</u>	<u>-</u>
NET (LOSS) PROFIT ATTRIBUTED TO:								
Owners of the Corporation	\$ (170,238)	(4)	\$ 48,639	1	\$ (590,015)	(4)	\$ 75,905	1
Non-controlling interests	(66,293)	(1)	(55,763)	(1)	(142,364)	(1)	(164,781)	(1)
	<u>\$ (236,531)</u>	<u>(5)</u>	<u>\$ (7,124)</u>	<u>-</u>	<u>\$ (732,379)</u>	<u>(5)</u>	<u>\$ (88,876)</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO:								
Owners of the Corporation	\$ (48,615)	(1)	\$ (221,092)	(4)	\$ (786,230)	(6)	\$ 184,760	1
Non-controlling interests	(2,736)	-	(156,463)	(3)	(160,831)	(1)	(229,713)	(1)
	<u>\$ (51,351)</u>	<u>(1)</u>	<u>\$ (377,555)</u>	<u>(7)</u>	<u>\$ (947,061)</u>	<u>(7)</u>	<u>\$ (44,953)</u>	<u>-</u>
(LOSS) EARNING PER SHARE (Note 25)								
Basic	<u>\$ (0.20)</u>		<u>\$ 0.06</u>		<u>\$ (0.68)</u>		<u>\$ 0.09</u>	
Diluted	<u>\$ (0.20)</u>		<u>\$ 0.06</u>		<u>\$ (0.68)</u>		<u>\$ 0.09</u>	

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

(With Deloitte & Touche review report dated November 10, 2020)

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation							Other Equities			Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock		
		Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2019	\$ 8,857,031	\$ 470,767	\$ 294,592	\$ -	\$ 2,150,280	\$ 1,911,129	\$ 2,246,662	\$ (290,555)	\$ (484,926)	\$ (187,798)	\$ 3,620,533	\$ 18,587,715
Legal reserve	-	-	-	-	175,073	-	(175,073)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(1,549,981)	-	-	-	-	(1,549,981)
Net profit (loss) for the nine months ended September 30, 2019	-	-	-	-	-	-	75,905	-	-	-	(164,781)	(88,876)
Other comprehensive (loss) income for the nine months ended September 30, 2019	-	-	-	-	-	-	-	(128,619)	237,474	-	(64,932)	43,923
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	-	75,905	(128,619)	237,474	-	(229,713)	(44,953)
Change in capital surplus from dividends distributed to subsidiary	-	-	24,069	-	-	-	-	-	-	-	-	24,069
BALANCE AT SEPTEMBER 30, 2019	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 318,661</u>	<u>\$ -</u>	<u>\$ 2,325,353</u>	<u>\$ 1,911,129</u>	<u>\$ 597,513</u>	<u>\$ (419,174)</u>	<u>\$ (247,452)</u>	<u>\$ (187,798)</u>	<u>\$ 3,390,820</u>	<u>\$ 17,016,850</u>
BALANCE AT JANUARY 1, 2020	\$ 8,857,031	\$ 470,767	\$ 318,661	\$ 35,794	\$ 2,325,353	\$ 1,911,129	\$ 541,859	\$ (556,135)	\$ (192,656)	\$ (187,798)	\$ 3,199,590	\$ 16,723,595
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(265,711)	-	-	-	-	(265,711)
Net loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(590,015)	-	-	-	(142,364)	(732,379)
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(39,683)	(156,532)	-	(18,467)	(214,682)
Total comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(590,015)	(39,683)	(156,532)	-	(160,831)	(947,061)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	-	-	4,126
BALANCE AT SEPTEMBER 30, 2020	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 322,787</u>	<u>\$ 35,794</u>	<u>\$ 2,327,378</u>	<u>\$ 1,911,129</u>	<u>\$ (315,892)</u>	<u>\$ (595,818)</u>	<u>\$ (349,188)</u>	<u>\$ (187,798)</u>	<u>\$ 3,038,759</u>	<u>\$ 15,514,949</u>

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

(With Deloitte & Touche review report dated November 10, 2020)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (728,299)	\$ (44,309)
Adjustments:		
Depreciation expenses	780,110	813,179
Amortization expenses	12,595	9,889
Expected credit loss	157	1,163
Gain on financial assets at fair value through profit or loss, net	(5,131)	(8,230)
Interest expense	281,238	258,765
Interest income	(37,721)	(60,284)
Dividend income	(49,990)	(49,089)
Share of loss (profit) of associates accounted for using the equity method	423,331	(88,945)
Loss on disposal of property, plant and equipment	5,979	8,553
Write-downs of inventories	60,561	23,748
Unrealized gain on foreign currency exchange	(20,058)	(98,360)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	103,709	(40,658)
Notes receivable	186,567	460,826
Trade receivables	(156,025)	28,537
Trade receivables from related parties	(11,615)	(39,822)
Other receivables	(199,074)	(42,262)
Inventories	(44,707)	306,356
Prepayments	32,847	(312,688)
Other current assets	170,405	129,984
Notes payable	96,144	-
Trade payables	(200,756)	(1,440,263)
Other payables	147,000	(224,284)
Other current liabilities	127,328	126,628
Net defined benefit liabilities	(10,834)	(2,344)
Deferred revenue	(6,299)	(6,696)
Other non-current liabilities	20,304	-
Cash generated from (used in) operations	977,766	(290,606)
Interest received	43,616	55,690
Interest paid	(246,902)	(252,996)
Income tax paid	(21,445)	(232,825)
Net cash generated from (used in) operating activities	753,035	(720,737)

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (360,174)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	42,000	-
Proceeds from disposal of (payments for) financial assets at amortized cost	440,908	(408,127)
Payments for property, plant and equipment	(16,768)	(26,293)
Proceeds from disposal of property, plant and equipment	452	-
Payments for intangible assets	-	(23)
Decrease in other non-current assets	48,793	195,191
Increase in construction in progress	(342,286)	(265,557)
Other dividend received	49,990	49,089
Net cash generated from (used in) investing activities	223,089	(815,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(52,606)	3,381,740
Repayments of short-term bills payable	(200,000)	(100,000)
Proceeds from long-term borrowings	9,840,000	8,434,345
Repayments of long-term borrowings	(9,515,034)	(9,312,857)
Increase (decrease) in guarantee deposits	2,837	(5,127)
Repayment of the principal portion of lease liabilities	(7,228)	(7,919)
Dividends paid to owners of the Corporation	(261,585)	(1,525,912)
Net cash (used in) generated from financing activities	(193,616)	864,270
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(7,385)	(9,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	775,123	(681,985)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,098,554	1,910,500
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 3,873,677	\$ 1,228,515

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

(With Deloitte & Touche review report dated November 10, 2020)

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Oriental Union Chemical Corporation (the “Corporation”) was incorporated in December 1975. It manufactures and markets ethylene glycols, ethylene oxide, gas oxygen, gas nitrogen, liquid nitrogen, liquid argon, monoethanolamine, ethylene carbonate, polyethylene glycol, polyoxyethylene lauryl ether and methoxy polyethylene glycols. Its stocks were listed on the Taiwan Stock Exchange (“TWSE”) on October 21, 1987.

The consolidated financial statements of the Corporation and its subsidiaries, collectively the “Group”, are presented in the Corporation’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 10, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and SIC Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
	(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2019.

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, and net defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The basis for the consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2019.

