

**TON YI INDUSTRIAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2020 AND 2019**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Ton Yi Industrial Corp.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and subsidiaries (the “Group”) as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

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

### ***Basis for Qualified Conclusion***

As described in Note 4(3), the financial statements and the information disclosed in Note 13 of certain non-significant subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$9,963,639 thousand and NT\$10,280,292 thousand, constituting 28.59% and 27.62% of the consolidated total assets, and total liabilities of NT\$2,568,560 thousand and NT\$2,561,095 thousand, constituting 16.94% and 14.15% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively and total comprehensive income of NT\$260,461 thousand, NT\$115,025 thousand,

NT\$492,760 thousand and NT\$335,352 thousand, constituting 27.06%, (16.67%), 71.63% and (545.92%) of the consolidated total comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.

### ***Qualified Conclusion***

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements and the information disclosed in Note 13 of certain non-significant subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Liu, Tzu-Meng

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

November 10, 2020

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Assets	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 2,278,190	7	\$ 1,353,470	4	\$ 1,183,018	3
1150	Notes receivable, net	6(2)(3), 8 and 12	590,273	2	598,282	2	550,111	2
1170	Accounts receivable, net	6(2) and 12	1,827,469	5	1,753,908	5	2,100,382	6
1180	Accounts receivable - related parties	6(2) and 7	1,563,030	5	1,305,051	4	1,455,777	4
1200	Other receivables		98,261	-	77,200	-	100,185	-
1220	Current income tax assets	6(26)	39,656	-	44,393	-	60,548	-
130X	Inventories	5(2) and 6(4)	3,203,500	9	3,697,100	10	4,238,983	11
1410	Prepayments		501,625	1	483,981	1	673,006	2
1476	Other current financial assets	8	6,081	-	2,309	-	516,010	1
11XX	<b>Total current assets</b>		<u>10,108,085</u>	<u>29</u>	<u>9,315,694</u>	<u>26</u>	<u>10,878,020</u>	<u>29</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	50,435	-	97,359	-	93,535	-
1600	Property, plant and equipment	6(6) and 7	21,094,254	61	22,096,118	63	22,536,447	61
1755	Right-of-use assets	6(7) and 7	2,528,435	7	2,701,454	8	2,501,701	7
1760	Investment property, net	6(9)	99,256	-	104,424	-	106,888	-
1780	Intangible assets	6(10)	332,565	1	344,073	1	357,694	1
1840	Deferred income tax assets	6(26)	558,814	2	558,017	2	572,887	2
1915	Prepayments for business facilities		37,488	-	78,452	-	135,338	-
1920	Guarantee deposits paid	7	27,446	-	25,101	-	27,026	-
1990	Other non-current assets		13,106	-	12,624	-	13,194	-
15XX	<b>Total non-current assets</b>		<u>24,741,799</u>	<u>71</u>	<u>26,017,622</u>	<u>74</u>	<u>26,344,710</u>	<u>71</u>
1XXX	<b>Total assets</b>		<u>\$ 34,849,884</u>	<u>100</u>	<u>\$ 35,333,316</u>	<u>100</u>	<u>\$ 37,222,730</u>	<u>100</u>

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**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(11) and 8	\$ 2,229,640	6	\$ 3,123,993	9	\$ 4,450,752	12
2110	Short-term notes and bills payable	6(12)	639,716	2	-	-	999,629	3
2130	Current contract liabilities	6(19) and 7	93,039	-	42,704	-	34,845	-
2150	Notes payable	7	2,339	-	2,095	-	2,978	-
2170	Accounts payable		1,230,214	4	1,008,026	3	1,234,356	3
2180	Accounts payable - related parties	7	165,625	1	155,791	-	103,926	-
2200	Other payables		1,318,798	4	1,284,114	4	1,260,744	3
2220	Other payables - related parties	7	147,447	-	116,772	-	148,457	-
2230	Current income tax liabilities	6(26)	139,509	-	50,182	-	67,819	-
2280	Lease liabilities, current	7	213,321	1	224,988	1	201,006	1
2305	Other current financial liabilities		25,051	-	24,178	-	21,057	-
2320	Long-term liabilities, current portion	6(13)	-	-	-	-	108,557	-
2365	Current refund liabilities		10,084	-	10,016	-	8,915	-
21XX	<b>Total current liabilities</b>		<u>6,214,783</u>	<u>18</u>	<u>6,042,859</u>	<u>17</u>	<u>8,643,041</u>	<u>22</u>
	<b>Non-current liabilities</b>							
2540	Long-term borrowings	6(13)	6,200,000	18	7,400,000	21	6,750,000	18
2550	Non-current provisions	6(14)	80,830	-	79,709	-	79,343	-
2570	Deferred income tax liabilities	6(26)	538,198	1	507,647	1	500,743	2
2580	Lease liabilities, non-current	7	1,823,070	5	1,965,577	6	1,744,651	5
2630	Long-term deferred revenue		34,281	-	34,444	-	19,540	-
2640	Net defined benefit liabilities, non-current	6(15)	244,552	1	277,900	1	334,957	1
2645	Guarantee deposits received		24,029	-	22,969	-	23,423	-
25XX	<b>Total non-current liabilities</b>		<u>8,944,960</u>	<u>25</u>	<u>10,288,246</u>	<u>29</u>	<u>9,452,657</u>	<u>26</u>
2XXX	<b>Total liabilities</b>		<u>15,159,743</u>	<u>43</u>	<u>16,331,105</u>	<u>46</u>	<u>18,095,698</u>	<u>48</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital							
3110	Common stock	6(16)	15,791,453	45	15,791,453	45	15,791,453	42
3200	Capital surplus	6(17)	231,168	1	231,168	-	230,261	1
	Retained earnings	6(18)						
3310	Legal reserve		1,793,153	5	1,739,515	5	1,739,515	5
3320	Special reserve		1,922,076	6	1,378,569	4	1,378,569	4
3350	Unappropriated retained earnings		857,507	2	597,145	2	554,987	2
3400	Other equity interest	6(5)	(2,123,241)	(6)	(1,996,499)	(6)	(1,855,529)	(5)
31XX	<b>Equity attributable to owners of the parent</b>		<u>18,472,116</u>	<u>53</u>	<u>17,741,351</u>	<u>50</u>	<u>17,839,256</u>	<u>49</u>
36XX	<b>Non-controlling interests</b>		<u>1,218,025</u>	<u>4</u>	<u>1,260,860</u>	<u>4</u>	<u>1,287,776</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>19,690,141</u>	<u>57</u>	<u>19,002,211</u>	<u>54</u>	<u>19,127,032</u>	<u>52</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 34,849,884</u>	<u>100</u>	<u>\$ 35,333,316</u>	<u>100</u>	<u>\$ 37,222,730</u>	<u>100</u>

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

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars, except earning per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 9,077,260	100	\$ 8,775,518	100	\$ 23,043,435	100	\$ 24,972,532	100
5000 Operating costs	6(4)(9)(10)(15)(24)(25) and 7	( 7,659,498)	( 85)	( 7,908,198)	( 90)	( 20,235,402)	( 88)	( 22,366,640)	( 89)
5900 Gross profit from operations		<u>1,417,762</u>	<u>15</u>	<u>867,320</u>	<u>10</u>	<u>2,808,033</u>	<u>12</u>	<u>2,605,892</u>	<u>11</u>
Operating expenses	6(9)(10)(15)(24)(25), 7 and 12								
6100 Selling expenses		( 330,202)	( 3)	( 277,386)	( 3)	( 851,047)	( 3)	( 858,576)	( 4)
6200 Administrative expenses		( 332,728)	( 4)	( 281,868)	( 3)	( 851,865)	( 4)	( 847,297)	( 3)
6450 Expected credit losses		( 3,587)	-	( 39,498)	( 1)	( 46)	-	( 29,397)	-
6000 Total operating expenses		( 666,517)	( 7)	( 598,752)	( 7)	( 1,702,958)	( 7)	( 1,735,270)	( 7)
6900 Operating income		<u>751,245</u>	<u>8</u>	<u>268,568</u>	<u>3</u>	<u>1,105,075</u>	<u>5</u>	<u>870,622</u>	<u>4</u>
Non-operating income and expenses									
7100 Interest income	6(20)	7,416	-	6,259	-	17,557	-	23,288	-
7010 Other income	6(8)(9)(21)	69,770	1	36,079	-	127,688	1	152,976	1
7020 Other gains and losses	6(7)(22) and 12	9,816	-	( 174,230)	( 2)	26,064	-	( 161,939)	( 1)
7050 Finance costs	6(3)(6)(7)(23) and 7	( 48,807)	-	( 75,826)	( 1)	( 158,735)	( 1)	( 245,308)	( 1)
7000 Total non-operating income and expenses		<u>38,195</u>	<u>1</u>	<u>( 207,718)</u>	<u>( 3)</u>	<u>12,574</u>	<u>-</u>	<u>( 230,983)</u>	<u>( 1)</u>
7900 Profit before income tax		789,440	9	60,850	-	1,117,649	5	639,639	3
7950 Income tax expense	6(26)	( 186,890)	( 2)	( 26,364)	-	( 295,110)	( 1)	( 191,387)	( 1)
8200 Profit for the period		<u>\$ 602,550</u>	<u>7</u>	<u>\$ 34,486</u>	<u>-</u>	<u>\$ 822,539</u>	<u>4</u>	<u>\$ 448,252</u>	<u>2</u>

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**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars, except earning per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>										
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8316	Unrealized (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(5)								
			(\$ 2,659)	-	(\$ 20,642)	-	(\$ 46,924)	-	(\$ 28,664)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>										
8361	Exchange differences on translation		362,754	4	(703,883)	(8)	(87,685)	(1)	(481,017)	(2)
8300	<b>Other comprehensive income (loss) for the period</b>		<u>\$ 360,095</u>	<u>4</u>	<u>(\$ 724,525)</u>	<u>(8)</u>	<u>(\$ 134,609)</u>	<u>(1)</u>	<u>(\$ 509,681)</u>	<u>(2)</u>
8500	<b>Total comprehensive income (loss) for the period</b>		<u>\$ 962,645</u>	<u>11</u>	<u>(\$ 690,039)</u>	<u>(8)</u>	<u>\$ 687,930</u>	<u>3</u>	<u>(\$ 61,429)</u>	<u>-</u>
Profit (loss) attributable to:										
8610	Owners of the parent		\$ 602,565	7	\$ 81,188	1	\$ 857,507	4	\$ 529,462	2
8620	Non-controlling interests		(15)	-	(46,702)	(1)	(34,968)	-	(81,210)	-
			<u>\$ 602,550</u>	<u>7</u>	<u>\$ 34,486</u>	<u>-</u>	<u>\$ 822,539</u>	<u>4</u>	<u>\$ 448,252</u>	<u>2</u>
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		\$ 939,280	11	(\$ 592,712)	(7)	\$ 730,765	3	\$ 52,502	-
8720	Non-controlling interests		23,365	-	(97,327)	(1)	(42,835)	-	(113,931)	-
			<u>\$ 962,645</u>	<u>11</u>	<u>(\$ 690,039)</u>	<u>(8)</u>	<u>\$ 687,930</u>	<u>3</u>	<u>(\$ 61,429)</u>	<u>-</u>
Earnings per share										
9750	Basic	6(27)	<u>\$ 0.38</u>		<u>\$ 0.05</u>		<u>\$ 0.54</u>		<u>\$ 0.34</u>	
9850	Diluted		<u>\$ 0.38</u>		<u>\$ 0.05</u>		<u>\$ 0.54</u>		<u>\$ 0.33</u>	

