Stock Code:1711

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019 and 2018, as well as the changes in equity and cash flows for the nine months ended September 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $406,147 thousand and $380,892 thousand, constituting 2.86% and 2.73% of consolidated total assets as of September 30, 2019 and 2018, respectively, total liabilities amounting to $62,441 thousand and $40,760 thousand, constituting 1.03% and 0.68% of consolidated total liabilities as of September 30, 2019 and 2018, respectively, and total comprehensive income (loss) amounting to $(7,548) thousand, $(8,065) thousand, $(16,803) thousand and $(21,567) thousand, constituting (5.73)%, (17.45)%, (3.72)% and (11.03)% of consolidated total comprehensive income for the three months and nine months ended September 30, 2019 and 2018, respectively.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Furthermore, as stated in note 6(e), the other equity accounted investments of Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of $105,717 thousand and $135,585 thousand as of September 30, 2019 and 2018, respectively, and its equity in net earnings on these investee companies of $4,098 thousand, $(546) thousand, $1,282 thousand and $(7,093) thousand for the three months and nine months ended September 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, as well as its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' review report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (Republic of China)
November 7, 2019

Notes to Readers

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

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

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands New Taiwan Dollars)

Code	Assets	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 890,226	6	838,593	6	815,398	6
1110	Financial assets at fair value through profit or loss-current (notes 6(b) and (v))	14,892	-	13,556	-	14,381	-
1150	Notes receivable, net (notes 6(c) and (s))	241,236	2	333,665	2	321,847	3
1170	Accounts receivable, net (notes 6(c) and (s))	1,614,694	12	1,470,253	11	1,715,209	12
130X	Inventories (note 6(d))	3,732,808	26	3,757,724	27	3,501,988	25
1476	Other current financial assets	19,908	-	29,031	-	27,265	-
1479	Other current assets (note 6(i))	140,975	1	134,967	1	171,061	1
	Total current assets	6,654,739	47	6,577,789	47	6,567,149	47
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (w))	1,156,880	8	1,035,709	8	1,160,610	8
1550	Investments accounted for using equity method (notes 6(e) and (f))	105,717	1	135,803	1	135,585	1
1600	Property, plant and equipment (notes 6(f), (h) and 9)	5,640,085	40	5,754,565	42	5,717,470	41
1755	Right-of-use-assets (note 6(j))	342,712	2	-	-	-	-
1780	Intangible assets (note 6(k))	120,741	1	131,270	1	129,491	1
1840	Deferred tax assets	119,766	1	119,722	1	103,592	1
1915	Prepayments for equipment	45,889	-	55,724	-	71,678	1
1980	Other non-current financial assets (notes 6(c) and (s))	4,670	-	4,762	-	4,160	-
1985	Long-term prepaid rents	-	-	22,439	-	22,416	-
1990	Other non-current assets	20,397	-	20,243	-	17,694	-
	Total non-current assets	7,556,857	53	7,280,237	53	7,362,696	53
	Total assets	$ 14,211,596	100	13,858,026	100	13,929,845	100

Code	Liabilities and Equity	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(l))	$ 2,692,479	19	2,589,403	19	2,636,086	19
2322	Long-term borrowings, current portion (note 6(m))	650,000	5	185,000	1	50,000	-
2151	Notes payable (note 7)	201,147	1	190,752	1	211,982	2
2170	Accounts payable (note 7)	367,912	3	438,743	3	489,274	4
2209	Other payable	442,685	3	494,878	4	441,883	3
2213	Payable on equipment	11,976	-	38,697	-	20,231	-
2230	Current tax liabilities	128,625	1	77,128	1	64,400	1
2280	Lease liabilities-current (note 6(n))	35,110	-	-	-	-	-
2399	Other current liabilities	62,083	-	56,345	-	61,273	-
	Total current liabilities	4,592,017	32	4,070,946	29	3,975,129	29
	Non-current liabilities:						
2540	Long-term borrowings (note 6(m))	889,495	6	1,538,988	11	1,678,735	12
2570	Deferred tax liabilities	68,933	-	68,933	1	54,561	-
2580	Lease liabilities non-current (note 6(n))	288,155	2	-	-	-	-
2640	Net defined benefit liability	224,913	2	265,963	2	256,696	2
	Total non-current liabilities	1,471,496	10	1,873,884	14	1,989,992	14
	Total liabilities	6,063,513	42	5,944,830	43	5,965,121	43
	Equity attributable to owners of parent (notes 6(b), (e), (f), (g), (q), (r) and (w)):						
3100	Common shares	5,477,522	39	5,477,522	40	5,477,522	39
3200	Capital surplus	473,558	3	473,558	3	473,558	3
3300	Retained earnings	1,824,171	13	1,797,826	13	1,738,159	13
3400	Other equity	2,831	-	(149,767)	(1)	(41,052)	-
	Total equity attributable to owners of parent	7,778,082	55	7,599,139	55	7,648,187	55
36XX	**Non-controlling interests (notes 6(g) and (r))**	370,001	3	314,057	2	316,537	2
	Total equity	8,148,083	58	7,913,196	57	7,964,724	57
	Total liabilities and equity	$ 14,211,596	100	13,858,026	100	13,929,845	100

See accompanying notes to consolidated financial statements.