Refer to Note 12, Table 7 and Table 8 for the detailed information of subsidiaries, including percentages of ownership and main businesses.

d. Employee benefits

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 for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

e. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2019.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 110	\$ 110	\$ 110
Checking accounts and demand deposits	2,685,889	1,713,855	1,209,973
Cash equivalents			
Time deposits with original maturities of less than 3 months	644,678	47,659	18,432
Repurchase agreements collateralized by bonds	<u>543,000</u>	<u>1,336,930</u>	<u>-</u>
	<u>\$ 3,873,677</u>	<u>\$ 3,098,554</u>	<u>\$ 1,228,515</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets mandatorily classified as at FVTPL			
Domestic listed shares	\$ 35,139	\$ 67,799	\$ 54,563
Domestic mutual funds	<u>10,619</u>	<u>76,537</u>	<u>72,394</u>
	<u>\$ 45,758</u>	<u>\$ 144,336</u>	<u>\$ 126,957</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 1,416,788	\$ 1,563,100	\$ 1,509,544
Unlisted shares	<u>4,344,542</u>	<u>4,396,762</u>	<u>4,395,522</u>
	<u>\$ 5,761,330</u>	<u>\$ 5,959,862</u>	<u>\$ 5,905,066</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 9,614	\$ 462,298	\$ 429,203
<u>Non-current</u>			
Pledge certificates of deposits (b)	\$ 64,247	\$ 56,043	\$ 55,892

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 1.75%-2.70%, 2.35%-2.95% and 2.70%-2.95% per annum as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.
- b. The ranges of interest rates for the pledge certificates of deposits were 0.45%-1.4%, 0.67%-1.4% and 0.67%-1.4% per annum as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively. The Group assesses there has not been a significant expected credit losses and an increase in credit risk since the original recognize.
- c. Refer to Note 29 for information relating to financial assets at amortized cost as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes receivable</u>			
Notes receivable	\$ 67,679	\$ 254,246	\$ 325,467
Less: Allowance for impairment loss	<u>(352)</u>	<u>(432)</u>	<u>(359)</u>
	<u>\$ 67,327</u>	<u>\$ 253,814</u>	<u>\$ 325,108</u>
<u>Trade receivables</u>			
Trade receivables	\$ 914,822	\$ 747,182	\$ 1,249,352
Less: Allowance for impairment loss	<u>(4,141)</u>	<u>(3,904)</u>	<u>(6,909)</u>
	<u>\$ 910,681</u>	<u>\$ 743,278</u>	<u>\$ 1,242,443</u>

The Group applies for expected credit losses, which permits the use of lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of notes receivable and trade receivables.

September 30, 2020

	0 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	Total
Carrying amount	\$ 963,926	\$ 17,791	\$ 784	\$ -	\$ 982,501
Loss allowance (Lifetime ECLs)	<u>(352)</u>	<u>(3,357)</u>	<u>(784)</u>	<u>-</u>	<u>(4,493)</u>
Amortized cost	<u>\$ 963,574</u>	<u>\$ 14,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978,008</u>

December 31, 2019

	0 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	Total
Carrying amount	\$ 986,216	\$ 14,821	\$ 297	\$ 94	\$ 1,001,428
Loss allowance (Lifetime ECLs)	<u>(432)</u>	<u>(3,513)</u>	<u>(297)</u>	<u>(94)</u>	<u>(4,336)</u>
Amortized cost	<u>\$ 985,784</u>	<u>\$ 11,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 997,092</u>

September 30, 2019

	0 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	Total
Carrying amount	\$ 1,543,151	\$ 24,909	\$ 6,550	\$ 209	\$ 1,574,819
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(509)</u>	<u>(6,550)</u>	<u>(209)</u>	<u>(7,268)</u>
Amortized cost	<u>\$ 1,543,151</u>	<u>\$ 24,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,567,551</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>Nine Months Ended September 30</u>	
	2020	2019
Balance at January 1	\$ 4,336	\$ 6,105
Net remeasurement of loss allowance	<u>157</u>	<u>1,163</u>
Balance at September 30	<u>\$ 4,493</u>	<u>\$ 7,268</u>

11. INVENTORIES

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods	\$ 801,182	\$ 736,373	\$ 1,037,363
Work in progress	18,442	20,905	21,655
Raw materials	<u>443,698</u>	<u>521,912</u>	<u>242,008</u>
	<u>\$ 1,263,322</u>	<u>\$ 1,279,190</u>	<u>\$ 1,301,026</u>

The costs of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2020 and 2019 were \$4,070,984 thousand, \$5,169,661 thousand, \$12,816,690 thousand and \$17,819,067 thousand, respectively. The cost of goods sold for the three months and nine months ended September 30, 2020 and 2019 included inventory write-downs of \$23,006 thousand, inventory reversals of write-downs of \$23,977 thousand, inventory write-downs of \$60,561 thousand and inventory write-downs of \$23,748 thousand. The reversals of previous write-downs resulted from increased selling prices in certain markets.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2020	December 31 2019	September 30, 2019	
The Corporation	Ton Fu Investment Corp. ("TFIC")	Investment	100	100	100	(1)
	Pacific Petrochemical (Holding) Ltd. ("PPL")	Investment	100	100	100	-
	OUCC (Bermuda) Holding Ltd. ("OUCC (Bermuda)")	Investment	100	100	100	(1)
OUCC (Bermuda)	Oriental Petrochemical (Yangzhou) Corporation ("OPYC")	Manufacturing and selling ethanolamine (EA) and alcohol ethoxylates (AEO)	100	100	100	(1)
PPL	Far Eastern Union Petrochemical (Yangzhou) Ltd. ("FUPY")	Manufacturing and selling ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide.	50	50	50	(2)
	Tong Da Gas Industries (Yangzhou) Limited ("TDIY")	Manufacturing and selling gas oxygen, gas nitrogen, liquid oxygen, liquid nitrogen and liquid argon and the warehousing management of ethylene.	50	50	50	(2)

Remarks:

- 1) Which are non-significant subsidiaries; their financial statements have not been reviewed.
- 2) Which are subsidiaries that have material non-controlling interests.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were \$3,919,060 thousand and \$3,929,336 thousand, respectively, representing 11% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$1,741,073 thousand and \$2,073,224 thousand, respectively, representing 8% and 11%, respectively, of the consolidated total liabilities; for the three months and nine months ended September 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were \$23,077 thousand, \$(23,039) thousand, \$(141,387) thousand and \$(59,364) thousand, respectively, representing (45%), 6%, 15% and 132%, respectively, of the consolidated total comprehensive income (loss).

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2020	December 31, 2019	September 30, 2019
FUPY	Yang Zhou, China	50%	50%	50%
TDIY	Yang Zhou, China	50%	50%	50%

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	September 30, 2020	December 31, 2019	September 30, 2019
Material associates			
Oriental Petrochemical (Shanghai) Corporation (“OPSC”)	\$ 1,635,395	\$ 2,004,367	\$ 2,145,151
Associates that are not individually material			
Hwa Xu Heat Supply Co. (“HXYZ”)	<u>288,930</u>	<u>358,545</u>	<u>84,186</u>
	<u>\$ 1,924,325</u>	<u>\$ 2,362,912</u>	<u>\$ 2,229,337</u>

Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			September 30, 2020	December 31, 2019	September 30, 2019
OPSC	Manufacture and sale of purified terephthalic acid	Shanghai, China	39%	39%	39%

Except for OPSC, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates’ financial statements which have not been reviewed. As of September 30, 2020 and 2019, investments accounted for using the equity method were \$288,930 thousand and \$84,186 thousand, respectively; for the three months and nine months ended September 30, 2020 and 2019, the amounts of the share of loss recognized from investments accounted for using the equity method were \$15,687 thousand, \$19,546 thousand, \$67,438 thousand and \$63,854 thousand, respectively. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of these investments in associates which have not been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ 1,591,461	\$ 1,591,461	\$ 1,591,461
Land improvements	98,544	44,985	45,736
Buildings	1,140,072	1,152,949	1,187,770
Machinery and equipment	10,732,747	10,913,111	11,286,878
Other equipment	<u>142,786</u>	<u>158,693</u>	<u>158,886</u>
	13,705,610	13,861,199	14,270,731
Construction in progress and equipment to be inspected	<u>763,051</u>	<u>1,078,421</u>	<u>993,453</u>
	<u>\$ 14,468,661</u>	<u>\$ 14,939,620</u>	<u>\$ 15,264,184</u>