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

Notes	Equity attributable to owners of the parent									
	Retained Earnings					Other Equity Interest				
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>For the nine-month period ended September 30, 2019</u>										
	\$ 15,791,453	\$ 230,261	\$ 1,596,669	\$ 860,682	\$ 1,428,456	(\$ 1,121,851)	(\$ 256,718)	\$ 18,528,952	\$ 1,401,707	\$ 19,930,659
	-	-	-	-	529,462	-	-	529,462	( 81,210 )	448,252
6(5)	-	-	-	-	-	( 448,296 )	( 28,664 )	( 476,960 )	( 32,721 )	( 509,681 )
	-	-	-	-	529,462	( 448,296 )	( 28,664 )	52,502	( 113,931 )	( 61,429 )
Distribution of 2018 net income										
	-	-	142,846	-	( 142,846 )	-	-	-	-	-
6(18)	-	-	-	517,887	( 517,887 )	-	-	-	-	-
6(18)	-	-	-	-	( 742,198 )	-	-	( 742,198 )	-	( 742,198 )
	\$ 15,791,453	\$ 230,261	\$ 1,739,515	\$ 1,378,569	\$ 554,987	(\$ 1,570,147)	(\$ 285,382)	\$ 17,839,256	\$ 1,287,776	\$ 19,127,032
<u>For the nine-month period ended September 30, 2020</u>										
	\$ 15,791,453	\$ 231,168	\$ 1,739,515	\$ 1,378,569	\$ 597,145	(\$ 1,714,941)	(\$ 281,558)	\$ 17,741,351	\$ 1,260,860	\$ 19,002,211
	-	-	-	-	857,507	-	-	857,507	( 34,968 )	822,539
6(5)	-	-	-	-	-	( 79,818 )	( 46,924 )	( 126,742 )	( 7,867 )	( 134,609 )
	-	-	-	-	857,507	( 79,818 )	( 46,924 )	730,765	( 42,835 )	687,930
Distribution of 2019 net income										
	-	-	53,638	-	( 53,638 )	-	-	-	-	-
6(18)	-	-	-	543,507	( 543,507 )	-	-	-	-	-
	\$ 15,791,453	\$ 231,168	\$ 1,793,153	\$ 1,922,076	\$ 857,507	(\$ 1,794,759)	(\$ 328,482)	\$ 18,472,116	\$ 1,218,025	\$ 19,690,141

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



TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,117,649	\$ 639,639
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(22)	-	( 1,207 )
Expected credit losses	12	46	29,397
Reversal of allowance for inventory market price decline	6(4)	( 4,418 )	( 1,614 )
Depreciation	6(6)(7)(9)	1,949,928	2,058,209
(Gain) loss on disposal of property, plant and equipment	6(22)	( 4,497 )	106,080
Profit from lease modifications	6(22)	( 21,504 )	( 8,638 )
Amortization	6(10)(24)	7,033	7,164
Interest income	6(20)	( 17,557 )	( 23,288 )
Dividend income	6(21)	-	( 3,019 )
Interest expense	6(23)	158,735	245,308
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	1,207
Notes receivable		7,688	378,569
Accounts receivable	(	72,984 )	16,003
Accounts receivable - related parties	(	257,979 )	( 207,224 )
Other receivables	(	21,061 )	38,498
Inventories		498,621	( 332,640 )
Prepayments	(	14,654 )	( 314,204 )
Changes in operating liabilities			
Contract liabilities, current		50,335	( 36,361 )
Notes payable		244	( 12,267 )
Accounts payable		222,188	198,876
Accounts payable - related parties		9,834	( 30,172 )
Other payables		122,824	( 418,823 )
Other payables - related parties	(	25,347 )	80,633
Current refund liabilities		68	( 230 )
Long-term deferred revenue	(	163 )	19,540
Net defined benefit liabilities, non-current	(	33,348 )	( 44,796 )
Cash inflow generated from operations		3,671,681	2,384,640
Dividends received		-	3,019
Interest received		17,557	23,288
Income tax refund		785	-
Interest paid	(	164,296 )	( 244,580 )
Income tax paid	(	173,438 )	( 495,564 )
Net cash flows from operating activities		<u>3,352,289</u>	<u>1,670,803</u>

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TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other current financial assets		( \$ 3,772 )	\$ 182,568
Acquisition of property, plant and equipment	6(28)	( 620,328 )	( 1,074,088 )
Interest paid for acquisition of property, plant and equipment	6(6)(23)(28)	( 3,146 )	( 250 )
Acquisition of right-of-use assets		-	( 68,840 )
Proceeds from disposal of property, plant and equipment	6(28)	12,766	81,301
Acquisition of intangible assets	6(10)	( 1,286 )	-
Increase in prepayments for business facilities		( 189,373 )	( 86,854 )
Interest paid for prepayments for business facilities	6(6)(23)	( 82 )	( 180 )
Increase in refundable deposits		( 2,345 )	( 30 )
Proceeds from disposal of long-term prepaid rent	6(28)	-	41,819
(Increase) decrease in other non-current assets		( 482 )	1,184
Net cash flows used in investing activities		( 808,048 )	( 923,370 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(29)	( 894,353 )	738,171
Increase in short-term notes and bills payable	6(29)	640,000	600,000
Increase in other current financial liabilities	6(29)	873	877
Payments of lease liabilities	6(29)	( 159,201 )	( 182,714 )
Increase in long-term borrowings	6(29)	452,447	950,000
Decrease in long-term borrowings	6(29)	( 1,652,447 )	( 3,048,841 )
Increase (decrease) in guarantee deposits received	6(29)	1,060	( 2,663 )
Cash dividends paid	6(18)	-	( 742,198 )
Net cash flows used in financing activities		( 1,611,621 )	( 1,687,368 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 7,900 )	( 142,433 )
Net increase (decrease) in cash and cash equivalents		924,720	( 1,082,368 )
Cash and cash equivalents at beginning of period	6(1)	1,353,470	2,265,386
Cash and cash equivalents at end of period	6(1)	\$ 2,278,190	\$ 1,183,018

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

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

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

(1) Ton Yi Industrial Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 14, 1969. The Company is primarily engaged in the manufacture, processing and sales of various cans of steel and tin plate.

For the subsidiaries’ scope of business, please refer to Note 4(3), ‘Basis of consolidation’.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since January 1991.

(3) Uni-President Enterprises Corp. holds 45.55% equity interest in the Company and is the ultimate parent company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Company and its subsidiaries’ (collectively referred herein as the “Group”) financial performance and financial position based on the Group’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession

related to COVID-19, and that meets all of the following conditions, is a lease modification:

- A. Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- B. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- C. There is no substantive change to other terms and conditions of the lease.

For the gain from changes in lease payments arising from applying the practical expedient, please refer to Note 6(7), 'Leasing arrangements – lessee'.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption' from applying IFRS 9'	January 1, 2021

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

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform – Phase 2'	January 1, 2021

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

##### (2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b. Financial assets at fair value through other comprehensive income.
- c. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

## B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Group (%)			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General investment	100.00	100.00	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans and sales	51.00	51.00	51.00	(Note)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Sale of cans	100.00	100.00	100.00	(Note)
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Sale of cans	100.00	100.00	100.00	(Note)
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sale of cans	100.00	100.00	100.00	(Note)
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	100.00	100.00	—
Cayman Fujian Ton Yi Holding Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate and sales	86.80	86.80	86.80	—
Cayman Jiangsu Ton Yi Holding Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate and sales	82.86	82.86	82.86	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Daiwa Industrial Co., Ltd.	Manufacturing of cans and sales	66.50	66.50	66.50	(Note)
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)
Ton Yi (China) Investment Co., Ltd.	Tianjin Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	100.00	(Note)

(Note) The financial statements of certain subsidiaries included in the consolidated financial statements as of September 30, 2020 and 2019 were not reviewed by independent auditors.

The total assets of these subsidiaries amounted to \$9,963,639 and \$10,280,292, representing 28.59% and 27.62% of the Group's consolidated total assets, and total liabilities amounted to \$2,568,560 and \$2,561,095, representing 16.94% and 14.15% of the Group's consolidated total liabilities as of September 30, 2020 and 2019, respectively, and total comprehensive income amounted to \$260,461, \$115,025, \$492,760 and \$335,352, representing 27.06%, (16.67%), 71.63% and (545.92%) of the Group's consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- c. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- d. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations



- a. The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - (c) All resulting exchange differences are recognized in other comprehensive income.
- b. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - b. Assets held mainly for trading purposes;
  - c. Assets that are expected to be realized within twelve months from the balance sheet date;
  - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - a. Liabilities that are expected to be paid off within the normal operating cycle;
  - b. Liabilities arising mainly from trading activities;
  - c. Liabilities that are to be paid off within twelve months from the balance sheet date;
  - d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term

cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and applicable variable selling expenses. When the cost of inventory is lower than net realizable value, a write down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - a. The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - b. The assets' contractual cash flows represent solely payments of principal and interest on the principal outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity instruments that were recognized in other comprehensive income. Cumulative gain or loss previously recognized in comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the instrument. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred, and the Group has not retained control of the financial asset.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful

lives differ from previous estimates or the consumption patterns of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Useful Lives</u>
Buildings	5 ~ 55 years
Machinery and equipment	2 ~ 30 years
Transportation equipment	3 ~ 20 years
Office equipment	2 ~ 10 years
Other equipment	2 ~ 40 years

(14) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- a. Fixed payments, less any lease incentives receivable; and
- b. Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- a. The amount of the initial measurement of lease liability;
- b. Any lease payments made at or before the commencement date; and
- c. Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes

payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expired.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported at net amount on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provision

Provision (decommissioning liabilities) is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provision is measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of

government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- (b) Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- (c) Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

#### C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

#### (25) Income tax

- A. The tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which case the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or

substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares and share premium on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

- A. The Group manufactures and sells tinplate, cans, and PET package products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts and volume discounts. The products are often sold with volume discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and volume discounts payable to customers in relation to sales made until the end of the reporting period.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.



Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of September 30, 2020, the carrying amount of inventories was \$3,203,500.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash:			
Cash on hand and petty cash	\$ 439	\$ 388	\$ 510
Checking deposits and demand deposits	<u>710, 897</u>	<u>996, 364</u>	<u>615, 440</u>
	<u>711, 336</u>	<u>996, 752</u>	<u>615, 950</u>
Cash equivalents:			
Time deposits	<u>1, 566, 854</u>	<u>356, 718</u>	<u>567, 068</u>
	<u>\$ 2, 278, 190</u>	<u>\$ 1, 353, 470</u>	<u>\$ 1, 183, 018</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. For cash and cash equivalents pledged to others as collateral, please refer to Note 8, 'Pledged assets'.

(2) Notes and accounts receivable, net

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 591,774	\$ 599,462	\$ 551,603
Less: Allowance for doubtful accounts	( 1,501)	( 1,180)	( 1,492)
	<u>\$ 590,273</u>	<u>\$ 598,282</u>	<u>\$ 550,111</u>
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts receivable	\$ 1,884,619	\$ 1,811,635	\$ 2,195,286
Less: Allowance for doubtful accounts	( 57,150)	( 57,727)	( 94,904)
	<u>\$ 1,827,469</u>	<u>\$ 1,753,908</u>	<u>\$ 2,100,382</u>

A. The aging analysis of notes receivable and accounts receivable (including related parties) is as follows:

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
	Notes	Accounts	Notes	Accounts
	Receivable	Receivable	Receivable	Receivable
1 to 30 days	\$ 174,539	\$ 2,666,565	\$ 288,148	\$ 2,545,504
31 to 60 days	101,156	580,685	171,290	347,105
61 to 90 days	103,856	129,460	76,932	169,198
91 to 180 days	212,137	30,382	60,939	10,507
Over 181 days	86	40,557	2,153	44,372
	<u>\$ 591,774</u>	<u>\$ 3,447,649</u>	<u>\$ 599,462</u>	<u>\$ 3,116,686</u>

	<u>September 30, 2019</u>	
	Notes	Accounts
	Receivable	Receivable
1 to 30 days	\$ 166,441	\$ 2,680,926
31 to 60 days	131,513	529,106
61 to 90 days	74,664	252,881
91 to 180 days	174,556	143,223
Over 181 days	4,429	44,927
	<u>\$ 551,603</u>	<u>\$ 3,651,063</u>

The above aging analysis was based on accounting date.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and

notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables (including related parties) from contracts with customers amounted to \$4,390,014.

- C. For notes receivable pledged to others as collateral, please refer to Note 8, “Pledged assets”.
- D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable and accounts receivable held by the Group was the book value.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), “Financial instruments”.

(3) Transfer of financial assets

A. Transferred financial assets that are derecognized in their entirety

- (a) For the nine-month period ended September 30, 2020 and the year ended December 31, 2019, the Group entered into a factoring agreement with China Construction Bank to sell its notes receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred notes receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred notes receivable. As of September 30, 2020 and December 31, 2019, the Group derecognized the transferred notes receivable, and the related information is as follows:

September 30, 2020				
Purchase of notes receivable	Note receivable transferred	Amount derecognized	Amount advanced	Interest rate of amount advanced
China Construction Bank	\$ 100,395	\$ 100,395	\$ 100,395	3.35%~3.80%

  

December 31, 2019				
Purchase of notes receivable	Note receivable transferred	Amount derecognized	Amount advanced	Interest rate of amount advanced
China Construction Bank	\$ 24,111	\$ 24,111	\$ 24,111	4.57%

- (b) The Group has recognized financial expense (listed under “Finance costs”) of \$252 and \$776, respectively, when transferring the derecognized notes receivable for the three-month and nine-month periods ended September 30, 2020.