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

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

		For the three months ended September 30				For the nine months ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (note 6(u))**	$ 2,338,207	100	2,500,406	100	7,096,026	100	7,392,707	100
5000	**Operating costs (notes 6(d), (h), (j), (k), (o), (p), (t), 7 and 12)**	1,843,836	79	1,922,212	77	5,526,200	78	5,738,125	77
5950	**Gross profit from operations**	494,371	21	578,194	23	1,569,826	22	1,654,582	23
6000	**Operating expenses (notes 6(c), (h), (j), (k), (o), (p), (t), 7 and 12):**								
6100	Selling expenses	218,377	9	232,661	9	642,151	9	635,688	9
6200	Administrative expenses	85,304	4	86,247	4	260,699	4	261,726	4
6300	Research and development expenses	116,084	5	108,457	4	327,072	4	325,061	4
6450	Expected credit loss	2,304	-	289	-	3,096	-	7,769	-
	Total operating expenses	422,069	18	427,654	17	1,233,018	17	1,230,244	17
6900	**Net operating income**	72,302	3	150,540	6	336,808	5	424,338	6
7000	**Non-operating income and expenses (notes 6(e), (h), (m), (n) and (v)):**								
7010	Other income	53,822	3	44,125	2	56,677	1	46,641	1
7020	Other gains and losses	3,179	-	3,845	-	72,956	1	23,111	-
7050	Finance costs	(23,786)	(1)	(24,168)	(1)	(75,011)	(1)	(66,338)	(1)
7060	Share of gains (losses) of associates accounted for using equity method	4,098	-	(546)	-	1,282	-	(7,093)	-
	Total non-operating income and expense	37,313	2	23,256	1	55,904	1	(3,679)	-
7900	**Income before income tax**	109,615	5	173,796	7	392,712	6	420,659	6
7951	**Income tax expenses (note (q))**	21,746	1	30,228	1	82,565	1	75,318	1
8200	**Net income**	87,869	4	143,568	6	310,147	5	345,341	5
8300	**Other comprehensive income (notes 6(e), (q), (r) and (w)):**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	82,150	4	(161,903)	(7)	165,221	2	(126,029)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	82,150	4	(161,903)	(7)	165,221	2	(126,029)	(2)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	(38,209)	(2)	(28,006)	(1)	(22,845)	-	(24,137)	-
8370	Share of other comprehensive income of associates accounted for using equity method	-	-	122	-	(710)	-	438	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(38,209)	(2)	(27,884)	(1)	(23,555)	-	(23,699)	-
8300	**Other comprehensive income**	43,941	2	(189,787)	(8)	141,666	2	(149,728)	(2)
8500	**Total comprehensive income**	**$ 131,810**	**6**	**(46,219)**	**(2)**	**451,813**	**7**	**195,613**	**3**
	Profit attributable to:								
8610	Owners of parent	$ 93,326	4	139,498	6	313,969	5	337,716	5
8620	Non-controlling interests	(5,457)	-	4,070	-	(3,822)	-	7,625	-
		$ 87,869	**4**	**143,568**	**6**	**310,147**	**5**	**345,341**	**5**
	Comprehensive income attributable to:								
8710	Owners of parent	$ 138,925	6	(47,558)	(2)	452,819	7	187,550	3
8720	Non-controlling interests	(7,115)	-	1,339	-	(1,006)	-	8,063	-
		$ 131,810	**6**	**(46,219)**	**(2)**	**451,813**	**7**	**195,613**	**3**
9750	**Basic earnings per share (note 6(s)) (expressed in New Taiwan dollars)**	**$ 0.17**		**0.25**		**0.57**		**0.62**	
9850	**Diluted earnings per share (note 6(s)) (expressed in New Taiwan dollars)**	**$ 0.17**		**0.25**		**0.57**		**0.61**	

See accompanying notes to consolidated financial statements.

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity						
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 5,477,522	473,558	961,788	43,346	668,818	1,673,952	(57,203)	-	156,257	99,054	7,724,086	312,692	8,036,778
Effects of retrospective application	-	-	-	-	-	-	-	166,684	(156,257)	10,427	10,427	-	10,427
Balance at January 1, 2018 after adjustments	5,477,522	473,558	961,788	43,346	668,818	1,673,952	(57,203)	166,684	-	109,481	7,734,513	312,692	8,047,205
Net income	-	-	-	-	337,716	337,716	-	-	-	-	337,716	7,625	345,341
Other comprehensive income	-	-	-	-	-	-	(26,025)	(124,141)	-	(150,166)	(150,166)	438	(149,728)
Total comprehensive income	-	-	-	-	337,716	337,716	(26,025)	(124,141)	-	(150,166)	187,550	8,063	195,613
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	36,614	-	(36,614)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	-	(273,876)	(4,218)	(278,094)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	367	367	-	(367)	-	(367)	-	-	-
Balance at September 30, 2018	$ 5,477,522	473,558	998,402	43,346	696,411	1,738,159	(83,228)	42,176	-	(41,052)	7,648,187	316,537	7,964,724
Balance at January 1, 2019	$ 5,477,522	473,558	998,402	43,346	756,078	1,797,826	(68,420)	(81,347)	-	(149,767)	7,599,139	314,057	7,913,196
Net income	-	-	-	-	313,969	313,969	-	-	-	-	313,969	(3,822)	310,147
Other comprehensive income	-	-	-	-	-	-	(24,483)	163,333	-	138,850	138,850	2,816	141,666
Total comprehensive income	-	-	-	-	313,969	313,969	(24,483)	163,333	-	138,850	452,819	(1,006)	451,813
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	40,199	-	(40,199)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	106,421	(106,421)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	-	(273,876)	(7,753)	(281,629)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	64,703	64,703
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(13,748)	(13,748)	-	13,748	-	13,748	-	-	-
Balance on September 30, 2019	$ 5,477,522	473,558	1,038,601	149,767	635,803	1,824,171	(92,903)	95,734	-	2,831	7,778,082	370,001	8,148,083

See accompanying notes to consolidated financial statements.