Except for depreciation recognized and transfers of buildings, machinery and equipment and other equipment from construction in progress and equipment to be inspected, the Group had no significant addition, disposal, and impairment of property, plant and equipment for the nine months ended September 30, 2020 and 2019.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	15-25 years
Buildings	7-60 years
Machinery and equipment	2-20 years
Other equipment	3-20 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Land	\$ 369,891	\$ 379,859	\$ 390,315
Machinery and equipment	13,987	18,829	20,443
Transportation equipment	<u>2,490</u>	<u>3,402</u>	<u>4,409</u>
	<u>\$ 386,368</u>	<u>\$ 402,090</u>	<u>\$ 415,167</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Additions to right-of-use assets			<u>\$ 1,357</u>	<u>\$ 1,832</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,315	\$ 2,474	\$ 7,041	\$ 7,512
Machinery and equipment	1,614	1,614	4,842	4,842
Transportation equipment	<u>443</u>	<u>1,007</u>	<u>2,269</u>	<u>2,826</u>
	<u>\$ 4,372</u>	<u>\$ 5,095</u>	<u>\$ 14,152</u>	<u>\$ 15,180</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant disposal and impairment of right-of-use assets for the nine months ended September 30, 2020 and 2019.

b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 8,332</u>	<u>\$ 8,996</u>	<u>\$ 9,786</u>
Non-current	<u>\$ 8,947</u>	<u>\$ 14,919</u>	<u>\$ 16,732</u>

Ranges of discount rate for lease liabilities were 0.79%-1.17%, 0.85%-1.17% and 0.85%-1.17% per annum as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

c. Material lease-in activities and terms

Prepayments for leases include land use rights located in People's Republic of China; the Group has obtained the land use right certificates with lease terms of 45 to 50 years.

d. Other lease information

The Group leases certain assets which qualify as short-term or low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Group as lessor

Operating leases relate to leasing the investment properties owned by the Corporation with lease terms between 1 and 10 years. According to the agreement, the lease can be terminated by either party by giving 2 to 3 months formal notice in writing to the other party.

16. INVESTMENT PROPERTIES

Except for depreciation recognized, the Group had no significant addition, disposal, and impairment of investment properties for the nine months ended September 30, 2020 and 2019.

The land improvements of investment properties held by the Group which are depreciated over their estimated useful lives of 16 years using the straight-line method.

The fair values of investment properties were \$3,229,402 thousand and \$3,218,796 thousand as of December 31, 2019 and 2018, respectively. The fair value was arrived at on the basis of a valuation carried out at that date by independent qualified professional values not connected to the Group.

17. OTHER ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Other assets</u>			
Silver and catalysts	\$ 3,204,298	\$ 2,313,179	\$ 1,837,699
Prepayments (Note 28)	-	-	779,944
Materials	501,523	484,499	483,593
Input tax	210,624	524,987	282,416
Others	<u>64,669</u>	<u>227,429</u>	<u>238,892</u>
	<u>\$ 3,981,114</u>	<u>\$ 3,550,094</u>	<u>\$ 3,622,544</u>
Current	\$ 1,202,055	\$ 875,186	\$ 439,140
Non-current	<u>2,779,059</u>	<u>2,674,908</u>	<u>3,183,404</u>
	<u>\$ 3,981,114</u>	<u>\$ 3,550,094</u>	<u>\$ 3,622,544</u>

Other assets include silver and catalysts used in the production, parts and components for the maintenance of equipment, input tax and prepayments.

18. BORROWINGS

a. Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 5,351,137	\$ 6,462,838	\$ 7,702,649
Loans from related parties (Note 28)	<u>2,478,381</u>	<u>1,461,140</u>	<u>833,830</u>
	<u>\$ 7,829,518</u>	<u>\$ 7,923,978</u>	<u>\$ 8,536,479</u>
Interest rate	3.10%-3.92%	1.10%-4.35%	0.79%-4.13%

b. Long-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured borrowings (Note 29)</u>			
Long-term commercial paper payables	\$ 129,942	\$ 129,885	\$ 129,878
<u>Unsecured borrowings</u>			
Bank loans	8,250,000	8,310,000	4,810,000
Long-term commercial paper payables	<u>884,631</u>	<u>499,722</u>	<u>1,199,858</u>
	<u>9,134,631</u>	<u>8,809,722</u>	<u>6,009,858</u>
Less: Current portion of long-term borrowings	<u>-</u>	<u>600,000</u>	<u>-</u>
Long-term borrowing	<u>\$ 9,264,573</u>	<u>\$ 8,339,607</u>	<u>\$ 6,139,736</u>
Interest rate	0.34%-1.10%	0.60%-1.12%	0.57%-1.12%
Maturity date	September 2022	December 2021	November 2021

19. OTHER PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
Payables for silver and catalysts	\$ 658,628	\$ -	\$ -
Interest payables	59,506	25,170	26,531
Payables for purchase of equipment	52,228	66,772	78,949
Freight payables	44,187	44,074	46,183
Payables for salaries	42,645	60,408	49,514
Payables for annual leave	18,612	18,613	9,399
Payables for dividends	3,424	1,899	37,694
Payables for employees' compensation and remuneration of directors	1,694	7,151	7,661
Others	<u>294,265</u>	<u>132,439</u>	<u>150,608</u>
	<u>\$1,175,189</u>	<u>\$ 356,526</u>	<u>\$ 406,539</u>

20. OTHER LIABILITIES

	September 30, 2020	December 31, 2019	September 30, 2019
Contract liabilities	\$ 301,560	\$ 113,584	\$ 242,016
Provisions for repairs and maintenance	20,304	58,128	75,708
Others	<u>17,143</u>	<u>19,663</u>	<u>23,951</u>
	<u>\$ 339,007</u>	<u>\$ 191,375</u>	<u>\$ 341,675</u>

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Current	\$ 318,703	\$ 191,375	\$ 341,675
Non-current	<u>20,304</u>	<u>-</u>	<u>-</u>
	<u>\$ 339,007</u>	<u>\$ 191,375</u>	<u>\$ 341,675</u>

(Concluded)

Contract liabilities were receipts in advance.

21. RETIREMENT BENEFIT PLANS

Post-employee benefits in respect of the Corporation's defined benefit retirement plans were calculated by using the actuarially determined pension cost discount rates as of December 31, 2019 and 2018. The amounts were \$2,779 thousand, \$3,085 thousand, \$8,440 thousand and \$9,783 thousand for the three months and nine months ended September 30, 2020 and 2019, respectively.

22. EQUITY

a. Common stock

	September 30, 2020	December 31, 2019	September 30, 2019
Number of stocks authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Stocks authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of stocks issued and fully paid (in thousands)	<u>885,703</u>	<u>885,703</u>	<u>885,703</u>
Stocks issued	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>

A total of 10,000 thousand stocks of the Corporation's stock were authorized to be reserved for the issuance of employee stock options.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (Note)			
Issuance of common stock	\$ 470,767	\$ 470,767	\$ 470,767
Only be used to offset a deficit			
Treasury stock transactions	322,787	318,661	318,661
Dividends unclaimed by stockholders	<u>35,794</u>	<u>35,794</u>	<u>-</u>
	<u>\$ 829,348</u>	<u>\$ 825,222</u>	<u>\$ 789,428</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation’s Articles of Incorporation (“Articles”), apart from paying all its income taxes in the case where there are profits at the end of the year, the Corporation shall make up for accumulated deficits in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income coupled with other items that recognized in retained earning directly thereof shall be set aside by the Corporation as legal reserve. Subject to certain business conditions under which the Corporation may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders’ dividend. When there is a share capital increase, the distributed dividends of the year for the new shares shall be dealt with according to the resolution of the stockholders’ meeting. For the policies on the distribution of employees’ compensation and remuneration of directors before and after amendment, refer to Note 23 (d) “Employee benefits expense”.