- (c) There is no such situation as of September 30, 2019.

B. Transferred financial assets that are not derecognized in their entirety

- (a) For the nine-month period ended September 30, 2020 and the year ended December 31, 2019, the Group entered into a factoring agreement with Bank of China Limited to sell its notes receivable. Under the agreement, the Group is obligated to provide partial guarantees for the default risk of the transferred notes receivable. Therefore, the Group did not derecognize these

notes receivable in their entirety. Related advance payments are recorded under short-term borrowings.

(b) As of September 30, 2020, December 31, 2019 and September 30, 2019, the information on transferred notes receivable continued to be recognized by the Group is as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Carrying amount / fair value of transferred notes receivable	\$ <u>98,642</u>	\$ <u>49,562</u>	\$ <u>136,207</u>
Carrying amount / fair value of amount advanced payments	\$ <u>98,642</u>	\$ <u>49,562</u>	\$ <u>136,207</u>

(4) Inventories

	<u>September 30, 2020</u>		
	<u>Cost</u>	<u>Allowance for price decline of inventories</u>	<u>Carrying amount</u>
Raw materials	\$ 1,381,044	(\$ 32,031)	\$ 1,349,013
Raw materials in transit	26	-	26
Supplies	435,414	( 1,275)	434,139
Supplies in transit	19,310	-	19,310
Work in process	611,118	( 32,273)	578,845
Finished goods	<u>871,297</u>	<u>( 49,130)</u>	<u>822,167</u>
	<u>\$ 3,318,209</u>	<u>(\$ 114,709)</u>	<u>\$ 3,203,500</u>
	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for price decline of inventories</u>	<u>Carrying amount</u>
Raw materials	\$ 1,481,448	(\$ 24,427)	\$ 1,457,021
Raw materials in transit	8,393	-	8,393
Supplies	403,363	( 6,302)	397,061
Supplies in transit	245	-	245
Work in process	671,642	( 15,971)	655,671
Finished goods	<u>1,251,739</u>	<u>( 73,030)</u>	<u>1,178,709</u>
	<u>\$ 3,816,830</u>	<u>(\$ 119,730)</u>	<u>\$ 3,697,100</u>

	September 30, 2019		
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,809,858	(\$ 23,109)	\$ 1,786,749
Raw materials in transit	13,113	-	13,113
Supplies	337,352	( 12,841)	324,511
Work in process	775,805	( 15,870)	759,935
Finished goods	1,407,645	( 52,970)	1,354,675
	<u>\$ 4,343,773</u>	<u>(\$ 104,790)</u>	<u>\$ 4,238,983</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended September 30,	
	2020	2019
Cost of goods sold	\$ 7,848,581	\$ 7,975,903
(Reversal of allowance) provision for inventory market price decline (Note)	( 113,413)	5,857
Loss on disposal of inventory	164	221
Income from sale of scraps	( 73,306)	( 71,393)
Indemnities	( 2,528)	( 2,390)
	<u>\$ 7,659,498</u>	<u>\$ 7,908,198</u>
	For the nine-month periods ended September 30,	
	2020	2019
Cost of goods sold	\$ 20,446,570	\$ 22,603,186
Reversal of allowance for inventory market price decline (Note)	( 4,418)	( 1,614)
Loss on disposal of inventory	654	775
Income from sale of scraps	( 199,405)	( 220,414)
Indemnities	( 7,999)	( 15,293)
	<u>\$ 20,235,402</u>	<u>\$ 22,366,640</u>

(Note) For the three-month period ended September 30, 2020 and the nine-month periods ended September 30, 2020 and 2019, the Group reversed a previous inventory write-down as a result of the subsequent sales of inventories which were previously provided with allowance.

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

Items	September 30, 2020	December 31, 2019	September 30, 2019
Equity instruments			
Listed stocks	\$ 378,917	\$ 378,917	\$ 378,917
Valuation adjustment	( 328,482)	( 281,558)	( 285,382)
	<u>\$ 50,435</u>	<u>\$ 97,359</u>	<u>\$ 93,535</u>

- A. The Group has elected to classify listed stocks that are considered as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$50,435, \$97,359 and \$ 93,535 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>2,659</u> )	(\$ <u>20,642</u> )
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>46,924</u> )	(\$ <u>28,664</u> )

- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), "Financial instruments".

(6) Property, plant and equipment

	Land	Buildings	Machinery		Transportation equipment	Office equipment		Others		Equipment under installation and construction in progress	Total
			Owner-occupied	Lease		Owner-occupied	Lease	Owner-occupied	Lease		
<u>Balance at January 1, 2020</u>											
Cost	\$ 615,892	\$ 9,812,164	\$ 45,894,083	\$ 793,441	\$ 270,092	\$ 190,353	\$ 2,012	\$ 5,640,970	\$ 221	\$ 72,551	\$ 63,291,779
Accumulated depreciation	-	( 5,138,098)	( 30,525,626)	( 682,752)	( 247,204)	( 173,966)	( 1,103)	( 4,353,519)	( 200)	-	( 41,122,468)
Accumulated impairment	-	-	( 43,055)	( 30,138)	-	-	-	-	-	-	( 73,193)
	<u>\$ 615,892</u>	<u>\$ 4,674,066</u>	<u>\$ 15,325,402</u>	<u>\$ 80,551</u>	<u>\$ 22,888</u>	<u>\$ 16,387</u>	<u>\$ 909</u>	<u>\$ 1,287,451</u>	<u>\$ 21</u>	<u>\$ 72,551</u>	<u>\$ 22,096,118</u>
For the nine-month period ended September 30, 2020											
Balance at January 1, 2020	\$ 615,892	\$ 4,674,066	\$ 15,325,402	\$ 80,551	\$ 22,888	\$ 16,387	\$ 909	\$ 1,287,451	\$ 21	\$ 72,551	\$ 22,096,118
Additions - Cost	-	19,578	120,849	-	3,836	5,473	-	102,953	-	345,065	597,754
Transferred - Cost	-	-	34,007	298,783	221	419	-	96,588	75	( 206,274)	223,819 (Note)
Transferred - Accumulated depreciation	-	-	188,136	( 188,136)	-	-	-	49	( 49)	-	-
Depreciation	-	( 182,156)	( 1,340,403)	( 18,706)	( 4,051)	( 5,777)	( 253)	( 196,571)	( 14)	-	( 1,747,931)
Disposal - Cost	-	-	( 11,905)	-	( 13,390)	( 1,572)	-	( 50,080)	-	-	( 76,947)
Disposal - Accumulated depreciation	-	-	7,816	-	10,239	1,562	-	49,061	-	-	68,678
Net currency exchange differences	-	( 15,536)	( 47,495)	( 484)	( 163)	( 109)	( 6)	( 3,138)	-	( 306)	( 67,237)
Balance at September 30, 2020	<u>\$ 615,892</u>	<u>\$ 4,495,952</u>	<u>\$ 14,276,407</u>	<u>\$ 172,008</u>	<u>\$ 19,580</u>	<u>\$ 16,383</u>	<u>\$ 650</u>	<u>\$ 1,286,313</u>	<u>\$ 33</u>	<u>\$ 211,036</u>	<u>\$ 21,094,254</u>
<u>Balance at September 30, 2020</u>											
Cost	\$ 615,892	\$ 9,808,495	\$ 45,945,958	\$ 1,088,466	\$ 260,259	\$ 193,795	\$ 2,002	\$ 5,778,277	\$ 294	\$ 211,036	\$ 63,904,474
Accumulated depreciation	-	( 5,312,543)	( 31,626,700)	( 886,463)	( 240,679)	( 177,412)	( 1,352)	( 4,491,964)	( 261)	-	( 42,737,374)
Accumulated impairment	-	-	( 42,851)	( 29,995)	-	-	-	-	-	-	( 72,846)
	<u>\$ 615,892</u>	<u>\$ 4,495,952</u>	<u>\$ 14,276,407</u>	<u>\$ 172,008</u>	<u>\$ 19,580</u>	<u>\$ 16,383</u>	<u>\$ 650</u>	<u>\$ 1,286,313</u>	<u>\$ 33</u>	<u>\$ 211,036</u>	<u>\$ 21,094,254</u>

(Note) Including transfer from prepayments for business facilities and transfer to intangible assets.

	Land		Machinery		Transportation equipment	Office equipment		Others		Equipment under installation and construction in progress	Total
		Buildings	Owner-occupied	Lease		Owner-occupied	Lease	Owner-occupied	Lease		
<u>Balance at January 1, 2019</u>											
Cost	\$ 615,892	\$ 9,812,991	\$ 45,520,318	\$ 825,223	\$ 275,045	\$ 187,729	\$ 2,087	\$ 5,609,361	\$ 229	\$ 80,981	\$ 62,929,856
Accumulated depreciation	-	( 4,956,212)	( 29,379,243)	( 694,398)	( 246,858)	( 162,498)	( 780)	( 4,127,028)	( 193)	-	( 39,567,210)
Accumulated impairment	-	-	( 44,654)	( 31,257)	-	-	-	-	-	-	( 75,911)
	<u>\$ 615,892</u>	<u>\$ 4,856,779</u>	<u>\$ 16,096,421</u>	<u>\$ 99,568</u>	<u>\$ 28,187</u>	<u>\$ 25,231</u>	<u>\$ 1,307</u>	<u>\$ 1,482,333</u>	<u>\$ 36</u>	<u>\$ 80,981</u>	<u>\$ 23,286,735</u>
<u>For the nine-month period ended September 30, 2019</u>											
Balance at January 1, 2019	\$ 615,892	\$ 4,856,779	\$ 16,096,421	\$ 99,568	\$ 28,187	\$ 25,231	\$ 1,307	\$ 1,482,333	\$ 36	\$ 80,981	\$ 23,286,735
Additions - Cost	-	6,148	739,762	-	5,209	473	-	61,429	-	436,057	1,249,078
Transferred - Cost	-	427	268,493	-	875	-	-	6,644	-	10,600	287,039 (Note)
Depreciation	-	( 185,150)	( 1,344,372)	( 11,149)	( 7,635)	( 13,841)	( 278)	( 284,294)	( 13)	-	( 1,846,732)
Disposal - Cost	-	-	( 409,138)	-	( 9,396)	( 245)	-	( 56,701)	-	-	( 475,480)
Disposal - Accumulated depreciation	-	-	291,897	-	8,001	216	-	54,529	-	-	354,643
Net currency exchange differences	-	( 82,672)	( 222,667)	( 3,604)	( 59)	1,130	( 25)	( 9,103)	( 1)	( 1,835)	( 318,836)
Balance at September 30, 2019	<u>\$ 615,892</u>	<u>\$ 4,595,532</u>	<u>\$ 15,420,396</u>	<u>\$ 84,815</u>	<u>\$ 25,182</u>	<u>\$ 12,964</u>	<u>\$ 1,004</u>	<u>\$ 1,254,837</u>	<u>\$ 22</u>	<u>\$ 525,803</u>	<u>\$ 22,536,447</u>
<u>Balance at September 30, 2019</u>											
Cost	\$ 615,892	\$ 9,689,819	\$ 45,630,876	\$ 800,221	\$ 270,778	\$ 184,950	\$ 2,029	\$ 5,552,241	\$ 222	\$ 525,803	\$ 63,272,831
Accumulated depreciation	-	( 5,094,287)	( 30,167,057)	( 685,011)	( 245,596)	( 171,986)	( 1,025)	( 4,297,404)	( 200)	-	( 40,662,566)
Accumulated impairment	-	-	( 43,423)	( 30,395)	-	-	-	-	-	-	( 73,818)
	<u>\$ 615,892</u>	<u>\$ 4,595,532</u>	<u>\$ 15,420,396</u>	<u>\$ 84,815</u>	<u>\$ 25,182</u>	<u>\$ 12,964</u>	<u>\$ 1,004</u>	<u>\$ 1,254,837</u>	<u>\$ 22</u>	<u>\$ 525,803</u>	<u>\$ 22,536,447</u>

(Note) Including transfer from prepayments for business facilities.



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

	For the three-month periods ended September 30,	
	2020	2019
Amount capitalized	\$ 627	\$ 211
Interest rate range	1.30%~4.75%	1.30%
	For the nine-month periods ended September 30,	
	2020	2019
Amount capitalized	\$ 3,228	\$ 430
Interest rate range	1.30%~4.75%	1.30%

- B. The Group did not pledge property, plant and equipment as collateral as at September 30, 2020, December 31, 2019 and September 30, 2019.