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

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

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2019	2018
Cash flows from (used in) operating activities:		
Income before income tax	$ 392,712	420,659
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	506,988	467,154
Amortization expense	14,469	13,241
Expected credit loss	3,096	7,769
Net gains on financial assets at fair value through profit and loss	(1,336)	(881)
Interest expense	75,011	66,338
Interest income	(3,143)	(3,567)
Dividend income	(53,534)	(43,074)
Share of losses (gains) of associates accounted for using equity method	(1,282)	7,093
Gains on disposal of property, plant and equipment	(320)	(87)
Gains on disposal of financial assets of liabilities at fair value through profit and loss	-	(10)
Prepayments for equipment transferred to expense	420	-
Other	(21)	-
Total adjustments to reconcile profit	540,348	513,976
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	90,038	(48,987)
Accounts receivable and overdue receivable (under other non-current financial assets)	(159,897)	(193,657)
Inventories	6,451	(152,134)
Other current financial assets	12,772	(2,644)
Other current assets	8,378	(43,110)
Total changes in operating assets	(42,258)	(440,532)
Changes in operating liabilities:		
Notes payable	9,337	(26,815)
Accounts payable	(72,141)	90,747
Other payable	(52,809)	(14,240)
Other current liabilities	11,918	6,361
Net defined benefit liability	(41,048)	(47,872)
Total changes in operating liabilities	(144,743)	8,181
Total changes in operating assets and liabilities	(187,001)	(432,351)
Total adjustments	353,347	81,625
Cash inflow generated from operations	746,059	502,284
Interest received	3,202	3,591
Dividends received	53,534	43,074
Income taxes paid	(30,015)	(54,444)
Net cash flows from operating activities	772,780	494,505
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(101,500)
Proceeds from disposal of financial assets at fair value through profit or loss	-	88,010
Acquisition of financial assets at fair value through other comprehensive income	-	(149,800)
Proceeds from disposal of financial assets at fair value through other comprehensive income	44,049	1,602
Acquisition of property, plant and equipment	(336,836)	(400,024)
Proceeds from disposal of property, plant and equipment	1,934	1,377
Acquisition of intangible assets	(3,929)	(23,884)
Decrease (increase) in other non-current financial assets	247	(674)
Decrease in other non-current assets	186	1,867
Increase in prepayments for equipment	(14,445)	(21,954)
Net cash inflows from business combination	16,952	-
Net cash flows used in investing activities	(291,842)	(604,980)
Cash flows used in financing activities:		
Increase in short-term borrowings	6,844,725	5,347,888
Decrease in short-term borrowings	(6,730,953)	(4,763,496)
Proceeds from long-term borrowings	-	1,820,000
Repayments of long-term borrowings	(185,000)	(2,065,000)
Payment of lease liabilities	(25,482)	-
Cash dividends paid	(273,876)	(273,876)
Interest paid	(78,427)	(67,681)
Subsidiaries distributed cash dividends to non-controlling interests	-	(4,218)
Net cash used in financing activities	(449,013)	(6,383)
Effect of exchange rate changes on cash and cash equivalents	19,708	(14,929)
Net increase (decrease) in cash and cash equivalents	51,633	(131,787)
Cash and cash equivalents at beginning of period	838,593	947,185
Cash and cash equivalents at end of period	$ 890,226	815,398

See accompanying notes to consolidated financial statements.

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

(1) Company history

Everlight Chemical Industrial Corporation (the "Company") was incorporated on September 7, 1972 as a Company limited by shares and registered in accordance with the ROC Company Act. Everlight Chemical Industrial Corporation and subsidiaries ("the Group") engage in manufacturing and selling of dye, UV absorber, specialty chemicals, toners, electronic chemicals, pharmaceutical product and material, chemical intermediary photoresistance, and etc.

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

These consolidated financial statements were authorized for issuance by the board of directors on November 7, 2019.

(3) New standards, amendments and interpretations adopted:

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

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

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

Except for the IFRS 16 "Leases", the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

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

(Continued)

The Group applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

(i) Definition of a lease

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

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

(ii) As a lessee

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

The Group decided to apply recognition exemptions to short-term leases of office equipment and leases of transportation equipment.

The Group previously classified leases as operating leases under IAS 17 at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group' s incremental borrowing rate as at January 1, 2019. The amount of right-of-use assets are determined by the lease liabilities and adjusted by the prepaid rental.

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

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

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

(iii) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional $356,365 thousand of right-of-use assets and $333,450 thousands of lease liabilities, recognising the difference from long-term prepaid rents. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.39%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 123,419
Recognition exemption for:	
Short-term leases and leases of low-value assets	(2,891)
Interest expense from discounting	(24,270)
Extension and termination options reasonably certain to be exercised	237,192
Lease liabilities recognized at January 1, 2019	**$ 333,450**

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

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

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

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

(Continued)

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

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

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

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage September 30, 2019	December 31, 2018	September 30, 2018	Note
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 4)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 4)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-

(Continued)

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Name of investor	Name of subsidiary	Principal activity	Shareholding percentage September 30, 2019	December 31, 2018	September 30, 2018	Note
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 1)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	91.26	(note 4)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 4)
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	56.25	(note 4)
EVUS	EVERLIGHT HONDUARS S.A. de C.V. (EVHOSH)	Selling chemical product and related raw materials	-	51.00	51.00	(note 3)
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	100.00	(note 4)
ECIC	GREATLIGHT INVESTMENT COPRORATION (GLTP)	Investing business	100.00	100.00	100.00	(note 4)
GLTP	KEYSTONE PHARMACEUTICALS INC. (KEYSTONE)	Research and development and manufacturing pharmaceuticals	34.09	-	-	(note 2) and (note 4)

(note 1): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

(note 2): Despite the Company held the stock of KEYSTONE less than 50%, the Company acquired the substantial control of appointing operating policies at June 1, 2019, and therefore regarded KEYSTONE as subsidiary. Hence, its financial statement was combined into the consolidated financial statements since the day of acquisition control.

(note 3): EVHOSA obtained the notice of the cancellation of its business registration from the government, and the related procedure has been completed.

(note 4): The Company is a non-significant subsidiary, its financial statement have not been reviewed.

(ii) List of subsidiaries which are not included in the consolidated financial statement: None.

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

(i) Identifying a lease

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

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

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset under one of the circumstances below:

- The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
- In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset and:
  - the Group has the right to operate the asset, and the provider has no right to change the operation of the underlying asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) As a leasee

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

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

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

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

1) fixed payments, including substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability accrued interest using the effective interest method, and remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

4) there is a change of its assessment on whether it will exercise extension or termination option, and change its estimate of the period of lease, or

5) there is any lease modification.

When the lease liability is remeasured due to the abovementioned change in an index or rate, residual value guarantee and estimate of extension or termination option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and leases of transportation equipment that have a lease term of 12 months or less and leases of low-value assets.

(d) Employee benefits

The pension cost in the interim period was calculated and disclose on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(e) Business combinations

The Group had obtained control of its subsidiary for the nine months ended September 30, 2019. Hence, the related accounting policies of business combinations have been applied since January 1, 2019.

The Group treats the business combination as acquisition. Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group re-assesses whether it has correctly identified all the assets acquired and liabilities assumed and recognize a gain for the excess.

All transactions cost relating to a business combination are recognized immediately as expense when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(f) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

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

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

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

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(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 7,144	3,332	5,082
Cash in bank	811,920	752,469	752,414
Time deposits	71,162	82,792	57,902
Cash and cash equivalents	$ **890,226**	**838,593**	**815,398**

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

(b) Financial assets and liabilities

(i) Financial assets at fair value through profit or loss:

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	$ 13,612	13,556	13,500
Option contracts	1,280	-	881
Total	$ **14,892**	**13,556**	**14,381**

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial assets mandatorily measured at fair value through profit or loss on September 30, 2019 and 2018:

	September 30, 2019		
	Contract amount (in thousand)	Currency	Period
Option contracts	$ **1,100**	EUR	2019/10/31~2019/12/31
Option contracts	$ **6,000**	USD	2019/12/31

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	September 30, 2018		
	Contract amount (in thousand)	Currency	Period
Option contracts	$ 2,300	EUR	2018/10/11~2018/12/31

For the fair value recognized in profit and loss, please refer to note 6(v).