In accordance with the Articles, the dividend distribution takes into consideration the characteristics of industry that the Group operates in and the forthcoming capital requirement and tax policy that is influenced by the Group’s products or services, and it should be settled for the purpose of maintaining stable dividends. For the purposes of improving the financial structure effectively, coping with reinvestment, expanding capacity or other significant capital expenditures in which capital is required, when distributing stockholders’ dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to offset previous loss, if any, and to appropriate legal reserve and special reserve as required by law; the amount of cash dividends shall not be less than 10% of the total dividends and bonuses to be distributed to stockholders in the fiscal year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation’s paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, shall be appropriated to or reversed from a special reserve by the Corporation. Any appropriated special reserve may be reversed to the extent that the net debit balance reverses, and thereafter it is distributed.

The appropriation of earnings for 2019 and 2018 were approved in the stockholders’ meetings on June 16, 2020 and June 11, 2019, respectively.

The appropriation of earnings for 2018 was approved in the stockholder’s meetings on June 11, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 175,073	\$ -
Cash dividends	1,549,981	1.75

The appropriation of earnings for 2019 was approved in the stockholder's meetings on June 16, 2020. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 2,025	\$ -
Cash dividends	265,711	0.30

d. Special reserves

On the first-time adoption of IFRSs, the Corporation appropriated to special reserve, the amounts that were the same as the unrealized revaluation increment, the fair value of investment properties at the date of transition as the deemed cost and the cumulative translation differences transferred to retained earnings, which were \$985,545 thousand, \$787,176 thousand and \$138,408 thousand, respectively.

e. Treasury stock

The Corporation's stocks held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Stocks Held (In Thousands)	Carrying Amount	Market Price
<u>September 30, 2020</u>			
TFIC	13,754	<u>\$ 222,120</u>	<u>\$ 222,120</u>
<u>December 31, 2019</u>			
TFIC	13,754	<u>\$ 288,825</u>	<u>\$ 288,825</u>
<u>September 30, 2019</u>			
TFIC	13,754	<u>\$ 303,266</u>	<u>\$ 303,266</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stocks nor exercise stockholders' rights on these stocks, such as rights to dividends and to vote. The subsidiaries holding treasury stock, however, retain stockholders' rights, except the rights to participate in any stock issuance for cash and to vote.

23. NET LOSS

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Settlement of insurance claims (Note)	\$ 1,201	\$ 3,393	\$ 6,237	\$ 282,607
Government grants	5,887	(43)	16,286	68,495
Others	<u>(30,168)</u>	<u>12,317</u>	<u>10,249</u>	<u>27,906</u>
	<u>\$ (23,080)</u>	<u>\$ 15,667</u>	<u>\$ 32,772</u>	<u>\$ 379,008</u>

Note: The Group obtained insurance compensation for its business interruption caused by the fire damage.

b. Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest on bank loans	\$ 67,858	\$ 87,761	\$ 224,713	\$ 244,966
Interest on loans from related parties (Note 28)	22,282	4,896	56,334	13,531
Interest on lease liabilities	51	77	171	248
Other interest expense	<u>4</u>	<u>4</u>	<u>20</u>	<u>20</u>
	<u>\$ 90,195</u>	<u>\$ 92,738</u>	<u>\$ 281,238</u>	<u>\$ 258,765</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Capitalized interest	\$ 285	\$ 258	\$ 559	\$ 766
Capitalization rate	0.34%-1.10%	0.49%-1.12%	0.34%-1.17%	0.49%-1.17%

c. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Property, plant and equipment	\$ 255,938	\$ 256,145	\$ 765,896	\$ 797,937
Right-of-use assets	4,372	5,095	14,152	15,180
Intangible assets (included other assets)	4,252	3,277	12,595	9,889
Investment properties	<u>21</u>	<u>21</u>	<u>62</u>	<u>62</u>
	<u>\$ 264,583</u>	<u>\$ 264,538</u>	<u>\$ 792,705</u>	<u>\$ 823,068</u>
An analysis of depreciation by function				
Operating costs	\$ 244,372	\$ 244,182	\$ 731,857	\$ 760,586
Operating expenses	15,938	17,058	48,191	52,531
Non-operating expenses and losses	<u>21</u>	<u>21</u>	<u>62</u>	<u>62</u>
	<u>\$ 260,331</u>	<u>\$ 261,261</u>	<u>\$ 780,110</u>	<u>\$ 813,179</u>
An analysis of amortization by function				
Operating costs	\$ 3,325	\$ 2,264	\$ 10,089	\$ 6,722
Operating expenses	<u>927</u>	<u>1,013</u>	<u>2,506</u>	<u>3,167</u>
	<u>\$ 4,252</u>	<u>\$ 3,277</u>	<u>\$ 12,595</u>	<u>\$ 9,889</u>

d. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Salary expense	\$ 112,230	\$ 123,134	\$ 367,990	\$ 377,352
Insurance expense	12,625	15,015	37,004	42,183
Post-employment benefits				
Defined contribution plans	2,544	7,372	9,722	22,079
Defined benefit plans (Note 21)	2,779	3,085	8,440	9,783
Other employee benefits	<u>19,079</u>	<u>24,591</u>	<u>63,208</u>	<u>77,128</u>
Total employee benefits expense	<u>\$ 149,257</u>	<u>\$ 173,197</u>	<u>\$ 486,364</u>	<u>\$ 528,525</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 85,701	\$ 109,486	\$ 286,782	\$ 341,665
Operating expenses	<u>63,556</u>	<u>63,711</u>	<u>199,582</u>	<u>186,860</u>
	<u>\$ 149,257</u>	<u>\$ 173,197</u>	<u>\$ 486,364</u>	<u>\$ 528,525</u>

In compliance with the Articles, the Corporation accrued employees' compensation and remuneration of directors at the rates from 1% to 2% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, if the Corporation has accumulated any deficit, the profit should be set aside for offsetting the losses. The accrued employees' compensation and remuneration of directors were \$1,195 thousand for the nine months ended September 30, 2019. The Group did not accrue employees' compensation and remuneration of directors because of net loss before tax for the three months and nine months ended September 30, 2020 and three months ended September 30, 2019.

There is no difference between the actual amount of the accrued employees' compensation and remuneration of directors in 2019 and 2018 and the amount recognized in the consolidated financial statements in 2019 and 2018.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2020 and 2019 are available on the Market Observation Post System website of the TWSE.

24. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current tax				
In respect of the current periods	\$ 2,197	\$ 7,038	\$ 21,708	\$ 78,206
Income tax on unappropriated earnings	-	-	-	1,849
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,667)</u>
	<u>2,197</u>	<u>7,038</u>	<u>21,708</u>	<u>70,388</u>
Deferred tax				
In respect of the current periods	<u>6,269</u>	<u>(893)</u>	<u>(17,628)</u>	<u>(25,821)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,466</u>	<u>\$ 6,145</u>	<u>\$ 4,080</u>	<u>\$ 44,567</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group deducts only the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Group used the losses incurred in the first quarter of 2020 to estimate losses for the first half of 2020 and this amount is deducted from the Group's unappropriated earnings for 2018.