(7) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Low-value assets are comprised of multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 871,715	\$ 964,273	\$ 979,813
Buildings	1,654,498	1,734,147	1,518,529
Others	2,222	3,034	3,359
	<u>\$ 2,528,435</u>	<u>\$ 2,701,454</u>	<u>\$ 2,501,701</u>

	For the three-month periods ended September 30,	
	2020	2019
	Depreciation	Depreciation
Land	\$ 11,178	\$ 11,026
Buildings	55,104	50,880
Others	351	325
	<u>\$ 66,633</u>	<u>\$ 62,231</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 33,475	\$ 39,686
Buildings	162,834	166,310
Others	1,035	542
	<u>\$ 197,344</u>	<u>\$ 206,538</u>

D. For the nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets were \$95,813 and \$102,841, respectively.

E. The information on profit or loss relating to lease contracts is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 19,998	\$ 19,339
Expense on leases of low-value assets	25	51
Profit from lease modification	1,419	7,889
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 60,622	\$ 60,472
Expense on leases of low-value assets	96	153
Profit from lease modification	21,504	8,638

F. For the nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$219,919 and \$243,339, respectively.

G. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$1,359 and \$23,690 (listed under "Other gains and losses") for the three-month and nine-month periods ended September 30, 2020, respectively.

(8) Leasing arrangements — lessor

A. The Group leases various assets including buildings and machineries. Rental contracts are typically made for periods of 2 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the three-month and nine-month periods ended September 30, 2020 and 2019, the Group recognized rent income (listed under "Other income") in the amounts of \$10,751, \$10,711, \$30,860 and \$33,317, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity day analysis of the unrealized lease payments of the Group under operating leases

is as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Within 1 year	\$ 45,586	\$ 35,463	\$ 36,558
Between 1 to 2 years	26,171	26,700	31,700
Between 2 to 3 years	22,728	12,412	12,487
Between 3 to 4 years	17,238	12,412	12,487
Between 4 to 5 years	17,220	12,389	12,487
Over 5 years	58,835	51,590	55,152
	<u>\$ 187,778</u>	<u>\$ 150,966</u>	<u>\$ 160,871</u>

(9) Investment property, net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Balance at January 1, 2020</u>			
Cost	\$ 3,785	\$ 139,277	\$ 143,062
Accumulated depreciation	-	( 35,919)	( 35,919)
Accumulated impairment	( 2,719)	-	( 2,719)
	<u>\$ 1,066</u>	<u>\$ 103,358</u>	<u>\$ 104,424</u>

For the nine-month period ended  
September 30, 2020

Carrying amount at January 1	\$ 1,066	\$ 103,358	\$ 104,424
Depreciation	-	( 4,653)	( 4,653)
Net currency exchange differences	-	( 515)	( 515)
Carrying amount at September 30	<u>\$ 1,066</u>	<u>\$ 98,190</u>	<u>\$ 99,256</u>

Balance at September 30, 2020

Cost	\$ 3,785	\$ 138,617	\$ 142,402
Accumulated depreciation	-	( 40,427)	( 40,427)
Accumulated impairment	( 2,719)	-	( 2,719)
	<u>\$ 1,066</u>	<u>\$ 98,190</u>	<u>\$ 99,256</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Balance at January 1, 2019</u>			
Cost	\$ 3,785	\$ 144,450	\$ 148,235
Accumulated depreciation	-	( 30,753)	( 30,753)
Accumulated impairment	( 2,719)	-	( 2,719)
	<u>\$ 1,066</u>	<u>\$ 113,697</u>	<u>\$ 114,763</u>

For the nine-month period ended  
September 30, 2019

Carrying amount at January 1	\$ 1,066	\$ 113,697	\$ 114,763
Depreciation	-	( 4,939)	( 4,939)
Net currency exchange differences	-	( 2,936)	( 2,936)
Carrying amount at September 30	<u>\$ 1,066</u>	<u>\$ 105,822</u>	<u>\$ 106,888</u>

Balance at September 30, 2019

Cost	\$ 3,785	\$ 140,468	\$ 144,253
Accumulated depreciation	-	( 34,646)	( 34,646)
Accumulated impairment	( 2,719)	-	( 2,719)
	<u>\$ 1,066</u>	<u>\$ 105,822</u>	<u>\$ 106,888</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income from the lease of the investment property	<u>\$ 3,467</u>	<u>\$ 4,029</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 2,266</u>	<u>\$ 2,416</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income from the lease of the investment property	<u>\$ 9,598</u>	<u>\$ 13,203</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 6,702</u>	<u>\$ 7,497</u>

B. The fair values of the investment property held by the Group as at September 30, 2020, December 31, 2019 and September 30, 2019 were \$130,941, \$101,465 and \$102,626, respectively, which were categorized within Level 3 in the fair value hierarchy. Land is valued according to Current Land Value announced by the Department of Land Administration. Buildings are valued based

on discounted recoverable amounts of future rent income.

C. As of September 30, 2020, December 31, 2019 and September 30, 2019, no investment property held by the Group was pledged to others as collateral.

(10) Intangible assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<u>Balance at January 1, 2020</u>			
Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	( 66,041)	( 66,041)
Net currency exchange differences	( 29,879)	( 5,395)	( 35,274)
	<u>\$ 312,894</u>	<u>\$ 31,179</u>	<u>\$ 344,073</u>
<u>For the nine-month period ended September 30, 2020</u>			
Carrying amount at January 1	\$ 312,894	\$ 31,179	\$ 344,073
Additions - acquired separately	-	1,286	1,286
Amortization	-	( 7,033)	( 7,033)
Reclassification (Note)	-	3,610	3,610
Net currency exchange differences	( 9,185)	( 186)	( 9,371)
Carrying amount at September 30	<u>\$ 303,709</u>	<u>\$ 28,856</u>	<u>\$ 332,565</u>
<u>Balance at September 30, 2020</u>			
Cost	\$ 342,773	\$ 107,511	\$ 450,284
Accumulated amortization	-	( 73,074)	( 73,074)
Net currency exchange differences	( 39,064)	( 5,581)	( 44,645)
	<u>\$ 303,709</u>	<u>\$ 28,856</u>	<u>\$ 332,565</u>

(Note) Transfer from property, plant and equipment.

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<u>Balance at January 1, 2019</u>			
Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	( 56,593)	( 56,593)
Net currency exchange differences	( 22,208)	( 4,257)	( 26,465)
	<u>\$ 320,565</u>	<u>\$ 41,765</u>	<u>\$ 362,330</u>

For the nine-month period ended  
September 30, 2019

Carrying amount at January 1	\$ 320,565	\$ 41,765	\$ 362,330
Amortization	-	( 7,164)	( 7,164)
Net currency exchange differences	3,392	( 864)	2,528
Carrying amount at September 30	<u>\$ 323,957</u>	<u>\$ 33,737</u>	<u>\$ 357,694</u>

Balance at September 30, 2019

Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	( 63,757)	( 63,757)
Net currency exchange differences	( 18,816)	( 5,121)	( 23,937)
	<u>\$ 323,957</u>	<u>\$ 33,737</u>	<u>\$ 357,694</u>

A. No borrowing costs were capitalized as part of intangible assets for the nine-month periods ended September 30, 2020 and 2019.

B. Details of amortization on intangible assets are as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 366	\$ 339
Selling expenses	272	275
Administrative expenses	1,731	1,730
	<u>\$ 2,369</u>	<u>\$ 2,344</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 1,177	\$ 1,152
Selling expenses	813	841
Administrative expenses	5,043	5,171
	<u>\$ 7,033</u>	<u>\$ 7,164</u>

C. The Group applied value in use method when calculating recoverable amount of goodwill and determined the recoverable amount to be greater than the carrying amount; thus, no impairment

was identified. Goodwill distributed to cash-generating unit according to operating segment is shown below:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Tinplate factory located in Mainland China	\$ <u>303,709</u>	\$ <u>312,894</u>	\$ <u>323,957</u>

D. The Group performs impairment testing of goodwill annually. The recoverable amount has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management. For the year ended December 31, 2019, the recoverable amounts using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are the discount rate estimated based on weighted average cost of capital, and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

<u>Nature</u>	<u>September 30, 2020</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,130,998	0.62%~1.05%	None
Secured bank borrowings	<u>98,642</u>	2.61%~3.15%	Notes receivable
	<u>\$ 2,229,640</u>		
<u>Nature</u>	<u>December 31, 2019</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 3,074,431	0.79%~3.92%	None
Secured bank borrowings	<u>49,562</u>	2.65%~3.08%	Notes receivable
	<u>\$ 3,123,993</u>		
<u>Nature</u>	<u>September 30, 2019</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 4,314,545	0.6%~4.13%	None
Secured bank borrowings	<u>136,207</u>	2.65%~3.35%	Notes receivable
	<u>\$ 4,450,752</u>		

A. For more information about interest expenses recognized by the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019, please refer to Note 6(23), 'Finance costs'.

B. For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9, "Significant contingent liabilities and unrecognized contract commitments".

(12) Short-term notes and bills payable

	<u>September 30, 2020</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Commercial paper payable	\$ 640,000	0.80%~0.87%	None
Less: Unamortized discount	( <u>284</u> )		
	<u>\$ 639,716</u>		

	<u>September 30, 2019</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Commercial papers payable	\$ 1,000,000	0.94%~0.97%	None
Less: Unamortized discount	( 371)		
	<u>\$ 999,629</u>		

There was no such situation as of December 31, 2019.

A. The above commercial papers were issued and secured by Union Bills Finance Corporation for short-term financing.

B. For more information about interest expenses recognized by the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019, please refer to Note 6(23), "Finance costs."

(13) Long-term borrowings

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2020</u>
Unsecured bank borrowings	2021.11.22~ 2023.12.28	0.92%~1.15%	None	<u>\$ 6,200,000</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Unsecured bank borrowings	2021.2.9~ 2022.10.24	1.04%~1.26%	None	<u>\$ 7,400,000</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2019</u>
Unsecured bank borrowings	2019.12.18~ 2022.9.22	1.04%~4.75%	None	\$ 6,858,557

Less: Current portion of long-term borrowings				( 108,557)
				<u>\$ 6,750,000</u>

A. For more information about interest expenses recognized by the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019, please refer to Note 6(23), 'Finance costs'.

B. For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9, "Significant contingent liabilities and unrecognized contract commitments".

(14) Non-current provision

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Decommissioning liabilities</u>		
Balance, beginning of period	\$ 79,709	\$ 78,242
Unwinding of discount	1,121	1,101
Balance, end of period	<u>\$ 80,830</u>	<u>\$ 79,343</u>



According to the policy published, applicable agreement or the law and regulation, the Group has obligations to restore certain property, plant and equipment located in Yong-Kang District, Tainan City in the future. A provision is recognized for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will be settled within 50 years from the beginning of contract.

(15) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 14% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The rate was adjusted to 10% as approved by the Bureau of Labor Affairs, Tainan City Government in February, 2020. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- a. The pension cost under the defined benefit pension plan of the Company (listed under "Operating cost" and "Operating expense") for the three-month and the nine-month periods ended September 30, 2020 and 2019 were \$4,715 and \$5,419, \$14,146 and \$16,259, respectively.
- b. Expected contributions to the defined benefit pension plan of the Company for the next year amount to \$72,428.
- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on certain percentage of employees' monthly salaries and wages. Due to the impact of Covid-19, certain subsidiaries reduced their pension contributions according to the regulation of government. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group (under

“Operating cost” and “Operating expense”) for the three-month and the nine-month periods ended September 30, 2020 and 2019 were \$6,857 and \$39,572, \$30,649 and \$131,967, respectively.

(16) Share capital - Common stock

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Beginning and ending balance	<u>1, 579, 145</u>	<u>1, 579, 145</u>

B. As of September 30, 2020, the Company’s authorized capital was \$17,847,009, and the paid-in capital was \$15,791,453, consisting of 1,579,145 thousand shares of ordinary stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to offset accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit after the legal reserve is used.

	<u>For the nine-month period ended September 30, 2020</u>				
	Treasury				
	Share premium	share transactions	Donations	Others	Total
Beginning and ending balance	<u>\$ 58, 271</u>	<u>\$169, 088</u>	<u>\$ 819</u>	<u>\$ 2, 990</u>	<u>\$ 231, 168</u>
	<u>For the nine-month period ended September 30, 2019</u>				
	Treasury				
	Share premium	share transactions	Donations	Others	Total
Beginning and ending balance	<u>\$ 58, 271</u>	<u>\$169, 088</u>	<u>\$ 819</u>	<u>\$ 2, 083</u>	<u>\$ 230, 261</u>

(18) Retained earnings

A. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.