(ii) Financial assets at fair value through other comprehensive income:

	September 30, 2019	December 31, 2018	September 30, 2018
Stocks listed on domestic and foreign markets	$ 1,062,132	942,940	1,062,226
Domestic unlisted common shares	94,748	92,769	98,384
Total	$ 1,156,880	1,035,709	1,160,610

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

For the nine month ended September 30, 2019 and 2018, the Group has sold financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of $44,049 thousand and $1,602 thousand, and the Group realized a loss of $(13,748) thousand and a gain of $367 thousand, respectively, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

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

(iv) As of September 30, 2019, December 31 and September 30, 2018, the aforementioned financial assets were not pledged.

(c) Receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable	$ 241,276	333,705	321,899
Accounts receivable	1,645,691	1,506,912	1,750,770
Overdue receivable (under other non-current financial assets)	53,907	59,895	87,419
Less: loss allowance	(84,944)	(96,594)	(123,032)
	$ 1,855,930	1,803,918	2,037,056

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	September 30, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,628,429	0.01%-0.75%	6,195
1 to 90 days past due	236,446	6.99%~19.86%	17,392
91 to 365 days past due	22,092	33.72%~100%	7,450
More than 365 days past due	53,907	100%	53,907
Total	$ **1,940,874**		**84,944**

	December 31, 2018		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,633,389	0.01%~0.74%	6,143
1 to 90 days past due	172,208	6.07%~20.20%	15,616
91 to 365 days past due	35,020	42.66%	14,940
More than 365 days past due	59,895	100%	59,895
Total	$ **1,900,512**		**96,594**

	September 30, 2018		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,862,322	0.01% ~ 0.62%	5,849
1 to 90 days past due	187,312	4.66% ~ 17.93%	16,957
91 to 365 days past due	23,035	31.97% ~ 100%	12,807
More than 365 days past due	87,419	100%	87,419
Total	$ **2,160,088**		**123,032**

The detail of loss allowance were as follows:

	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Notes receivable	$ 40	40	52
Accounts receivable	30,997	36,659	35,561
Overdue receivable	53,907	59,895	87,419
	$ **84,944**	**96,594**	**123,032**

(Continued)

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The movement in the allowance for receivables was as follows:

	For the nine month ended September 30, 2019	For the nine month ended September 30, 2018
Balance on January 1	$ 96,594	117,731
Impairment losses recognized	3,096	7,769
Amounts written off	(14,154)	(2,063)
Effect of movements in exchange rates	(592)	(405)
Balance on September 30	$ 84,944	123,032

The aforementioned financial assets were not pledged.

(d) Inventories

	September 30, 2019	December 31, 2018	September 30, 2018
Raw materials	$ 943,040	1,043,645	1,001,860
Supplies	20,945	20,545	22,641
Work in progress	739,072	698,252	745,248
Finished goods	1,943,898	1,878,919	1,678,926
Materials in transit	85,853	116,363	53,313
	$ 3,732,808	3,757,724	3,501,988

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognized as operating cost or deduction of operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Gains (losses) on valuation of inventories	$ (1,414)	3,757	(859)	1,896
Losses on inventory count	305	(98)	2,384	936
Unallocated production overheads	55,320	58,605	142,517	176,418
Losses on obsolescence	2,910	4,179	4,091	6,205
Scrap income	(369)	(1,225)	(1,097)	(3,470)
	$ 56,752	65,218	147,036	181,985

For the nine month ended September 30, 2019 and 2018, the expense resulted from obtaining the certification of GMP for pharmaceuticals division was included in unallocated production overheads.

As of September 30, 2019, December 31 and September 30, 2018, the inventories were not pledged.

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(e) Investments accounted for using equity method

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

	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 105,717	135,803	135,585

(ii) Associates

The Group obtained the control of KEYSTONE which was accounted for using equity method priorly, and KEYSTONE had been consolidated into the consolidated financial statements since the day of acquisition control.

Summary of financial information for by the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	September 30, 2019	December 31, 2018	September 30, 2018
Carrying amount of individually insignificant associates	$ 105,717	135,803	135,585

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Attributable to the Group:				
Profit (loss) from continuing operations	$ 4,098	(546)	1,282	(7,093)
Other comprehensive income	-	122	(710)	438
Total comprehensive income	$ 4,098	(424)	572	(6,655)

(iii) Pledge

As of September 30, 2019, December 31 and September 30, 2018, the aforementioned investment accounted for using equity method were not pledged.

(f) Acquisition of subsidiary

(i) On June 1, 2019, the Group obtained the control of KEYSTONE, which is major in research and development and manufacturing pharmaceuticals, by acquiring substantial control of appointing operating policies of KEYSTONE. Therefore, KEYSTONE have been consolidated into the consolidated financial statements.

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(ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$	16,952
Other current assets		31,311
Plant, property, and equipment (note 6 (h))		39,144
Prepayments for equipment		3,796
Other non-current financial assets		844
Other non-current assets		301
Notes payables		(1,058)
Other payables		(4,664)
Other current assets		(165)
Total identifiable net assets acquired	$	**86,461**

(g) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests		
Subsidiaries	**Main operation place**	**September 30, 2019**	**December 31, 2018**	**September 30, 2018**
TTI	Taiwan	23.85 %	23.85 %	23.85 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Current assets	$ 620,112	629,679	647,706
Non-current assets	1,007,433	846,528	861,792
Current liabilities	(519,033)	(538,618)	(571,343)
Non-current liabilities	(244,432)	(93,829)	(93,626)
Net assets	$ **864,080**	**843,760**	**844,529**
Non-controlling interest	$ **206,049**	**201,204**	**201,387**

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	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Operating revenues	$ 262,381	266,287	805,448	818,756
Net income	2,491	1,779	12,400	180
Other comprehensive income	(2,349)	-	7,918	-
Total comprehensive income	$ 142	1,779	$ 20,318	180
Profit, attributable to non-controlling interests	$ 594	424	2,957	43
Comprehensive income, attributable to non-controlling interests	$ 34	424	4,845	43