- b. Income tax assessments

The Corporation's tax returns through 2017 have been assessed by the tax authorities.

The tax returns of TFIC through 2018 have been assessed by the tax authorities.

25. (LOSS) EARNINGS PER SHARE

Net (Loss) Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
(Loss) earnings used in the computation of basic (loss) earnings per share	<u>\$ (170,238)</u>	<u>\$ 48,639</u>	<u>\$ (590,015)</u>	<u>\$ 75,905</u>

Weighted average number of common stock outstanding (in thousand stocks):

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Weighted average number of common stock	885,703	885,703	885,703	885,703
Less: Reclassification of the Corporation's stocks held by subsidiaries	<u>(13,754)</u>	<u>(13,754)</u>	<u>(13,754)</u>	<u>(13,754)</u>
Weighted average number of common stock used in the computation of basic (loss) earnings per share	871,949	871,949	871,949	871,949
Effect of potentially dilutive ordinary shares:				
Employees' compensation or bonuses issued to employees	<u>-</u>	<u>36</u>	<u>-</u>	<u>386</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>871,949</u>	<u>871,985</u>	<u>871,949</u>	<u>872,335</u>

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank loans and equity of the Group.

Financial management department of the Group reviews the capital structure on a monthly basis. As part of this review, the financial management department considers whether there were exceptions between consolidated current ratio, consolidated debt ratio and the target ratio set by the financial management department.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 35,139	\$ -	\$ -	\$ 35,139
Domestic mutual funds	<u>10,619</u>	<u>-</u>	<u>-</u>	<u>10,619</u>
	<u>\$ 45,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,758</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,416,788	\$ -	\$ -	\$ 1,416,788
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,344,542</u>	<u>4,344,542</u>
	<u>\$ 1,416,788</u>	<u>\$ -</u>	<u>\$ 4,344,542</u>	<u>\$ 5,761,330</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 67,799	\$ -	\$ -	\$ 67,799
Domestic mutual funds	<u>76,537</u>	<u>-</u>	<u>-</u>	<u>76,537</u>
	<u>\$ 144,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,336</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,563,100	\$ -	\$ -	\$ 1,563,100
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,396,762</u>	<u>4,396,762</u>
	<u>\$ 1,563,100</u>	<u>\$ -</u>	<u>\$ 4,396,762</u>	<u>\$ 5,959,862</u>

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 54,563	\$ -	\$ -	\$ 54,563
Domestic mutual funds	<u>72,394</u>	<u>-</u>	<u>-</u>	<u>72,394</u>
	<u>\$ 126,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,957</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,509,544	\$ -	\$ -	\$ 1,509,544
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,395,522</u>	<u>4,395,522</u>
	<u>\$ 1,509,544</u>	<u>\$ -</u>	<u>\$ 4,395,522</u>	<u>\$ 5,905,066</u>

As of September 30, 2020 and 2019, there were no transfers between Levels 1 and 2.

2) Valuation techniques and assumptions applied for the purpose of measuring fair value

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including beneficiary certificates that went public).
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The significant and unobservable input parameter for unlisted investments use market-based approach mainly relates to liquidity discount rate. Market-based approach adopts the equity basis multiplier (P/B) of comparable listed companies, the fair price of the Company's stock is calculated after considering the liquidity discount parameter. As of September 30, 2020 and 2019, there were no material change on fair value of related investments.

c. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at FVTPL	\$ 45,758	\$ 144,336	\$ 126,957
Amortized cost (Note 1)	5,477,380	4,972,645	3,357,512
FVTOCI			
Equity instruments	5,761,330	5,959,862	5,905,066
<u>Financial liabilities</u>			
Amortized cost (Note 2)	19,600,175	18,833,550	16,885,652

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, and debt investments.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade payables, other payables, current portion of long-term borrowing and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk evaluation. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. To protect against reductions foreign assets in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY, EUR and RMB.

The following details the effects of a 5% increase in NTD (the functional currency) against the relevant foreign currencies. For a 5% strengthening of NTD against the relevant currency, the net loss would be decreases of \$24,291 thousand and \$36,291 thousand for the nine months ended September 30, 2020 and 2019, respectively. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value interest rate risk			
Financial assets	\$ 1,261,539	\$ 1,902,930	\$ 503,527
Financial liabilities	14,411,797	12,987,893	10,802,997
Cash flow interest rate risk			
Financial assets	2,637,985	1,682,573	1,070,512
Financial liabilities	2,700,000	4,100,000	4,099,736

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's net loss for the nine months ended September 30, 2020 and 2019 would increase/decrease by \$233 thousand and \$11,360 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its cash flow by variable-rate bank loans.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates of open-end funds.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax loss for the nine months ended September 30, 2020 and 2019 would have decreased/increased by \$2,288 thousand and \$6,348 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$70,839 thousand and \$75,477 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated good. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit organization.

Trade receivables consisted of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk represents the potential impact to financial asset that the Group might encounter if counterparties or third parties breach the contracts. The Group evaluated credit risk exposure for contracts with positive carrying value. The Group evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with credit ratings.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ -	\$ 1,210,968	\$ -	\$ -
Lease liabilities	697	1,394	6,386	9,012
Variable interest rate liabilities	2,005	4,010	18,379	2,715,166
Fixed interest rate liabilities	<u>1,854,504</u>	<u>3,595,943</u>	<u>2,463,604</u>	<u>6,565,000</u>
	<u>\$ 1,857,206</u>	<u>\$ 4,812,315</u>	<u>\$ 2,488,369</u>	<u>\$ 9,289,178</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ -	\$ 1,315,580	\$ -	\$ -
Lease liabilities	1,054	1,782	6,373	15,092
Variable interest rate liabilities	3,658	606,487	19,563	3,520,762
Fixed interest rate liabilities	<u>2,072,583</u>	<u>3,121,873</u>	<u>3,029,811</u>	<u>4,840,000</u>
	<u>\$ 2,077,295</u>	<u>\$ 5,045,722</u>	<u>\$ 3,055,747</u>	<u>\$ 8,375,854</u>

September 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ -	\$ 1,470,691	\$ -	\$ -
Lease liabilities	891	1,783	7,352	16,949
Variable interest rate liabilities	3,135	5,239	19,816	4,123,094
Fixed interest rate liabilities	<u>4,730,663</u>	<u>3,385,661</u>	<u>665,233</u>	<u>2,040,000</u>
	<u>\$ 4,734,689</u>	<u>\$ 4,863,374</u>	<u>\$ 692,401</u>	<u>\$ 6,180,043</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank borrowing limit			
Amount used	\$ 16,582,000	\$ 18,508,000	\$ 16,379,000
Amount unused	<u>16,030,000</u>	<u>12,067,000</u>	<u>13,743,000</u>
	<u>\$ 32,612,000</u>	<u>\$ 30,575,000</u>	<u>\$ 30,122,000</u>
Secured bank borrowing limit			
Amount used	\$ 130,000	\$ 130,000	\$ 130,000
Amount unused	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. The prices and payment terms of these transactions were similar to those for third parties. Details of transactions between the Group and other related parties are disclosed below.