B. According to the Articles of Incorporation of the Company, the current year’s earnings, if any,

shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside or reversed in accordance with related regulations. The remaining amount plus the accumulated unappropriated earnings from prior years is this accumulated distributable earnings. Of the amount to be distributed by the Company, shareholders' dividends shall comprise 50% to 100% of the accumulated distributable earnings and cash dividends shall not be lower than 30% of the total dividends distributed. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders.

C. Special reserve

a. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances in other equity items at the balance sheet date before distributing earnings. When debit balances in other equity items are reversed subsequently, an equal amount could be included in the distributable earnings.

As of September 30, 2020 and 2019, special reserve of \$1,922,076 and \$1,378,569, respectively, was set aside in accordance with the Company Act on special reserve, and no dividends shall be distributed.

b. The amounts previously set aside by the Company as special reserve of \$826,453 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets, those other than land, are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized dividends distributed to owners amounting to \$742,198 (\$0.47 (in dollars) per share as cash dividend) for the year ended December 31, 2019. On June 19, 2020, the shareholders during their meeting resolved that no dividend will be distributed because the current year's earnings have been depleted after legal reserve and special reserve were set aside in accordance with related regulations.

(19) Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 9,077,260</u>	<u>\$ 8,775,518</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	<u>\$ 23,043,435</u>	<u>\$ 24,972,532</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product and segment:

For the three-month period ended September 30, 2020		
<u>Segment</u>	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 2,863,069	\$ 2,775
Mainland China - tinplate products	1,514,402	-
Mainland China - plastic products	-	4,196,740
Others	500,274	-
	<u>\$ 4,877,745</u>	<u>\$ 4,199,515</u>
For the three-month period ended September 30, 2019		
<u>Segment</u>	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 3,053,040	\$ 1,912
Mainland China - tinplate products	1,368,188	-
Mainland China - plastic products	-	3,873,486
Others	478,892	-
	<u>\$ 4,900,120</u>	<u>\$ 3,875,398</u>
For the nine-month period ended September 30, 2020		
<u>Segment</u>	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 8,261,571	\$ 7,362
Mainland China - tinplate products	3,297,297	-
Mainland China - plastic products	-	10,187,715
Others	1,289,490	-
	<u>\$ 12,848,358</u>	<u>\$ 10,195,077</u>
For the nine-month period ended September 30, 2019		
<u>Segment</u>	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 9,103,564	\$ 5,074
Mainland China - tinplate products	4,038,595	-
Mainland China - plastic products	-	10,600,299
Others	1,225,000	-
	<u>\$ 14,367,159</u>	<u>\$ 10,605,373</u>

B. The Group has recognized the following revenue-related contract liabilities:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>January 1, 2019</u>
Current contract liabilities	\$ <u>93,039</u>	\$ <u>42,704</u>	\$ <u>34,845</u>	\$ <u>71,206</u>

Revenue recognized that was included in the contract liability balance at the beginning of the nine-month periods ended September 30, 2020 and 2019 was \$34,771 and \$55,246, respectively.

(20) Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 7,416	\$ 6,259

  

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 17,557	\$ 23,288

(21) Other income

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income	\$ 10,751	\$ 10,711
Dividend income	-	( 15)
Government grants	48,431	16,107
Other income	10,588	9,276
	<u>\$ 69,770</u>	<u>\$ 36,079</u>

  

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income	\$ 30,860	\$ 33,317
Dividend income	-	3,019
Government grants	72,461	87,856
Other income	24,367	28,784
	<u>\$ 127,688</u>	<u>\$ 152,976</u>

(22) Other gains and losses

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Gain on financial assets at fair value through profit or loss	\$ -	\$ 1,331
Net gain (loss) on disposal of property, plant and equipment	4,281	( 106,832)
Profit from lease modifications	1,419	7,889
Net currency exchange gain (loss)	7,673	( 34,359)
Other losses	( 3,557)	( 42,259)
	<u>\$ 9,816</u>	<u>(\$ 174,230)</u>

	For the nine-month periods ended September 30,	
	2020	2019
Gain on financial assets at fair value through profit or loss	\$ -	\$ 1,207
Net gain (loss) on disposal of property, plant and equipment	4,497 (	106,080)
Profit from lease modifications	21,504	8,638
Net currency exchange gain (loss)	12,166 (	15,037)
Other losses	(12,103)	(50,667)
	<u>\$ 26,064</u>	<u>(\$ 161,939)</u>

(23) Finance costs

	For the three-month periods ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 29,063	\$ 56,331
Provisions - unwinding of discount	373	367
Interest expense on lease liabilities	19,998	19,339
	49,434	76,037
Less: Capitalization of qualifying assets	(627)	(211)
	<u>\$ 48,807</u>	<u>\$ 75,826</u>

	For the nine-month periods ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 100,220	\$ 184,165
Provisions - unwinding of discount	1,121	1,101
Interest expense on lease liabilities	60,622	60,472
	161,963	245,738
Less: Capitalization of qualifying assets	(3,228)	(430)
	<u>\$ 158,735</u>	<u>\$ 245,308</u>

(24) Expenses by nature

	<u>For the three-month period ended September 30, 2020</u>			<u>For the three-month period ended September 30, 2019</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	<u>\$ 432,022</u>	<u>\$ 211,161</u>	<u>\$ 643,183</u>	<u>\$ 420,338</u>	<u>\$ 158,151</u>	<u>\$ 578,489</u>
Depreciation of property, plant and equipment and right-of-use assets	<u>\$ 580,870</u>	<u>\$ 70,429</u>	<u>\$ 651,299</u>	<u>\$ 600,749</u>	<u>\$ 70,133</u>	<u>\$ 670,882</u>
Amortization of intangible assets	<u>\$ 366</u>	<u>\$ 2,003</u>	<u>\$ 2,369</u>	<u>\$ 339</u>	<u>\$ 2,005</u>	<u>\$ 2,344</u>

  

	<u>For the nine-month period ended September 30, 2020</u>			<u>For the nine-month period ended September 30, 2019</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	<u>\$ 1,204,222</u>	<u>\$ 510,323</u>	<u>\$ 1,714,545</u>	<u>\$ 1,277,478</u>	<u>\$ 518,369</u>	<u>\$ 1,795,847</u>
Depreciation of property, plant and equipment and right-of-use assets	<u>\$ 1,731,772</u>	<u>\$ 213,503</u>	<u>\$ 1,945,275</u>	<u>\$ 1,858,175</u>	<u>\$ 195,095</u>	<u>\$ 2,053,270</u>
Amortization of intangible assets	<u>\$ 1,177</u>	<u>\$ 5,856</u>	<u>\$ 7,033</u>	<u>\$ 1,152</u>	<u>\$ 6,012</u>	<u>\$ 7,164</u>

(25) Employee benefit expenses

	<u>For the three-month period ended September 30, 2020</u>			<u>For the three-month period ended September 30, 2019</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 362,691	\$ 174,034	\$ 536,725	\$ 326,665	\$ 119,493	\$ 446,158
Labor and health insurance expenses	28,938	8,921	37,859	29,902	9,187	39,089
Pension costs	8,133	3,439	11,572	33,651	11,340	44,991
Other personnel expenses	<u>32,260</u>	<u>24,767</u>	<u>57,027</u>	<u>30,120</u>	<u>18,131</u>	<u>48,251</u>
	<u>\$ 432,022</u>	<u>\$ 211,161</u>	<u>\$ 643,183</u>	<u>\$ 420,338</u>	<u>\$ 158,151</u>	<u>\$ 578,489</u>

  

	<u>For the nine-month period ended September 30, 2020</u>			<u>For the nine-month period ended September 30, 2019</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 1,004,270	\$ 416,676	\$ 1,420,946	\$ 986,165	\$ 388,266	\$ 1,374,431
Labor and health insurance expenses	76,154	25,795	101,949	91,678	32,614	124,292
Pension costs	32,301	12,494	44,795	106,079	42,147	148,226
Other personnel expenses	<u>91,497</u>	<u>55,358</u>	<u>146,855</u>	<u>93,556</u>	<u>55,342</u>	<u>148,898</u>
	<u>\$ 1,204,222</u>	<u>\$ 510,323</u>	<u>\$ 1,714,545</u>	<u>\$ 1,277,478</u>	<u>\$ 518,369</u>	<u>\$ 1,795,847</u>



- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three-month and nine-month periods ended September 30, 2020 and 2019, employees' compensation was accrued at \$27,750, \$3,551, \$37,674 and \$25,332, respectively, while directors' remuneration was accrued at \$10,846, \$1,461, \$15,435 and \$9,530, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized were accrued based on the profit of current period distributable and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' remuneration as resolved by the Board of Directors were the same as the estimated amount of \$28,460 and \$—, respectively, recognized in the 2019 financial statements, and the employees' compensation was distributed in the form of cash. Information about employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

Components of income tax expense

	For the three-month periods ended September 30,	
	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax incurred in current period	\$ 141,352	\$ 56,599
Under (over) provision of prior years income tax	<u>2</u>	<u>(653)</u>
	<u>141,354</u>	<u>55,946</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>45,536</u>	<u>(29,582)</u>
Income tax expense	<u>\$ 186,890</u>	<u>\$ 26,364</u>
	For the nine-month periods ended September 30,	
	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax incurred in current period	\$ 267,645	\$ 194,637
(Over) under provision of prior years income tax	<u>(2,289)</u>	<u>143,363</u>
	<u>265,356</u>	<u>338,000</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>29,754</u>	<u>(146,613)</u>
Income tax expense	<u>\$ 295,110</u>	<u>\$ 191,387</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. As of November 10, 2020, there was no administrative lawsuit.

(27) Earnings per share

	<u>For the three-month period ended September 30, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 602,565</u>	<u>1,579,145</u>	<u>\$ 0.38</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 602,565	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>3,775</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 602,565</u>	<u>1,582,920</u>	<u>\$ 0.38</u>
	<u>For the three-month period ended September 30, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 81,188</u>	<u>1,579,145</u>	<u>\$ 0.05</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 81,188	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>2,138</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 81,188</u>	<u>1,581,283</u>	<u>\$ 0.05</u>

<u>For the nine-month period ended September 30, 2020</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 857,507	1,579,145	\$ 0.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 857,507	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,849	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 857,507	1,583,994	\$ 0.54

<u>For the nine-month period ended September 30, 2019</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 529,462	1,579,145	\$ 0.34
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 529,462	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,830	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 529,462	1,582,975	\$ 0.33

(28) Supplemental cash flow information

A. Investing activities with partial cash collection and payments:

a. Cash paid for acquisition of property, plant and equipment:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment	\$ 597,754	\$ 1,249,078
Add: Opening balance of other payables	223,255	36,845
Less: Ending balance of other payables	( 141,513)	( 211,585)
Ending balance of other payables	( 56,022)	-
— related parties		
Capitalization of interest	( 3,146)	( 250)
Cash paid for acquisition of property, plant and equipment	<u>\$ 620,328</u>	<u>\$ 1,074,088</u>

b. Cash received from disposal of property, plant and equipment:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Disposal of property, plant and equipment	\$ 12,766	\$ 14,757
Add: Opening balance of other receivables	-	66,544
Cash received from disposal of property, plant and equipment	<u>\$ 12,766</u>	<u>\$ 81,301</u>

c. Cash received from disposal of long-term lease prepayments:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Disposal of long-term lease prepayments	\$ -	\$ -
Add: Opening balance of other receivables	-	41,819
Cash received from disposal of long-term lease prepayments	<u>\$ -</u>	<u>\$ 41,819</u>