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Net cash flows from operating activities	$ 8,023	2,018	117,234	32,023
Net cash flows used in investing activities	(4,122)	(7,887)	(16,301)	(119,552)
Net cash flows from (used in) financing activities	(14,727)	(20,635)	(82,881)	54,914
Net increase (decrease) in cash and cash equivalents	$ (10,826)	(26,504)	18,052	(32,615)
Cash dividend distributed to non-controlling interests	$ -	4,218	-	4,218

(h) Property, plant and equipment

The detail of movement of the property, plant and equipment for the Group were as follows:

	Land	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
Cost:					
Balance at January 1, 2019	$ 894,153	4,312,840	9,182,889	409,611	14,799,493
Additions	-	18,327	112,413	100,728	231,468
Disposals	-	-	(40,157)	-	(40,157)
Reclassification	-	84,580	301,475	(279,720)	106,335
Effects of changes in consolidated entities	-	-	55,888	-	55,888
Effect of movements in exchange rates	40	(8,523)	(19,259)	(107)	(27,849)
Balance at September 30, 2019	$ 894,193	4,407,224	9,593,249	230,512	15,125,178
Balance at January 1, 2018	$ 894,035	4,235,094	8,728,197	474,192	14,331,518
Additions	-	13,368	108,859	168,018	290,245
Disposals	-	(170)	(82,830)	-	(83,000)
Reclassification	-	48,419	322,493	(252,555)	118,357
Effect of movements in exchange rates	95	(8,673)	(19,652)	(230)	(28,460)
Balance at September 30, 2018	$ 894,130	4,288,038	9,057,067	389,425	14,628,660

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	Land	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
Accumulated depreciation and impairment:					
Balance at January 1, 2019	$ -	2,234,410	6,810,518	-	9,044,928
Depreciation	-	126,645	352,428	-	479,073
Disposals	-	-	(38,543)	-	(38,543)
Effects of changes in consolidated entities	-	-	16,744	-	16,744
Effect of movements in exchange rates	-	(3,714)	(13,395)	-	(17,109)
Balance at September 30, 2019	$ -	2,357,341	7,127,752	-	9,485,093
Balance at January 1, 2018	$ -	2,070,936	6,471,106	-	8,542,042
Depreciation	-	124,244	342,910	-	467,154
Disposals	-	(166)	(81,544)	-	(81,710)
Effect of movements in exchange rates	-	(3,219)	(13,077)	-	(16,296)
Balance at September 30, 2018	$ -	2,191,795	6,719,395	-	8,911,190
Carrying amounts:					
Balance at January 1, 2019	$ 894,153	2,078,430	2,372,371	409,611	5,754,565
Balance at September 30, 2019	$ 894,193	2,049,883	2,465,497	230,512	5,640,085
Balance at January 1, 2018	$ 894,035	2,164,158	2,257,091	474,192	5,789,476
Balance at September 30, 2018	$ 894,130	2,096,243	2,337,672	389,425	5,717,470

(i) For the nine months ended September 30, 2019 and 2018, the Group capitalized the interest expenses on construction in progress amounted to $5,324 thousand and $6,118 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.16%~0.17% and 0.16%, respectively.

(ii) As of September 30, 2019, December 31 and September 30, 2018, the property, plant and equipment of the Group had not been pledged.

(i) Other current assets

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayments	$ 87,417	80,807	102,811
Tax refund receivable	34,478	43,034	47,469
Payment on behalf of others	15,438	6,653	15,251
Others	3,642	4,473	5,530
	$ 140,975	134,967	171,061

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(j) Right-of-use assets

The information about leases of land, buildings and construction, and equipment for which the Group as a lessee is presented below:

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance at January 1, 2019	$ -	-	-	-
Effects of retrospective application for IFRS16	218,355	124,950	13,060	356,365
Acquisitions	-	14,866	3,300	18,166
Disposals	-	(1,324)	-	(1,324)
Effect of changes in foreign exchange rates	(1,084)	(1,959)	(40)	(3,083)
Balance at September 30, 2019	$ 217,271	136,533	16,320	370,124
Accumulated depreciation:				
Balance at January 1, 2019	$ -	-	-	-
Depreciation	4,303	21,017	2,595	27,915
Disposals	-	(46)	-	(46)
Effect of changes in foreign exchange rates	(15)	(439)	(3)	(457)
Balance at September 30, 2019	$ 4,288	20,532	2,592	27,412
Carrying amount:				
Balance at September 30, 2019	$ 212,983	116,001	13,728	342,712

(k) Intangible assets

	REACH registration related expenses	Others	Total
Carrying amounts:			
Balance at January 1, 2019	$ 119,804	11,466	131,270
Balance at September 30, 2019	$ 110,806	9,935	120,741
Balance at January 1, 2018	$ 115,156	3,864	119,020
Balance at September 30, 2018	$ 118,378	11,113	129,491

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2019 and 2018. Information on amortization for the period is discussed in note 12. Please refer to note 6(i) of consolidated financial statements for the year end December 31, 2018 for the other related information.

(l) Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank loans (NTD、USD、RMB)	$ 2,622,522	2,569,426	2,616,115
Short-term notes and bills payable (NTD)	69,957	19,977	19,971
Total	$ 2,692,479	2,589,403	2,636,086
Unused credit lines (including short-term and long-term borrowings)	$ 3,429,136	3,498,523	3,074,836
Range of interest rate	1.16%~5.15%	1.16%~5.22%	1.16%~5.22%

As of September 30, 2019, December 31 and September 30, 2018, the Group issued short-term notes and bills payable through Dah Chung Bills Finance Corp. to obtain funds from the currency market.

(m) Long-term borrowings

	September 30, 2019			
	Currency	Rate	Maturity year	Amount
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 359,495
Unsecured bank loans	NTD	1.33%~1.79%	2019.10~2022.5	1,180,000
Less: long-term borrowings, current portion				(650,000)
Total				$ 889,495

	December 31, 2018			
	Currency	Rate	Maturity year	Amount
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 498,988
Unsecured bank loans	NTD	1.33%~1.75%	2019.2~2021.8	1,225,000
Less: long-term borrowings, current portion				(185,000)
Total				$ 1,538,988

	September 30, 2018			
	Currency	Rate	Maturity year	Amount
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 648,735
Unsecured bank loans	NTD	1.33%~1.79%	2019.2~2021.9	1,080,000
Less: long-term borrowings, current portion				(50,000)
Total				$ 1,678,735

The Group had not pledged the assets as collateral for bank loans.