<u>Related Party Name</u>	<u>Related Party Category</u>
Far Eastern New Century Corp.	Investors with significant influence over the Group
Hwa Xu Heat Supply Co. (HXYZ)	Associates
Oriental Petrochemical (Shanghai) Corp. (OPSC)	Associates
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	Others
Asia Cement Corp.	Others
Hubei Yadong Cement Co., Ltd.	Others
Far Eastern Polytex (Vietnam) Ltd.	Others
Air Liquide Far Eastern Ltd.	Others
Fu-Ming Transport Corp.	Others
Fu-Da Transport Corp.	Others
PET Far Eastern (Holding) Ltd. (PETH)	Others
Far Eastern International Bank (FEIB)	Others
Far Eastern Industries (Shanghai) Ltd.	Others
Far Eastern Industries (Yangzhou) Ltd.	Others
Shanghai Yuanhua Logistics (Yangzhou) Corp.	Others
Shanghai Yuanzi Information Technology Ltd.	Others
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Others

a. Sale of goods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Investors with significant influence over the Group	\$ 249,235	\$ 263,388	\$ 693,820	\$ 831,239
Others	<u>8,403</u>	<u>22,796</u>	<u>92,926</u>	<u>96,211</u>
	<u>\$ 257,638</u>	<u>\$ 286,184</u>	<u>\$ 786,746</u>	<u>\$ 927,450</u>

b. Purchase of goods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates	\$ -	\$ 68,284	\$ -	\$ 289,097
Others				
PETH	-	363	-	(45,068)
Others	<u>64</u>	<u>-</u>	<u>222</u>	<u>52</u>
	<u>64</u>	<u>363</u>	<u>222</u>	<u>(45,016)</u>
	<u>\$ 64</u>	<u>\$ 68,647</u>	<u>\$ 222</u>	<u>\$ 244,081</u>

c. Operating expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates	\$ 2,128	\$ 1,501	\$ 6,396	\$ 2,626
Others				
Fu-Ming Transport Corp.	38,346	43,849	117,734	131,121
Others	<u>10,178</u>	<u>17,453</u>	<u>40,917</u>	<u>70,424</u>
	<u>48,524</u>	<u>61,302</u>	<u>158,651</u>	<u>201,545</u>
	<u>\$ 50,652</u>	<u>\$ 62,803</u>	<u>\$ 165,047</u>	<u>\$ 204,171</u>

d. Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Others	<u>\$ 22,282</u>	<u>\$ 4,896</u>	<u>\$ 56,334</u>	<u>\$ 13,531</u>

e. Rental income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Others				
Fu-Da Transport Corp.	<u>\$ 2,423</u>	<u>\$ 2,423</u>	<u>\$ 7,270</u>	<u>\$ 7,270</u>

f. Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Others	\$ <u>243,543</u>	\$ <u>39,235</u>	\$ <u>114,535</u>

g. Receivables from related parties

	September 30, 2020	December 31, 2019	September 30, 2019
Investors with significant influence over the Group	\$ 100,327	\$ 86,670	\$ 101,738
Others	<u>5,710</u>	<u>7,752</u>	<u>8,267</u>
	<u>\$ 106,037</u>	<u>\$ 94,422</u>	<u>\$ 110,005</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

h. Prepayments

	September 30, 2020	December 31, 2019	September 30, 2019
Associates			
HXYZ	\$ <u>115,726</u>	\$ <u>240,993</u>	\$ <u>1,148,585</u>
Current	\$ 115,726	\$ 240,993	\$ 368,641
Non-current (Note 17)	<u>-</u>	<u>-</u>	<u>779,944</u>
	<u>\$ 115,726</u>	<u>\$ 240,993</u>	<u>\$ 1,148,585</u>

Prepayments are payments in advance for heating steam supply.

i. Other receivables

	September 30, 2020	December 31, 2019	September 30, 2019
Associates			
HXYZ	\$ 477,519	\$ 340,660	\$ 8,036
Others			
PETH	<u>-</u>	<u>-</u>	<u>44,988</u>
	<u>\$ 477,519</u>	<u>\$ 340,660</u>	<u>\$ 53,024</u>

The Group provided secured short-term loans to HXYZ amounted to \$455,949 thousand. Refer to Table 1 for detailed information.

j. Financial assets at amortized cost

	September 30, 2020	December 31, 2019	September 30, 2019
Others			
FEIB	\$ 63,780	\$ 247,134	\$ 199,370

k. Loans from related parties (accounted for as short-term borrowings)

	September 30, 2020	December 31, 2019	September 30, 2019
Others			
Far Eastern Industries (Shanghai) Ltd.	\$ 1,281,921	\$ 644,621	\$ -
Far Eastern Industries (Yangzhou) Ltd.	512,769	515,696	526,630
Others	<u>683,691</u>	<u>300,823</u>	<u>307,200</u>
	<u>\$ 2,478,381</u>	<u>\$ 1,461,140</u>	<u>\$ 833,830</u>

The Group obtained loans at rates comparable to market interest rates for the loans from related parties.

l. Payables to related parties

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	\$ -	\$ -	\$ 2,348
Others	<u>64</u>	<u>-</u>	<u>-</u>
	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 2,348</u>

m. Other payables

	September 30, 2020	December 31, 2019	September 30, 2019
Others			
Fu-Ming Transport Corp.	\$ 26,897	\$ 28,076	\$ 29,298
Far Eastern Industries (Shanghai) Ltd.	31,403	1,798	95
PETH	5,202	30,155	11,249
Others	<u>14,541</u>	<u>5,140</u>	<u>59,931</u>
	78,043	65,169	100,573
Associates			
OPSC	<u>15,629</u>	<u>9,272</u>	<u>5,883</u>
	<u>\$ 93,672</u>	<u>\$ 74,441</u>	<u>\$ 106,456</u>

n. Purchases of financial assets

For the nine months ended September 30, 2020: None.

For the nine months ended September 30, 2019

	Line Item	Number of Shares	Underlying Assets	Purchase Price
Others			<u>Shares</u>	
OPTC	Financial assets at FVTOCI	36,017,435	Oriental Petrochemical (Taiwan) Co., Ltd.	<u>\$ 360,174</u>

o. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 8,074	\$ 7,950	\$ 25,842	\$ 30,555
Post-employment benefits	<u>108</u>	<u>108</u>	<u>324</u>	<u>324</u>
	<u>\$ 8,182</u>	<u>\$ 8,058</u>	<u>\$ 26,166</u>	<u>\$ 30,879</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for credit lines of deposit overdrafts, as refundable deposits with the Harbor Bureau or Customs Bureau and as guarantees for sales:

	September 30, 2020	December 31, 2019	September 30, 2019
Pledge deposits (financial assets at amortized cost-non-current)	<u>\$ 64,247</u>	<u>\$ 56,043</u>	<u>\$ 55,892</u>

As of September 30, 2020, the Corporation pledged 28,599 thousand stocks of the subsidiary TFIC as security.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2020, December 31, 2019 and September 30, 2019 were as follows:

- As of September 30, 2020, unused letters of credit for purchases of raw materials amounted to \$1,437,715 thousand, purchase guarantees from banking institution amounted to \$225,000 thousand, and refundable deposit with the Harbor Bureau amounted to \$192,288 thousand, respectively.
- Endorsements/guarantees provided to subsidiaries and associates

The Corporation

TFIC	\$ 1,450,000
OPYC	<u>1,164,000</u>
	<u>\$ 2,614,000</u>

- c. The Corporation has a long-term ethylene purchase agreement with Chinese Petroleum Corporation, Taiwan under which the Corporation is committed to purchase ethylene until December 31, 2020. The purchase price under the agreement is in U.S. dollars.
- d. The Corporation has a three-year agreement beginning from 2004, to sell ethylene glycols to major customers, namely, Far Eastern New Century Corporation, Tainan Spinning Co., Ltd., and Shinkong Synthetic Fibers Corporation. The agreement is automatically renewed for successive periods of three years unless otherwise terminated by either party with prior notice. The determined price under the agreement is in U.S. dollars.
- e. In May 2016, the Corporation signed a five-year ethylene carbonate designated production/sales agreement with Chi Mei Corporation (“CMC”). Also, the Corporation agreed to purchase from CMC any qualified ethylene glycol by-products which are produced during the manufacturing process. And the purchase price is determined by agreed upon bases. Both sides agreed that the Corporation could sell part of the output to a specific-purpose market.