B. Investing activities with no cash flow effect:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
a. Prepayment for business facilities reclassified to prepayments	<u>\$ 2,990</u>	<u>\$ -</u>
b. Prepayment for business facilities reclassified to property, plant and equipment	<u>\$ 227,429</u>	<u>\$ 287,039</u>
c. Property, plant and equipment reclassified to intangible assets	<u>\$ 3,610</u>	<u>\$ -</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Others	Total liabilities from financing activities
<u>For the nine-month period September 30, 2020</u>						
Balance at January 1, 2020	\$ 3,123,993	\$ -	\$ 2,190,565	\$ 7,400,000	\$ 47,147	\$12,761,705
Changes in cash flow from financing activities	( 894,353)	640,000	( 159,201)	( 1,200,000)	1,933	( 1,611,621)
Changes in other non-cash items	-	( 284)	14,471	-	-	14,187
Impact of changes in foreign exchange rate	-	-	( 9,444)	-	-	( 9,444)
Balance at September 30, 2020	<u>\$ 2,229,640</u>	<u>\$ 639,716</u>	<u>\$ 2,036,391</u>	<u>\$ 6,200,000</u>	<u>\$ 49,080</u>	<u>\$11,154,827</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Others	Total liabilities from financing activities
<u>For the nine-month period September 30, 2019</u>						
Balance at January 1, 2019	\$ 3,712,581	\$ 399,927	\$ -	\$ 8,950,829	\$ 46,266	\$13,109,603
Effect of retrospective application	-	-	2,143,708	-	-	2,143,708
Changes in cash flow from financing activities	738,171	600,000	( 182,714)	( 2,098,841)	( 1,786)	( 945,170)
Changes in other non-cash items	-	( 298)	25,363	-	-	25,065
Impact of changes in foreign exchange rate	-	-	( 40,700)	6,569	-	( 34,131)
Balance at September 30, 2019	<u>\$ 4,450,752</u>	<u>\$ 999,629</u>	<u>\$ 1,945,657</u>	<u>\$ 6,858,557</u>	<u>\$ 44,480</u>	<u>\$14,299,075</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The ultimate parent of the Company is Uni-President Enterprises Corp. The ultimate controlling party of the Company is 45.55%.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Guangzhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Beijing President Enterprises Drinks Co., Ltd.	Parent company to entity with joint control or significant influence
Uni-President Trading (Kunshan) Co., Ltd.	Parent company to entity with joint control or significant influence
Taizhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Chengdu President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Zhanjiang President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Kunshan President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Tianjiang President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Xuzhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Akesu President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Shijiazhuang President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
TTET Union Corp.	Parent company to entity with joint control or significant influence
Shanghai E & P Trading Co., Ltd.	Parent company to entity with joint control or significant influence
President Tokyo Corp.	Parent company to entity with joint control or significant influence
Daiwa Can Co., Ltd.	Entity to subsidiary-Wuxi Ton Yi Daiwa Industrial Co., Ltd. with significant influence

### (3) Significant transactions and balances with related party

#### A. Sales

	For the three-month periods ended June 30,	
	2020	2019
Sales of goods		
Parent company to entities with joint control or significant influence		
Guangzhou President Enterprises Co., Ltd.	\$ 920,594	\$ 750,409
Others	3,045,617	3,144,888
	<u>\$ 3,966,211</u>	<u>\$ 3,895,297</u>

	For the nine-month periods ended September 30,	
	2020	2019
Sales of goods		
Parent company to entities with joint control or significant influence		
Guangzhou President Enterprises Co., Ltd.	\$ 2,352,465	\$ 2,401,136
Others	7,535,853	8,303,972
	<u>\$ 9,888,318</u>	<u>\$ 10,705,108</u>

The Group's collection terms and methods for related party are wire transfer within 28~90 days of monthly statements, and wire transfer within 7~45 days after receiving the receipt. The collection terms are similar to that of a third party. The Group mainly sells to the subsidiaries of ultimate parent company; thus there is no comparable price for sales made at arm's length.

#### B. Purchases

	For the three-month periods ended September 30,	
	2020	2019
Purchases of goods		
Parent company to entities with joint control or significant influence	\$ 473,276	\$ 363,064

	For the nine-month periods ended September 30,	
	2020	2019
Purchases of goods		
Parent company to entities with joint control or significant influence	\$ 1,102,624	\$ 948,624
Daiwa Can Co., Ltd.	8,627	3,232
	<u>\$ 1,111,251</u>	<u>\$ 951,856</u>

Purchase price from related party is similar to that of a third party. Except for some transactions through letters of credit, the payment terms are similar to those of third parties, which are payments within 30~45 days of monthly statement, 30 days of invoice receipt, and wire transfer within 7~45 days after receiving the receipt.

#### C. Property transactions



Acquisition of property, plant and equipment:

	<u>For the three-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Akesu President Enterprises Co., Ltd.	\$ 1,732	\$ -
Daiwa Can Co., Ltd.	-	77,349
	<u>\$ 1,732</u>	<u>\$ 77,349</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Akesu President Enterprises Co., Ltd.	\$ 67,363	\$ -
Xuzhou President Enterprises Co., Ltd.	25,297	-
Shijiazhuang President Enterprises Co., Ltd.	17,313	-
Daiwa Can Co., Ltd.	-	524,949
	<u>\$ 109,973</u>	<u>\$ 524,949</u>

D. Receivables from related parties

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Receivables from related parties:			
Parent company to entities with joint control or significant influence	<u>\$ 1,563,030</u>	<u>\$ 1,305,051</u>	<u>\$ 1,455,777</u>

Receivables from related party arise primarily from sales of goods. These receivables have not been pledged and do not incur interest.

E. Guarantee deposit paid

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Parent company to entities with joint control or significant influence	<u>\$ 23,202</u>	<u>\$ 21,202</u>	<u>\$ 21,383</u>

F. Current contract liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Parent company to entities with joint control or significant influence	<u>\$ 207</u>	<u>\$ 895</u>	<u>\$ -</u>

G. Payables to related parties

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables to related parties:			
Parent company to entities with joint control or significant influence	\$ <u>313,098</u>	\$ <u>272,563</u>	\$ <u>252,393</u>

Payables to related parties arise from purchase of goods and collections and payments on behalf of others. These payables do not incur interest.

H. Lease transactions – lessee

- (a) The Group leases plants and other equipment from related parties. Rental contracts are typically made for periods of 3 to 9 years. Rents are prepaid for three months or paid monthly.
- (b) Acquisition of right-of-use assets:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Parent company to entities with joint control or significant influence		
Tianjiang President Enterprises Food Co., Ltd.	\$ <u>91,617</u>	\$ <u>–</u>

(c) Lease liabilities and interest expense

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
	<u>Lease liabilities</u>	<u>Lease liabilities</u>	<u>Lease liabilities</u>
Parent company to entities with joint control or significant influence			
Taizhou President Enterprises Co., Ltd.	\$ 420,109	\$ 461,847	\$ 460,783
Zhanjiang President Enterprises Co., Ltd.	367,942	397,212	409,659
Tianjiang President Enterprises Food Co., Ltd.	356,264	276,694	–
Kunshan President Enterprises Food Co., Ltd.	234,040	266,167	265,554
Beijing President Enterprises Drinks Co., Ltd.	178,277	197,546	205,294
Others	137,528	161,943	171,153
	<u>\$ 1,694,160</u>	<u>\$ 1,761,409</u>	<u>\$ 1,512,443</u>

	For the three-month periods ended September 30,	
	2020	2019
	Interest expense	Interest expense
Parent company to entities with joint control or significant influence		
Taizhou President Enterprises Co., Ltd.	\$ 4,489	\$ 5,262
Zhanjiang President Enterprises Co., Ltd.	3,932	4,503
Tianjiang President Enterprises Food Co., Ltd.	3,711	–
Kunshan President Enterprises Food Co., Ltd.	2,606	3,027
Beijing President Enterprises Drinks Co., Ltd.	1,905	2,256
Others	1,556	2,024
	<u>\$ 18,199</u>	<u>\$ 17,072</u>

	For the nine-month periods ended September 30,	
	2020	2019
	Interest expense	Interest expense
Parent company to entities with joint control or significant influence		
Taizhou President Enterprises Co., Ltd.	\$ 13,911	\$ 16,533
Zhanjiang President Enterprises Co., Ltd.	12,105	14,074
Tianjiang President Enterprises Food Co., Ltd.	9,832	–
Kunshan President Enterprises Food Co., Ltd.	8,053	9,492
Beijing President Enterprises Drinks Co., Ltd.	5,920	7,103
Others	4,960	6,347
	<u>\$ 54,781</u>	<u>\$ 53,549</u>

(4) Key management compensation

	For the three-month periods ended September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 6,274	\$ 6,137
	For the nine-month periods ended September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 18,058	\$ 19,656

8. PLEGDED ASSETS

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

Pledged asset	Carrying amount			Purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Bank deposit (Note)	\$ -	\$ -	\$ 515,308	Restricted performance bond
Notes receivable	98,642	49,562	136,207	Short-term borrowings securities
	<u>\$ 98,642</u>	<u>\$ 49,562</u>	<u>\$ 651,515</u>	

(Note) Recorded under "Other current financial assets."

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT

COMMITMENTS

A. As of September 30, 2020, December 31, 2019 and September 30, 2019, the balances for contracts that the Group entered into but not yet incurred are \$154,458, \$270,835 and \$393,849, respectively.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the unused letters of credit amounted to \$628,925, \$465,060 and \$497,331, respectively.

C. Lending agreements of the Group are summarized below:

(a) The Company has entered into a lending agreement with CTBC Bank in 2018. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions. Otherwise, the bank has the right to cancel or reduce the credit line, shorten credit period, or principal and interest deemed as due.

(b) The Company has signed a loan agreement with KGI Bank in 2018. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio at over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. If any of the financial covenants were not met, the Company has to improve

within four months. Otherwise, the bank has the right to demand the Company to pay off the loan balance immediately.

- (c) The Company has entered into a lending agreement with CTBC Bank in 2019. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions. Otherwise, the bank has the right to cancel or reduce the credit line, shorten credit period, or principal and interest deemed as due.
- (d) Chengdu Ton Yi Industrial Co., Ltd. (the Chengdu Ton Yi), a subsidiary of the Group, also has signed a loan agreement with United Overseas Bank in 2016 and 2015. In accordance with the agreement, Chengdu Ton Yi has to maintain the following financial ratios and terms: the ratio of the total borrowings to net tangible assets shall not exceed 225% at all times. Should Chengdu Ton Yi fail to meet the above covenants, the banks have the right to demand Chengdu Ton Yi to pay off the loan balance immediately.

As of September 30, 2020, December 31, 2019, and September 30, 2019, the Group has not violated the above covenants.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to both reduce the cost of capital and to meet the monetary needs of improving productivity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

##### (2) Financial instruments

###### A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6, 'Financial assets.'

###### B. Financial risk management policies

- a. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group seeks to minimize potential adverse effects on the Group's financial performance. The Group hedges foreign exchange risk by using forward foreign exchange contracts.

b. Risk management is carried out by a central treasury department (Group Finance Department) under policies approved by the board of directors. Group Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR and China Yuan (the 'CNY'). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.
- iii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD; certain subsidiaries' functional currency: USD, CNY and VND.) The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	September 30, 2020		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 15,731	29.10	\$ 457,772
USD : CNY	1,758	6.79	51,158
EUR : NTD	804	34.15	27,457
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	16,501	29.10	480,179

	December 31, 2019		
(Foreign currency: functional currency)	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 14,492	29.98	\$ 434,470
USD : CNY	1,735	6.96	52,015
EUR : NTD	2,308	33.59	77,526
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	16,215	29.98	486,126
EUR : CNY	769	7.82	25,831
	September 30, 2019		
(Foreign currency: functional currency)	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 17,159	31.04	\$ 532,615
USD : CNY	1,784	7.15	55,375
EUR : NTD	2,229	33.95	75,675
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	18,028	31.04	\$ 559,589
EUR : CNY	768	33.95	26,074
JPY : CNY	103,090	0.2878	29,669

iv. As of September 30, 2020 and 2019, if the functional currency exchange rate had appreciated/depreciated by 1%, with all other factors remaining constant, the Group's post-tax profit for the nine-month periods ended September 30, 2020 and 2019 would have increased/decreased by \$450 and \$387, respectively.

v. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and the nine-month periods ended September 30, 2020 and 2019 amounted to \$7,673 and (\$34,359), \$12,166 and (\$15,037), respectively.

(b) Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise the prices of equity securities

would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine-month periods ended September 30, 2020 and 2019 would have increased/decreased by \$504 and \$935, respectively.

(c) Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the nine-month periods ended September 30, 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, US dollars, JPY dollars, and CNY dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2020 and 2019 would have decreased/increased by \$802 and \$1,473, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

b. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- (b) The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- (c) In line with credit risk management procedure, when the contract payments are past due over certain number days, the default has occurred.
- (d) The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - i. If the contract payments are past due over certain number of days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.