Please refer note 6(v) for the interest expense. For the other related information, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2018.

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(n) Lease liabilities

	September 30, 2019
Current	$ 35,110
Non-current	$ 288,155

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Interest on lease liabilities	$ 1,827	5,657
Expenses relating to short-term leases	$ 1,706	4,763

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

	For the nine months ended September 30, 2019
Total cash outflow for leases	$ 35,902

(i) Land, buildings and constructions, and equipment lease

As of September 30, 2019, the Group leases land, buildings and constructions, and equipment for its warehouses and office space. The leases of warehouses and office typically run for a period from 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) The Group leases office equipment whose lease periods are 1 to 3 years, are recognized as short-term or lower-price lease. The Group elected to apply practical expedients not recognizing relative right-of-use assets and lease liabilities.

(o) Operating lease

The were no significant in operating lease for the three months ended September 30, 2018. Please refer note 6(l) for the consolidated financial statements for the year ended December 31, 2018 for the related information.

(p) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2018 and 2017.

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating costs	$ 2,262	2,748	6,789	8,252
Operating expenses	1,677	1,945	5,027	5,825
	$ 3,939	4,693	11,816	14,077

(ii) Defined contribution plans

The expense recognized in profit or loss for the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating costs	$ 7,936	9,085	23,546	27,099
Operating expenses	7,551	6,740	22,801	21,101
	$ 15,487	15,825	46,347	48,200

(q) Income taxes

(i) The components of income tax were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Current tax expense	$ 21,746	30,228	82,565	75,318

(ii) There were no income tax recognized in equity and other comprehensive income for the nine months ended September 30, 2019 and 2018.

(iii) The Company's income tax return for the years through 2016 were assessed and approved by the tax authorities.

(r) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2019 and 2018. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2018.

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(i) Retained earnings

In accordance to Company's article of incorporation, it stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

1) Legal reserve should be at 10%.

2) Special reserve should be appropriated (reversed) in accordance with related rules.

3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is as follows:

In order for the requirement of future investment and shareholders' interest, the dividend payment is not lower than 50% of net profit or current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends.

(ii) Distribution of earnings

On May 30, 2019, the shareholders' meeting resolved to distribute the 2018 earnings. On June 6, 2018, the shareholders' meeting resolved to distribute the 2017 earnings. These earnings were appropriated as follows:

	2018		2017	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	$ 0.50	$ 273,876	0.50	273,876

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-Controlling interest	Total
Balance at January 1, 2019	$ (68,420)	(81,347)	2,282	(147,485)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	163,333	1,888	165,221
Exchange differences on translation of foreign financial statements	(23,773)	-	928	(22,845)
Exchange differences on associates accounted for using equity method	(710)	-	-	(710)
Disposal of equity instruments designated at fair value through other comprehensive income	-	13,748	-	13,748
Balance at September 30, 2019	$ (92,903)	95,734	5,098	7,929

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Non-Controlling interest	Total
Balance at January 1, 2018	$	(57,203)	-	156,257	2,643	101,697
Effects of retrospective application		-	166,684	(156,257)	-	10,427
Balance at January 1, 2018 after adjustments		(57,203)	166,684	-	2,643	112,124
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(124,141)	-	(1,888)	(126,029)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(367)	-	-	(367)
Exchange differences on translation of foreign financial statements		(26,463)	-	-	2,326	(24,137)
Exchange differences on associates accounted for using equity method		438	-	-	-	438
Balance at September 30, 2018	$	(83,228)	42,176	-	3,081	(37,971)

(s) Earning per share

The Group's earnings per share were calculated as follows:

		For the three months ended September 30		For the nine months ended September 30	
		2019	2018	2019	2018
Basic earning per share					
Profit attributable to common shareholders of the Company	$	93,326	139,498	313,969	337,716
Weighted-average number of common shares outstanding	$	547,752	547,752	547,752	547,752
Basic earnings per share (express in New Taiwan dollar)	$	0.17	0.25	0.57	0.62

		For the three months ended September 30		For the nine months ended September 30	
		2019	2018	2019	2018
Diluted earning per share					
Profit attributable to common shareholders of the Company	$	93,326	139,498	313,969	337,716
Weighted-average number of common shares outstanding (basic)		547,752	547,752	547,752	547,752
Effect of employee compensation		109	231	1,707	1,593
Weighted-average number of common shares outstanding (diluted)		547,861	547,983	549,459	549,345
Diluted earnings per share (express in New Taiwan dollar)	$	0.17	0.25	0.57	0.61

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(t) Employees compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee compensation and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and nine months ended September 30, 2019 and 2018, the Company estimated its employee compensation amounting to $5,650 thousand, $8,027 thousand, $19,783 thousand, and $20,781 thousand, and directors' remuneration amounting to $2,260 thousand, $3,211 thousand, $7,913 thousand, and $8,313 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2018 and 2017, the employee compensation amounted to $26,554 thousand and $23,357 thousand, and directors' remuneration amounting to $10,622 thousand and $9,343 thousand, respectively. There were no any difference between the actual disturbed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(u) Revenue from contract with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2019						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Others	Total
Primary geographical markets:							
Taiwan	$ 100,002	67,346	183,350	11,257	3,457	479	365,891
America	80,414	104,432	-	61,179	10,156	-	256,181
Asia	738,883	218,910	60,919	233,336	14,151	-	1,266,199
Europe	171,675	119,777	-	88,048	19,023	-	398,523
Other	25,073	14,407	-	4,882	7,051	-	51,413
	$ 1,116,047	524,872	244,269	398,702	53,838	479	2,338,207
Major products:							
Chemicals	$ 1,116,047	524,872	244,269	-	-	-	1,885,188
Toners	-	-	-	398,702	-	-	398,702
Other	-	-	-	-	53,838	479	54,317
	$ 1,116,047	524,872	244,269	398,702	53,838	479	2,338,207

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	For the three months ended September 30, 2018						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Others	Total
Primary geographical markets:							
Taiwan	$ 145,187	54,947	198,530	9,791	1,793	1,278	411,526
America	114,350	114,037	-	51,155	7,126	-	286,668
Asia	726,606	263,294	72,302	257,244	19,051	-	1,338,497
Europe	195,087	91,555	-	90,454	17,423	-	394,519
Other	31,262	20,604	-	1,162	16,168	-	69,196
	$ 1,212,492	544,437	270,832	409,806	61,561	1,278	2,500,406
Major products:							
Chemicals	$ 1,212,492	544,437	270,832	-	-	-	2,027,761
Toners	-	-	-	409,806	-	-	409,806
Other	-	-	-	-	61,561	1,278	62,839
	$ 1,212,492	544,437	270,832	409,806	61,561	1,278	2,500,406