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Because of changes in the operating environment, the Group plans to merge its 100%-owned subsidiary OPYC, 50%-owned subsidiary FUPY and 50%-owned subsidiary TDIY to gain cost-saving benefits by reducing operational process redundancy of environment, energy, and quality. After the aforementioned merger, FUPY will be the surviving company, while OPYC and TDIY will be the dissolved companies. The tentative reference date of the merger will be December 31, 2020.

32. OTHER ITEMS

The impact of COVID-19 pandemic and fluctuations of international crude oil price has resulted in a decrease of operating revenue in 2020. With the epidemic slowing and policy loosening, the Group expects that operation will gradually return to normal. Besides continuously assessing and overseeing the development of the epidemic, the Group applied for government grants and adjusted operating strategies for responding the impact. As of the reporting date, the Group considered there is no doubt on the Group’s ability to continue as a going concern, on the fund risk, and on the risk of impairment loss of assets.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies in the group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,500	29.1 (USD:NTD)	\$ 130,950
USD	2,673	6.81 (USD:RMB)	77,784
JPY	1,175	0.28 (JPY:NTD)	<u>324</u>
			<u>\$ 209,058</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	450,338	4.27 (RMB:NTD)	<u>\$ 1,924,325</u>
<u>Financial liabilities</u>			
Monetary items			
USD	16,218	6.81 (USD:RMB)	\$ 471,944
USD	7,661	29.1 (USD:NTD)	<u>222,935</u>
			<u>\$ 694,879</u>

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,371	6.98 (USD:RMB)	\$ 340,903
USD	3,095	29.98 (USD:NTD)	92,788
RMB	185	4.30 (RMB:NTD)	<u>795</u>
			<u>\$ 434,486</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	549,838	4.30 (RMB:NTD)	<u>\$ 2,362,912</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 20,587	6.98 (USD:RMB)	\$ 617,198
USD	9,847	29.98 (USD:NTD)	<u>295,213</u>
			<u>\$ 912,411</u> (Concluded)

September 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,928	31.04 (USD:NTD)	\$ 152,965
USD	3,068	7.07 (USD:RMB)	95,231
RMB	185	4.39 (RMB:NTD)	<u>812</u>
			<u>\$ 249,008</u>

Non-monetary items			
Investments accounted for using the equity method			
RMB	507,986	4.39 (RMB:NTD)	<u>\$ 2,229,337</u>

Financial liabilities

Monetary items			
USD	23,238	7.07 (USD:RMB)	\$ 721,308
USD	7,954	31.04 (USD:NTD)	246,892
EUR	65	7.74 (EUR:RMB)	2,207
EUR	130	33.95 (EUR:NTD)	<u>4,414</u>
			<u>\$ 974,821</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended September 30				
2020			2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (3,007)	1 (NTD:NTD)	\$ 882
RMB	4.26 (RMB:NTD)	<u>7,944</u>	4.46 (RMB:NTD)	<u>(2,854)</u>
		<u>\$ 4,937</u>		<u>\$ (1,972)</u>

For the Nine Months Ended September 30					
		2020			2019
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)	
NTD	1 (NTD:NTD)	\$ (2,272)	1 (NTD:NTD)	\$ 6,608	
RMB	4.26 (RMB:NTD)	<u>5,251</u>	4.53 (RMB:NTD)	<u>(6,623)</u>	
		<u>\$ 2,979</u>		<u>\$ (15)</u>	

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)

- c. Information of major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholders, the number of shares owned, and percentage of ownership of each stockholders. (Table 9)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Ethylene glycols business
- Special chemicals business
- Gas business
- Investment and others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segments.

	Segment Revenues		Segment Profit (Loss)	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
Ethylene glycols business	\$ 9,897,757	\$ 14,046,586	\$ (676,882)	\$ (806,600)
Special chemicals business	2,893,190	4,243,056	90,290	98,794
Gas business	1,293,945	1,262,441	315,851	314,909
Investment and others	40,877	18,500	15,615	(8,283)
Other eliminations and adjustments	(677,410)	(1,303,590)	175,491	128,504
Total operating segments	\$ 13,448,359	\$ 18,266,993	(79,635)	(272,676)
Non-operating income and expense			(648,664)	228,367
Loss before income tax			\$ (728,299)	\$ (44,309)

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Segment assets</u>			
Ethylene glycols business	\$ 16,574,570	\$ 14,817,270	\$ 14,530,438
Special chemicals business	4,509,073	4,994,411	4,852,876
Gas business	2,337,113	2,392,005	2,535,526
Investment and others	24,854,730	27,613,078	26,254,174
Other eliminations and adjustments	(11,717,370)	(12,953,648)	(12,840,779)
Total segment assets	\$ 36,558,116	\$ 36,863,116	\$ 35,332,235

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

**FINANCINGS PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Amount Limits (Note)	Note
													Item	Value			
1	FUPY	HXYZ	Other receivables - related parties loans	Yes	\$ 455,949	\$ 455,949	\$ 455,949	4.61%	Necessary for short-term financing	\$ -	Operating capital	\$ -	Promissory notes	\$ -	40% of net worth of FUPY \$1,698,027	40% of net worth of FUPY \$1,698,027	
2	TDIY	FUPY	Other receivables - related parties loans	Yes	341,846	-	-	3.60%	Necessary for short-term financing	-	Operating capital	-	Promissory notes	-	40% of net worth of TDIY \$732,980	40% of net worth of TDIY \$732,980	

Note: Based on reviewed financial statements.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Corporation	TFIC	2	50% of net worth of the Corporation \$6,238,095	\$ 1,450,000	\$ 1,450,000	\$ 585,000	\$ -	11.62	100% of net worth of the Corporation \$12,476,190	Y	N	N	
		PPL	2	50% of net worth of the Corporation \$6,238,095	291,000	-	-	-	-	100% of net worth of the Corporation \$12,476,190	Y	N	N	
		OUCC (Bermuda)	2	50% of net worth of the Corporation \$6,238,095	291,000	-	-	-	-	100% of net worth of the Corporation \$12,476,190	Y	N	N	
		OPYC	3	50% of net worth of the Corporation \$6,238,095	1,164,000	1,164,000	307,661	-	9.33	100% of net worth of the Corporation \$12,476,190	Y	N	Y	
1	FUPY	HXYZ	6	50% of net worth of FUPY \$2,122,534	104,481	-	-	-	-	100% of net worth of FUPY \$4,245,067	N	N	Y	

Note: The relationships between the endorser/guarantor and the endorsee/guaranteed are listed below:

2. Represents the entity whose voting shares are exceed fifty percent (50%) owned directly or indirectly by the Corporation.
3. The company that owns directly or indirectly hold over fifty percent (50%) ownership of the Corporation.
6. Represents the entity is guaranteed by the percentage of ownership to the entity under the mutual investment.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
 SEPTEMBER 30, 2020
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note	
				Number of Stocks/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value		
The Corporation	Far Eastern Department Stores Ltd.	Same chairman	Financial assets at FVTOCI - non-current	14,378,228	\$ 350,829	1	\$ 350,829	Note 1	
	Far Eastern New Century Corp.	Same chairman	Same as above	6,888,446	174,278	-	174,278	Note 1	
	Asia Cement Corp.	Same chairman	Same as above	8,486,315	352,182	-	352,182	Note 1	
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is a director of the Corporation	Same as above	12,885,683	120,481	3	120,481	Note 1	
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director	Same as above	309,334,376	2,743,796	14	2,743,796	Note 2	
	Grand Cathay Venture Capital Co., Ltd.	-	Same as above	26,666,667	248,800	17	248,800	Note 2	
	Eminent Venture Capital Corp.	-	Same as above	2,700,000	15,579	10	15,579	Note 2	
	Eminent II Venture Capital Corp.	-	Same as above	3,600,000	25,740	6	25,740	Note 2	
	Tai An Technologies Corp.	-	Same as above	499,998	3,512	5	3,512	Note 2	
	TFIC	Yuanta Taiwan Top 50 ETF	-	Financial assets at FVTPL - current	24,000	2,472	-	2,472	Note 1
Yuanta S&P GSCI Gold ER Futures ETF		-	Same as above	225,000	5,850	-	5,850	Note 1	
Yuanta FTSE4Good TIP Taiwan ESG ETF		-	Same as above	90,000	2,297	-	2,297	Note 1	
Taiwan Semiconductor Manufacturing Co., Ltd.		-	Same as above	6,000	2,598	-	2,598	Note 1	
Everlight Electronics Co., Ltd.		-	Same as above	15,000	555	-	555	Note 1	
Goldsun Building Materials Co., Ltd.		-	Same as above	90,000	2,111	-	2,111	Note 1	
Kindom Construction Co., Ltd.		-	Same as above	120,000	4,692	-	4,692	Note 1	
Yuanta Financial Holding Co., Ltd.		-	Same as above	10,800	192	-	192	Note 1	
International Games System Co., Ltd.		-	Same as above	6,000	4,626	-	4,626	Note 1	
Auras Technology Co., Ltd.		-	Same as above	9,000	2,155	-	2,155	Note 1	
Shin Zu Shing Co., Ltd.		-	Same as above	9,000	1,255	-	1,255	Note 1	
Arcadyan Technology Corp.		-	Same as above	30,000	2,553	-	2,553	Note 1	
Topkey Corp.		-	Same as above	3,000	429	-	429	Note 1	
Cyberlink Corp.		-	Same as above	27,000	3,065	-	3,065	Note 1	
Farglory Land Development Co., Ltd		-	Same as above	240,000	10,908	-	10,908	Note 1	
The Corporation		Treasury stock		Financial assets at FVTOCI - non-current	13,753,554	222,120	2	222,120	Note 1
Far Eastern International Commercial Bank ("FEIC")		The chairman of the Corporation is FEIC's director		Same as above	30,195,438	309,503	1	309,503	Note 1
Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is the Corporation's parent corporation's director		Same as above	11,712,847	109,515	2	109,515	Note 1	
Yue Ding Enterprise Corp.	Related party in substance		Same as above	5,498,645	79,071	5	79,071	Note 2	
Ding Shen Investment Co., Ltd.	Related party in substance		Same as above	39,600,000	352,044	18	352,044	Note 2	
Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director		Same as above	98,759,902	876,000	4	876,000	Note 2	

Note 1: The market value was calculated at closing price on September 30, 2020.

Note 2: The net asset value was calculated based on the latest assessment.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Far Eastern New Century Corp.	Same chairman	Sale	\$ (693,820)	(5)	Same as those to unrelated parties	-	-	\$ 100,327	10	-
FUPY	OPYC	Same parent	Sale	(282,934)	(2)	Same as those to unrelated parties	-	-	184,754	19	-
TDIY	FUPY	Same parent	Sale	(392,566)	(3)	Same as those to unrelated parties	-	-	62,362	6	-
			Purchase	363,082	3	Same as those to unrelated parties	-	-	(123,800)	(10)	-

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Far Eastern New Century Corp.	Same chairman	Trade receivables \$ 100,327	9.89	\$ -	-	\$ 99,632	\$ -
FUPY	OPYC	Same parent	Receivables 184,754	3.76	-	-	61,397	-
	HXYZ	Equity-method investee	Other receivables 477,519	Note	-	-	-	-

Note: The ending balance is primarily consisted of other receivables which include borrowings.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
 (In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Accounts	Amount	Transaction Terms	% to Total Sales or Assets
1	OPYC	FUPY	c	Other income	\$ 78,468	Based on terms agreed upon by both parties	1
				Rental income	34,647	Based on terms agreed upon by both parties	-
				Other receivables	25,307	Based on terms agreed upon by both parties	-
2	FUPY	TDIY	c	Other receivables	81,581	Based on terms agreed upon by both parties	-
				Other income	57,052	Based on terms agreed upon by both parties	-
		OPYC	c	Receivables	42,220	Based on terms agreed upon by both parties	-
				Receivables	184,754	Based on terms agreed upon by both parties	-
				Sales revenue	282,934	Based on terms agreed upon by both parties	2
3	TDIY	FUPY	c	Receivables	62,362	Based on terms agreed upon by both parties	-
				Sales revenue	392,566	Based on terms agreed upon by both parties	3
				Interest income	11,714	Based on terms agreed upon by both parties	-

Note: a. From parent to subsidiary.
 b. From subsidiary to parent.
 c. Between subsidiaries.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
 (In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2020	December 31, 2019	Stocks	%	Carrying Amount			
The Corporation	PPL	British Virgin Islands	Investment	US\$ 192,972	US\$ 192,972	148,356	100	\$ 5,131,057	\$ (512,095)	\$ (512,095)	Note
	TFIC	Taipei City, ROC	Enterprise and financial institution investments	\$ 1,110,000	\$ 1,110,000	149,694,275	100	1,223,051	36,392	32,266	
	OUCG (Bermuda)	British Bermuda Islands	Investment	US\$ 90,000	US\$ 90,000	103,580	100	791,948	(114,830)	(114,830)	

Note: The ending balance includes 28,599,328 stocks pledged to financial institutions.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION OF INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outflow	Inflow							
OPSC	Manufacture and sale of purified terephthalic acid.	US\$ 241,310	Indirect	US\$ 92,886	US\$ -	US\$ -	US\$ 92,886	RMB (215,961)	39	\$ (355,893) (Note 2)	\$ 1,635,395	\$ -	
OPYC	Manufacturing and selling ethanolamine (EA) and alcohol ethoxylates (AEO).	US\$ 80,000	Indirect	US\$ 80,000	US\$ -	US\$ -	US\$ 80,000	RMB (26,956)	100	(114,942) (Note 3)	743,497	-	
FUPY	Manufacture and sale of ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide.	US\$ 150,500	Indirect	US\$ 66,000	US\$ -	US\$ -	US\$ 66,000	RMB (81,867)	50	(174,310) (Note 2)	2,110,637	-	Note 4
TDIY	Manufacturing and selling gas oxygen, gas nitrogen, liquid oxygen, liquid nitrogen and liquid argon and the warehousing management of ethylene.	US\$ 67,000	Indirect	US\$ 33,500	US\$ -	US\$ -	US\$ 33,500	RMB 15,093	50	32,179 (Note 2)	916,225	-	Note 4
HXYZ	The production and sales of hot water (non-potable water) and steam; the erection and maintenance of heat-supply pipelines; the consultancy service in heat-supply technologies.	RMB 160,000	Indirect	-	-	-	-	RMB (31,694)	25	(67,438) (Note 3)	288,930	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$272,386	US\$281,636	(Note 1)

Note 1: The Corporation obtained certificate No. 10920426220 from Industrial Development Bureau, Ministry of Economic Affairs according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 2: Based on reviewed financial statements.

Note 3: Based on non-reviewed financial statements.

Note 4: Significant non-controlling interests.

TABLE 9**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR STOCKHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far Eastern New Century Corp.	81,217,005	9.16
Yuan Ding Investment Co., Ltd.	70,817,684	7.99
Asia Cement Corp.	63,766,522	7.19
Yuan Tong Investment Co., Ltd.	49,705,396	5.61

Note: The table discloses stockholding information of stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.