- ii. If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- (e) The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss, and used the forecastability concern to adjust historical and timely information to assess the default possibility of accounts receivable. The Group applied the simplified approach to provide loss allowance for accounts receivable as follows:

	<u>For the nine-month period ended September 30, 2020</u>		
	<u>Notes</u>	<u>Accounts</u>	
	<u>receivable</u>	<u>receivable</u>	<u>Total</u>
Balance, beginning of period	\$ 1,180	\$ 57,727	\$ 58,907
Expected credit loss (gains)	320	( 274)	46
Effect of foreign exchange	1	( 303)	( 302)
Balance, end of period	<u>\$ 1,501</u>	<u>\$ 57,150</u>	<u>\$ 58,651</u>

	<u>For the nine-month period ended September 30, 2019</u>		
	<u>Notes</u>	<u>Accounts</u>	
	<u>receivable</u>	<u>receivable</u>	<u>Total</u>
Balance, beginning of period	\$ 1,492	\$ 68,277	\$ 69,769
Expected credit loss	-	29,397	29,397
Effect of foreign exchange	-	( 2,770)	( 2,770)
Balance, end of period	<u>\$ 1,492</u>	<u>\$ 94,904</u>	<u>\$ 96,396</u>

c. Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- (b) Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group Finance Department. Group Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- (c) The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the

contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>September 30, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,232,665	\$ -	\$ -	\$ -
Short-term notes and bills payable	640,000	-	-	-
Notes payable	2,339	-	-	-
Accounts payable (including related parties)	1,395,839	-	-	-
Other payables (including related parties)	1,466,245	-	-	-
Lease liabilities	288,225	283,345	809,611	1,065,890
Other current financial liabilities	25,051	-	-	-
Long-term borrowings	62,900	4,691,770	1,562,758	-
Guarantee deposits received	-	6,643	246	17,140
<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 3,131,251	\$ -	\$ -	\$ -
Notes payable	2,095	-	-	-
Accounts payable (including related parties)	1,163,817	-	-	-
Other payables (including related parties)	1,400,886	-	-	-
Lease liabilities	304,773	290,847	853,487	1,226,249
Other current financial liabilities	24,178	-	-	-
Long-term borrowings	85,737	4,466,081	3,023,009	-
Guarantee deposits received	-	5,532	215	17,222

September 30, 2019	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 4,469,868	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,000,000	-	-	-
Notes payable	2,978	-	-	-
Accounts payable (including related parties)	1,338,282	-	-	-
Other payables (including related parties)	1,409,201	-	-	-
Lease liabilities	253,711	269,439	793,227	925,141
Other current financial liabilities	21,057	-	-	-
Long-term borrowings	188,895	2,222,880	4,635,507	-
Guarantee deposits received	-	5,837	217	17,369

(d) The Group does not expect the maturity date to end early nor the actual cash flow to be materially different.

### (3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The fair value of the Group's financial assets and financial liabilities not measured at fair value including the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other current financial assets, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), lease liabilities-current other current financial liabilities, long-term borrowings (including long-term liabilities - current portion), lease liabilities-non-current and guarantee deposits received are approximate to

their fair values.

- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

<u>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 50,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,435</u>

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 97,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,359</u>

<u>September 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 93,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,535</u>

- D. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- E. For the nine-month periods ended September 30, 2020 and 2019, there was no transfer into or out between Level 1 and Level 2.
- F. For the nine -month periods ended September 30, 2020 and 2019, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the nine-month period ended September 30, 2020.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization, basis of identification and measurement of segment information had no significant changes in this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income.

(3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

For the nine-month period ended September 30, 2020					
	Taiwan	Tinplate Products (in Mainland China)	Plastic Products (in Mainland China)	Others	Total
Revenue from external customers	\$ 8,268,933	\$ 3,297,297	\$ 10,187,715	\$ 1,289,490	\$ 23,043,435
Revenue from internal customers	2,748,371	246,643	-	10,616	3,005,630
Segment revenue	<u>\$ 11,017,304</u>	<u>\$ 3,543,940</u>	<u>\$ 10,187,715</u>	<u>\$ 1,300,106</u>	<u>\$ 26,049,065</u>
Segment income	<u>\$ 829,833</u>	<u>(\$ 92,805)</u>	<u>\$ 1,338,421</u>	<u>\$ 1,036,921</u>	<u>\$ 3,112,370</u>
Segment assets	<u>\$ 29,107,717</u>	<u>\$ 7,474,518</u>	<u>\$ 14,374,117</u>	<u>\$ 20,318,887</u>	<u>\$ 71,275,239</u>
For the nine-month period ended September 30, 2019					
	Taiwan	Tinplate Products (in Mainland China)	Plastic Products (in Mainland China)	Others	Total
Revenue from external customers	\$ 9,108,638	\$ 4,038,595	\$ 10,600,299	\$ 1,225,000	\$ 24,972,532
Revenue from internal customers	3,687,756	380,960	-	9,915	4,078,631
Segment revenue	<u>\$ 12,796,394</u>	<u>\$ 4,419,555</u>	<u>\$ 10,600,299</u>	<u>\$ 1,234,915</u>	<u>\$ 29,051,163</u>
Segment income	<u>\$ 557,966</u>	<u>(\$ 506,655)</u>	<u>\$ 978,461</u>	<u>\$ 482,301</u>	<u>\$ 1,512,073</u>
Segment assets	<u>\$ 30,414,063</u>	<u>\$ 8,072,618</u>	<u>\$ 13,231,920</u>	<u>\$ 19,264,019</u>	<u>\$ 70,982,620</u>

(4) Reconciliation for segment income (loss) and assets

A. Sales between segments were carried out at arm's length. Basis of measurement remained consistent with revenue in the statements of comprehensive income and revenue from external parties reported to the chief operating decision-maker. A reconciliation of segment profit or loss before tax and the profit or loss before tax from continuing operations is shown below:

	For the nine-month periods ended September 30,	
	2020	2019
Reportable segments profit and loss	\$ 2,075,449	\$ 1,029,772
Other segments profit and loss	1,036,921	482,301
Elimination of intersegment transactions	(1,994,721)	(872,434)
Net income before income tax from continuing operations	<u>\$ 1,117,649</u>	<u>\$ 639,639</u>

B. The amount of total assets provided to the Chief Operating Decision-Maker adopts the same basis of measurement as assets in the Group's financial statements. The reconciliations between reportable segments' assets and total assets are as follows:

	September 30, 2020	September 30, 2019
Assets of reportable segments	\$ 50,956,352	\$ 51,718,601
Assets of other operating segments	20,318,887	19,264,019
Elimination of intersegment transactions	(36,425,355)	(33,759,890)
Total assets	<u>\$ 34,849,884</u>	<u>\$ 37,222,730</u>

Ton Yi Industrial Corp. and Subsidiaries

Loans to others

For the nine-month period ended September 30, 2020

Table 1

Expressed in thousands of NTD

NO.	Name of lender	Name of borrower	Account	Related party	Maximum balance	Ending balance	Actual amount		Interest rate	Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
							drawn down							Item	Value			
1	Kunshan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	\$ 128,552	\$ 128,552	\$ -		3.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 1,159,855	\$ 1,159,855	Note 2
1	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	214,254	214,254	214,254		4.00	2	-	Operational use	-	-	-	1,159,855	1,159,855	Note 2
1	Kunshan Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	128,552		3.715	2	-	Operational use	-	-	-	1,159,855	1,159,855	Note 2
1	Kunshan Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	171,403	-	-		4.35	2	-	Operational use	-	-	-	231,971	463,942	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	85,702	-	-		4.00	2	-	Operational use	-	-	-	349,828	349,828	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	171,403	171,403	128,552		3.50	2	-	Operational use	-	-	-	349,828	349,828	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	64,276	-	-		3.50	2	-	Operational use	-	-	-	69,966	139,931	Note 2
3	Taizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-		3.00	2	-	Operational use	-	-	-	1,532,733	1,532,733	Note 2
3	Taizhou Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	342,807	-	-		4.00	2	-	Operational use	-	-	-	1,532,733	1,532,733	Note 2
3	Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	214,254	171,403	171,403		4.00	2	-	Operational use	-	-	-	1,532,733	1,532,733	Note 2
3	Taizhou Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	85,702	85,702	85,702		4.00	2	-	Operational use	-	-	-	1,532,733	1,532,733	Note 2



NO.	Name of lender	Name of borrower	Account	Related party	Actual amount				Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
					Maximum balance	Ending balance	drawn down	Interest rate					Item	Value			
3	Taizhou Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	\$ 128,552	\$ -	\$ -	4.35	2	\$ -	Operational use	\$ -	-	\$ -	\$ 306,547	\$ 613,093	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	64,276	64,276	-	-	2	-	Operational use	-	-	-	898,462	898,462	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	3.00	2	-	Operational use	-	-	-	898,462	898,462	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	257,105	128,552	128,552	3.515~4.00	2	-	Operational use	-	-	-	898,462	898,462	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	107,127	107,127	107,127	3.515	2	-	Operational use	-	-	-	179,692	359,385	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	64,276	64,276	64,276	3.515	2	-	Operational use	-	-	-	149,335	298,670	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	149,978	85,702	85,702	3.515~4.00	2	-	Operational use	-	-	-	746,676	746,676	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	107,127	64,276	64,276	3.515~4.00	2	-	Operational use	-	-	-	746,676	746,676	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	3.00	2	-	Operational use	-	-	-	746,676	746,676	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	192,829	192,829	64,276	3.515~4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	-	4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	-	4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	-	4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2

NO.	Name of lender	Name of borrower	Account	Related party	Actual amount				Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
					Maximum balance	Ending balance	drawn down	Interest rate					Item	Value			
6	Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 128,552	\$ 128,552	\$ -	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 10,252,144	\$ 10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	278,530	278,530	149,978	3.515~4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	-	4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Other receivables	Y	128,552	128,552	-	4.00	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Tianjin Ton Yi Industrial Co., Ltd.	Other receivables	Y	299,956	299,956	42,851	3.515	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	128,552	128,552	-	-	2	-	Operational use	-	-	-	10,252,144	10,252,144	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	235,680	235,680	72,846	3.515	2	-	Operational use	-	-	-	2,050,429	4,100,858	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	278,530	278,530	85,702	3.515	2	-	Operational use	-	-	-	2,050,429	4,100,858	Note 2
7	Zhangzhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	-	2	-	Operational use	-	-	-	1,644,025	1,644,025	Note 2
8	Chengdu Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	-	2	-	Operational use	-	-	-	816,291	816,291	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	3.00	2	-	Operational use	-	-	-	803,146	803,146	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	171,403	85,702	85,702	3.515~4.00	2	-	Operational use	-	-	-	803,146	803,146	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	85,702	85,702	85,702	3.515	2	-	Operational use	-	-	-	160,629	321,259	Note 2

NO.	Name of lender	Name of borrower	Account	Related party	Actual amount		Interest rate	Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note	
					Maximum balance	Ending balance						drawn down	Item				Value
10	Huizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	\$ 128,552	\$ 128,552	\$ -	—	2	\$ -	Operational use	\$ -	—	\$ -	\$ 889,353	\$ 889,353	Note 2
11	Changsha Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	102,842	51,421	51,421	3.515~4.00	2	-	Operational use	-	—	-	260,754	260,754	Note 2
11	Changsha Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	25,710	25,710	25,710	3.515	2	-	Operational use	-	—	-	52,151	104,302	Note 2
12	Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	385,657	385,657	385,657	3.50	2	-	Operational use	-	—	-	450,533	901,066	Note 2
12	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	428,508	428,508	428,508	4.35	2	-	Operational use	-	—	-	450,533	901,066	Note 2
13	Tianjin Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	128,552	128,552	-	—	2	-	Operational use	-	—	-	443,987	443,987	Note 2

(Note 1) Nature of loans to others is filled as follows:

- (1) For trading partner.
- (2) For short-term financing.

(Note 2) The maximum loan amount is 40% of its net assets.

- (1) Trading partner: The maximum amount for individual trading partner shall not exceed the higher of total purchase or sale transactions during the reporting period or the most recent year.
- (2) Short-term financing: The maximum amount for short-term financing is 20% of the Company's net assets; If the Company loans to foreign subsidiaries, which the Company holds 100% ownership directly or indirectly, the maximum amount for the subsidiary is 100% of the Company's net assets.

(Note 3) Foreign currency was translated into New Taiwan Dollars with exchange rate as of September 30, 2020 as follows: CNY:NTD 1 : 4.285083.