	For the nine months ended September 30, 2019						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:							
Taiwan	$ 362,226	193,549	509,366	31,027	7,073	4,254	1,107,495
America	270,095	338,245	-	173,197	19,624	-	801,161
Asia	2,325,998	642,688	182,238	652,320	34,157	-	3,837,401
Europe	487,549	364,166	-	258,551	65,231	-	1,175,497
Other	79,670	40,050	-	22,986	31,766	-	174,472
	$ 3,525,538	1,578,698	691,604	1,138,081	157,851	4,254	7,096,026
Major products:							
Chemicals	$ 3,525,538	1,578,698	691,604	-	-	-	5,795,840
Toners	-	-	-	1,138,081	-	-	1,138,081
Other	-	-	-	-	157,851	4,254	162,105
	$ 3,525,538	1,578,698	691,604	1,138,081	157,851	4,254	7,096,026

	For the nine months ended September 30, 2018						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:							
Taiwan	$ 436,574	184,930	598,320	30,721	2,800	3,963	1,257,308
America	274,657	379,677	-	157,643	34,013	-	845,990
Asia	2,172,560	678,310	214,332	720,461	55,642	-	3,841,305
Europe	559,802	345,646	236	273,499	54,147	-	1,233,330
Other	89,316	51,549	2,715	32,974	38,220	-	214,774
	$ 3,532,909	1,640,112	815,603	1,215,298	184,822	3,963	7,392,707
Major products:							
Chemicals	$ 3,532,909	1,640,112	815,603	-	-	-	5,988,624
Toners	-	-	-	1,215,298	-	-	1,215,298
Other	-	-	-	-	184,822	3,963	188,785
	$ 3,532,909	1,640,112	815,603	1,215,298	184,822	3,963	7,392,707

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(ii) Contract balance

	September 30, 2019	December 31, 2018	September 30, 2018
Receivables	$ 1,940,874	1,900,512	2,160,088
Less: loss allowance	(84,944)	(96,594)	(123,032)
Total	$ 1,855,930	1,803,918	2,037,056

For the detail on receivables and loss allowance, please refer to note 6(c).

(v) Non-operating income and expenses

(i) Other income

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Interest income	$ 998	1,051	3,143	3,567
Dividend income	52,824	43,074	53,534	43,074
	$ 53,822	44,125	56,677	46,641

(ii) Other gains and losses

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Foreign exchange gains (losses), net	$ (20,143)	(8,517)	1,235	(19,136)
Net gains on financial assets at fair value through profit or loss	1,849	61	1,336	891
Gains on disposal of property, plant and equipment	12	94	320	87
Others	21,461	12,207	70,065	41,269
	$ 3,179	3,845	72,956	23,111

(iii) Finance costs

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Interest expense	$ 23,786	24,168	75,011	66,338

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(w) Financial instruments

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

(i) Credit risk

1) Concentration of credit risk

The was no concentration of credit risk.

2) Receivables and debt securities

For credit risk exposure of receivables, please refer note 6(c).

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the nine months ended September 30, 2019 and 2018. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. There were no impairment allowance at September 30, 2019, December 31 and September 30, 2018.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
September 30, 2019						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,692,479	2,696,029	2,696,029	-	-	-
Notes payable	201,147	201,147	201,147	-	-	-
Accounts payable	367,912	367,912	367,912	-	-	-
Lease liabilities	323,265	403,722	41,828	50,781	71,547	239,566
Other payable	260,727	260,727	260,727	-	-	-
Payables on equipment	11,976	11,976	11,976	-	-	-
Long-term borrowings (including current portion)	1,539,495	1,576,914	657,852	364,375	554,687	-
	$ 5,397,001	5,518,427	4,237,471	415,156	626,234	239,566

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	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2018						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,589,403	2,593,766	2,593,766	-	-	-
Notes payable	190,752	190,752	190,752	-	-	-
Accounts payable	438,743	438,743	438,743	-	-	-
Other payable	335,864	335,864	335,864	-	-	-
Payables on equipment	38,697	38,697	38,697	-	-	-
Long-term borrowings (including current portion)	1,723,988	1,771,864	194,194	1,274,694	302,976	-
	$ 5,317,447	5,369,686	3,792,016	1,274,694	302,976	-
September 30, 2018						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,636,086	2,639,534	2,639,534	-	-	-
Notes payable	211,982	211,982	211,982	-	-	-
Accounts payable	489,274	489,274	489,274	-	-	-
Other payable	258,738	258,738	258,738	-	-	-
Payables on equipment	20,231	20,231	20,231	-	-	-
Long-term borrowings (including current portion)	1,728,735	1,774,500	52,217	1,570,258	152,025	-
	$ 5,345,046	5,394,259	3,671,976	1,570,258	152,025	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2019			December 31, 2018			September 30, 2018		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 35,353	31.04	1,097,344	31,748	30.72	975,285	40,522	30.53	1,237,138
JPY	227,087	0.29	65,855	319,386	0.28	89,562	309,974	0.27	83,693
RMB	62,239	4.35	270,739	62,722	4.47	280,367	65,818	4.44	292,232
Non-monetary items									
JPY	333,500	0.29	95,981	200,900	0.28	55,890	345,000	0.27	92,874
Financial liabilities									
Monetary items									
USD	44,244	31.04	1,373,333	52,880	30.74	1,575,637	55,223	30.53	1,685,953
JPY	142,776	0.29	41,405	122,129	0.28	34,196	156,752	0.27	42,323
RMB	6,603	4.35	28,722	6,312	4.50	28,130	3,311	4.44	14,703

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the nine months ended September 30, 2019 and 2018, would have changed the profit by $76 thousand and $1,039 thousand, respectively, and equity by $960 thousand and $929 thousand, respectively. The analysis is performed on the same basis for 2019 and 2018.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2019 and 2018, foreign exchange gains (losses) (including realized and unrealized portions) are exchange gains amounted to $(20,143) thousand, $(8,517) thousand, $1,235 thousand and $(19,136) thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expresses as the interest rate increase or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by $33,856 thousand and $34,919 thousand, respectively, for the nine months ended September 30, 2019 and 2018, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