Ton Yi Industrial Corp. and Subsidiaries

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

September 30, 2020

Table 2

Expressed in thousands of NTD

Held company name	Marketable securities type and name	Relationship with the company	Financial statements item (Note)	September 30, 2020					
				Shares/units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note	
Ton-Yi Industrial Corp.	Stocks:								
	JFE Holdings Inc.	—	1	250	\$ 50,435	0.04%	\$ 50,435	—	

(Note) The code number explanation is as follows:

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

Ton Yi Industrial Corp. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NTS100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2020

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)			
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes or accounts receivable/(payable)	Note
Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	(Sales)	\$ 2,657,807	(24)	50 days after shipping, T/T	\$ -	—	\$ 656,112	46	—
Ton Yi Industrial Corp.	TTET Union Corp.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 233,329)	(2)	Within 30 days of statements settled a month,T/T	-	—	29,702	2	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	( 201,391)	(21)	Within 30 days of statements settled a month,T/T	-	—	40,504	25	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Changsha Ton Yi Industrial Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	( 242,199)	(26)	Within 30 days of statements settled a month,T/T	-	—	29,650	18	—
Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Purchases	201,391	100	Within 30 days of statements settled a month,T/T	-	—	( 40,504)	(100)	—
Changsha Ton Yi Industrial Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Purchases	242,199	71	Within 30 days of statements settled a month,T/T	-	—	( 29,650)	(21)	—
Fujian Ton Yi Tinplate Co., Ltd.	Ton Yi Industrial Corp.	The Company	Purchases	2,657,807	89	50 days after shipping, T/T	-	—	( 656,112)	(93)	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	(Sales)	( 1,624,260)	(47)	67 days after invoice date, T/T	-	—	354,164	31	—
Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Purchases	1,624,260	100	67 days after invoice date, T/T	-	—	( 354,164)	(100)	—
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 1,093,831)	(81)	25 days after invoice date, T/T	-	—	121,161	75	—

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes or accounts receivable/(payable)	Note
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	\$ 1,165,336	(62)	25 days after invoice date, T/T	\$ -	—	\$ 178,996	67	—
Taizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 122,947)	(7)	50% prepaid/ 50% 45 days after invoice date, T/T	-	—	20,811	8	—
Taizhou Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	121,378	13	15 days after invoice date, T/T	-	—	( 16,059)	(10)	—
Chengdu Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 266,521)	(37)	25 days after invoice date, T/T	-	—	21,275	19	—
Chengdu Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 151,564)	(21)	50% prepaid/ 50% 45 days after invoice date, T/T	-	—	16,585	15	—
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 727,939)	(98)	25 days after invoice date, T/T	-	—	72,428	98	—
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 1,593,061)	(97)	25 days after invoice date, T/T	-	—	284,794	99	—
Kunshan Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	202,798	19	15 days after invoice date, T/T	-	—	( 28,951)	(13)	—
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 1,282,229)	(91)	25 days after invoice date, T/T	-	—	298,429	94	—
Beijing Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	128,601	15	7 days after invoice date, T/T	-	—	( 36,092)	(19)	—
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 1,344,059)	(95)	25 days after invoice date, T/T	-	—	170,641	95	—

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)			Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes or accounts receivable/(payable)	
Sichuan Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	\$ 158,645	17	33 days after invoice date, T/T	\$ -	—	(\$ 19,657)	(11)	
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 846,833)	(77)	25 days after invoice date, T/T	-	—	129,056	81	—
Zhanjiang Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	( 224,993)	(21)	30~45 days after invoice date, T/T	-	—	29,266	18	—
Zhanjiang Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	107,333	16	5~45 days after invoice date, T/T	-	—	( 15,498)	(13)	—

(Note 1) The above terms are in accordance with the Group's policy on credit management, please refer to Note 7 Related Party Transactions for details.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchange rates: Ending balances of receivables and payables were translated using the exchange rate as at September 30, 2020

(USD:NTD 1:29.1 ; CNY:NTD 1:4.285083); Purchases and sales were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2020

(USD:NTD 1:29.802727 ; CNY:NTD 1:4.261757).

Ton Yi Industrial Corp. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2020

Table 4

Expressed in thousands of NTD

Company name	Counterparty	Relationship with the counterparty	Ending balance		Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Items	Amount		Amount	Action taken		
Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Accounts receivable	\$ 656,112	6.78	\$ -	-	\$ 339,242	\$ -
Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Other receivables	128,677	-	-	-	-	-
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	Accounts receivable	354,164	8.75	-	-	249,950	-
Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Other receivables	386,613	-	-	-	172,151	-
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	An investee company of Wuxi Ton Yi Industrial Packing Co., Ltd. accounted for using equity method	Other receivables	429,026	-	-	-	64,354	-
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	150,246	-	-	-	78	-
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	121,161	12.20	-	-	96,665	-
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	178,996	8.47	-	-	115,474	-
Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	171,594	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	284,794	8.74	-	-	164,332	-
Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	220,291	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	131,073	-	-	-	-	-
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	298,429	7.91	-	-	209,332	-



Company name	Counterparty	Relationship with the counterparty	Ending balance		Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Items	Amount		Amount	Action taken		
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	\$ 170,641	8.85	\$ -	—	\$ 170,637	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	128,810	-	-	—	-	-
Sichuan Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Other receivables	107,577	-	-	—	-	-
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	129,056	11.02	-	—	61,731	-

(Note) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and subsequent collections were translated using the exchange rate as at September 30, 2020 (CYN:NTD 1:4.285083 ; USD:NTD 1:29.1).

Ton Yi Industrial Corp. and Subsidiaries  
Significant inter-company transactions during the reporting period  
For the nine-month period ended September 30, 2020

Table 5

Expressed in thousands of NTD

Intercompany transaction							
No (Note 2)	Company name	Counterparty	Relationship (Note 3)	Financial statements item	Amount	Transaction terms	Percentage of consolidated net revenues or total assets (Note 4)
0	Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	1	Sales	\$ 2,657,807	50 days after shipping, T/T	12%
			1	Accounts receivable	656,112	—	2%
1	Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	3	Sales	201,391	Within 30 days of statements settled a month,T/T	1%
		Changsha Ton Yi Industrial Co., Ltd.	3	Sales	242,199	Within 30 days of statements settled a month,T/T	1%
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Other receivables	128,677	—	-
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	Sales	1,624,260	67 days after invoice date, T/T	7%
			3	Accounts receivable	354,164	—	1%
4	Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	Other receivables	386,613	—	1%
		Wuxi Tonyi Daiwa Industrial Co., Ltd.	3	Other receivables	429,026	—	1%
5	Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	150,246	—	-
6	Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	171,594	—	-
7	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	220,291	—	1%
		Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	131,073	—	-
8	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	128,810	—	-
		Fujian Ton Yi Tinplate Co., Ltd.	3	Other receivables	107,577	—	-

(Note 1) Transactions among the company and subsidiaries with amount over NTD\$100,000 and one side of them are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 5) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balances of receivables were translated using the exchange rate as at September 30, 2020 (CNY:NTD 1:4.285083);

Sales were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2020 (CNY:NTD 1:4.261757).

Ton Yi Industrial Corp. and Subsidiaries  
Information on investees  
For the nine-month period ended September 30, 2020

Table 6

Expressed in thousands of NTD

Investor company	Investee company	Location	Main business activities	Original investment amount		Balance at September 30, 2020			Net income (loss) of the investee	Income (loss) recognized by the Company	Note
				Balance at September 30, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying value			
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Cayman	General investment	\$ 13,399,488	\$ 13,399,488	43,470,820	100.00	\$ 16,903,263	\$ 998,745	\$ 998,745	Subsidiary
Ton Yi Industrial Corp.	Tovecan Corp.	Vietnam	Manufacturing and sale of cans	43,740	43,740	-	51.00	54,044 (	3,037) (	1,549)	Subsidiary
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	Cayman	General investment	6,693,000	6,693,000	230,000,000	100.00	10,252,165	1,029,603	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Holdings Ltd.	Cayman	General investment	1,864,206	1,864,206	8,727	100.00	2,795,294 (	55,842)	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Holdings Ltd.	Cayman	General investment	1,044,771	1,044,771	5,000	100.00	2,093,792 (	27,440)	-	Subsidiary (Note 1)
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	Cayman	General investment	6,693,000	6,693,000	230,000,000	100.00	10,252,165	1,029,603	-	Subsidiary (Note 1)

(Note 1) Not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balance and carrying value were translated using the exchange rate as at September 30, 2020 (USD:NTD 1:29.1);

Profit and loss were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2020 (USD:NTD 1:29.802727).

Ton Yi Industrial Corp. and Subsidiaries  
Information on investments in Mainland China  
For the nine-month period ended September 30, 2020

Table 7

Expressed in thousands of NTD

Investee company	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan as of September 30, 2020	Net income (losses) of the investee	Ownership held by the Company (direct or indirect)	Income (loss) recognized by the Company	Carrying amount as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Ton Yi Industrial Packing Co., Ltd.	Sale of cans	\$ 785,700	Note 1	\$ 203,700	\$ -	\$ -	\$ 203,700	\$ 27,901	100.00	\$ 29,170	\$ 1,149,775	\$ -	Note 7
Chengdu Ton Yi Industrial Packing Co., Ltd.	Sale of cans	218,250	Note 1	218,250	-	-	218,250	6,394	100.00	6,394	356,259	-	Note 7
Changsha Ton Yi Industrial Co., Ltd.	Sale of cans	203,700	Note 1	-	-	-	-	16,909	100.00	16,909	277,756	-	Note 7
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	2,517,150	Note 2	1,552,398	-	-	1,552,398	( 64,331)	86.80	( 55,988)	2,730,426	-	Note 8
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	1,164,000	Note 3	807,525	-	-	807,525	( 33,117)	82.86	( 27,344)	1,969,448	-	Note 8
Ton Yi (China) Investment Co., Ltd.	General investment	6,693,000	Note 4	873,000	-	-	873,000	1,029,602	100.00	1,029,602	10,252,165	-	Note 8
Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	873,000	-	-	873,000	160,566	100.00	160,566	1,644,025	-	Note 8
Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	873,000	-	-	873,000	308,038	100.00	308,038	1,532,733	-	Note 8
Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	334,650	-	-	334,650	95,082	100.00	95,082	911,893	-	Note 7
Huixhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	174,600	-	-	174,600	44,850	100.00	44,850	934,448	-	Note 7
Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	-	-	-	-	91,136	100.00	91,136	1,159,855	-	Note 8
Beijing Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	-	-	-	-	89,131	100.00	89,131	892,765	-	Note 7
Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	873,000	Note 5	-	-	-	-	139,201	100.00	139,201	1,038,426	-	Note 7
Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	582,000	Note 5	-	-	-	-	113,796	100.00	113,796	861,095	-	Note 7
Tianjin Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	582,000	Note 5	-	-	-	( 18,153)	100.00	( 18,153)	( 18,153)	544,448	-	Note 7
Wuxi Tonyi Daiwa Industrial Co., Ltd.	Manufacturing and sale of cans	1,164,000	Note 6	-	-	-	( 57,654)	66.50	( 38,340)	( 38,340)	699,981	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 9)
Ton Yi Industrial Corp.	\$ 5,910,123	\$ 11,828,777	\$ 11,814,085

(Note 1) Through investing in an existing company in the third area (Cayman Ton Yi Industrial Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 2) Through investing in an existing company in the third area (Cayman Fujian Ton Yi Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 3) Through investing in an existing company in the third area (Cayman Jiangsu Ton Yi Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 4) Through investing in an existing company in the third area (Cayman Ton Yi (China) Holdings Limited), which then invested in the investee in Mainland China.

(Note 5) Through investing in an existing company in the Mainland China (Ton Yi (China) Investment Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 6) Through investing in an existing company in the Mainland China (Wuxi Ton Yi Industrial Packing Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 7) The Company recognized income (loss) based on unreviewed financial statements.

(Note 8) The Company recognized income (loss) based on reviewed financial statements.

(Note 9) The ceiling amount is 60% of consolidated net assets.

(Note 10) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending investment balances were translated using the exchange rate as at September 30, 2020 (CNY:NTD 1:4.285083, USD:NTD 1:29.1);

Investment gains or losses were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2020 (CNY:NTD 1:4.261757, USD:NTD 1:29.802727).

Ton Yi Industrial Corp. and Subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the nine-month period ended September 30, 2020

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sales/(purchases)		Property transaction		Accounts receivable/ (payable)		Provision of endorsements/guarantees or collaterals		Financing				Interest during the nine-month period ended September 30, 2020	Others
	Amount	%	Amount	%	Balance at September 30, 2020	%	Balance at September 30, 2020	Purpose	Maximum balance during the nine-month period ended September 30, 2020	Balance at September 30, 2020	Interest rate			
Fujian Ton Yi Tinline Co., Ltd.	\$ 2,657,807	24	\$ -	-	\$ 656,112	46	\$ -	-	\$ -	\$ -	-	\$ -	-	-

Ton Yi Industrial Corp. and Subsidiaries

Major shareholders information

September 30, 2020

Table 9

Express in shares

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Ownership Percentage</u>
Uni-President Enterprises Corp.	719,357,425	45.55%
Toyota Tsusho Corporation	88,549,987	5.60%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.