(v) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

(Continued)

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	September 30, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	$ 13,612	13,612	-	-	13,612
Derivative financial assets	1,280	-	1,280	-	1,280
Subtotal	14,892	13,612	1,280	-	14,892
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	1,062,132	1,062,132	-	-	1,062,132
Domestic unlisted common shares	94,748	-	-	94,748	94,748
Subtotal	1,156,880	1,062,132	-	94,748	1,156,880
Financial assets measured at amortized cost					
Cash and cash equivalents	890,226	-	-	-	-
Notes and accounts receivable	1,855,930	-	-	-	-
Other financial assets	24,578	-	-	-	-
Subtotal	2,770,734	-	-	-	-
Total	$ 3,942,506	1,075,744	1,280	94,748	1,171,772
Financial liabilities at fair value through profit or loss					
Financial liabilities measured at amortized cost					
Bank loans	$ 4,231,974	-	-	-	-
Notes and accounts payable	569,059	-	-	-	-
Lease liabilities	323,265	-	-	-	-
Other payable	260,727	-	-	-	-
Payables on equipment	11,976	-	-	-	-
Subtotal	5,397,001	-	-	-	-
Total	$ 5,397,001	-	-	-	-

	December 31, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	$ 13,556	13,556	-	-	13,556
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	942,940	942,940	-	-	942,940
Domestic unlisted common shares	92,769	-	-	92,769	92,769
Subtotal	1,035,709	942,940	-	92,769	1,035,709

(Continued)

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	December 31, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 838,593	-	-	-	-
Notes and accounts receivable	1,803,918	-	-	-	-
Other financial assets	33,793	-	-	-	-
Subtotal	2,676,304	-	-	-	-
Total	$ 3,725,569	956,496	-	92,769	1,049,265
Financial liabilities measured at amortized cost					
Bank loans	$ 4,313,391	-	-	-	-
Notes and accounts payable	629,495	-	-	-	-
Other payable	335,864	-	-	-	-
Payables on equipment	38,697	-	-	-	-
Total	$ 5,317,447	-	-	-	-

	September 30, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	$ 13,500	13,500	-	-	13,500
Financial liabilities at fair value through profit or loss					
Derivative financial assets	881	-	881	-	881
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	1,062,226	1,062,226	-	-	1,062,226
Domestic unlisted common shares	98,384	-	-	98,384	98,384
Subtotal	1,160,610	1,062,226	-	98,384	1,160,610
Financial assets measured at amortized cost					
Cash and cash equivalents	815,398	-	-	-	-
Notes and accounts receivable	2,037,056	-	-	-	-
Other financial assets	31,425	-	-	-	-
Subtotal	2,883,879	-	-	-	-
Total	$ 4,058,870	1,075,726	881	98,384	1,174,991

	September 30, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 4,364,821	-	-	-	-
Notes and accounts payable	701,256	-	-	-	-
Other payable	258,738	-	-	-	-
Payables on equipment	20,231	-	-	-	-
Subtotal	5,345,046	-	-	-	-
Total	$ 5,345,046	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive as follows:

i) the bid-ask spread is increasing; or

ii) the bid-ask spread varies significantly; or

iii) there has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments, with active market the others' fair value is based on valuation techniques. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting data.

When the financial instrument of the Group is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiples of PBR proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the nine months ended September 30, 2019 and 2018.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2019	$ 92,769
Total gains or losses:	
Recognized in other comprehensive income	1,979
Balance on September 30, 2019	$ 94,748

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2018	$ 89,200
Total gains or losses:	
Recognized in other comprehensive income	9,184
Balance on September 30, 2018	$ 98,384

The aforementioned total gains or losses were included "unrealized gains (losses) on equity investment measured at fair value through other comprehensive income", which related to holding assets on September 30, 2019 and 2018 were as follows:

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Recognized in other comprehensive income	$ 12,798	(3,678)	1,979	9,184

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

The Group's financial instruments that use Level 3 inputs to measure fair value were "financial assets measured at fair value through other comprehensive income – debt investments".

Most of the Group's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	• Price-Book Ratio (as of September 30, 2019, December 31 and September 30, 2018 were s 3.25~4.08, 3.77, and 1.25~9.66, respectively) • Market liquidity discount rate (as of September 30, 2019, December 31 and September 30, 2018 were all 20%)	• The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on September 30, 2019, December 31 and September 30, 2018:

		Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
Inputs	Upwards or Downwards	September 30, 2019	December 31, 2018	September 30, 2018	September 30, 2019	December 31, 2018	September 30, 2018
Price-book ratio	5%	3,455	4,505	4,861	(3,455)	(4,505)	(4,861)
Market liquidity discount rate	5%	5,900	4,739	4,950	(5,900)	(4,739)	(4,950)

The favorable and unfavorable effects represent the changes in fair value, and fair values based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

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

(y) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2018.

(z) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	September 30, 2019
Short-term borrowings	$ 2,589,403	113,772	(10,696)	-	2,692,479
Long-term borrowings	1,723,988	(185,000)	-	507	1,539,495
Lease liabilities	333,450	(25,482)	(1,787)	17,084	323,265
Total liabilities from financing activities	$ **4,646,841**	**(96,710)**	**(12,483)**	**17,591**	**4,555,239**

	January 1, 2018	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	September 30, 2018
Short-term borrowings	$ 2,063,876	584,392	(12,182)	-	2,636,086
Long-term borrowings	1,973,228	(245,000)	-	507	1,728,735
Total liabilities from financing activities	$ **4,037,104**	**339,392**	**(12,182)**	**507**	**4,364,821**

(7) Related-party transactions:

(a) Names and relationship with related parties

The following is the entity that has had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Chung Hwa Chemical Industrial Works, Ltd. (CHCIW)	The entity's chairman is the director of the Company

(b) Significant transactions with related parties

(i) Purchase

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

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
CHCIW	$ 9,832	8,467	28,483	28,334

The prices, payment terms and other terms and conditions of purchase transactions with related parties were not materially different from those of the third-party vendors.

(ii) Payables to related parties

Account	Name of related party	September 30, 2019	December 31, 2018	September 30, 2018
Notes and accounts payable	CHCIW	$ 12,936	11,270	10,848

(c) Key management personnel compensation

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Short-term employee benefits	$ 8,071	8,176	25,731	24,745
Post-employment benefits	195	207	674	627
	$ 8,266	8,383	26,405	25,372

(8) Pledged assets: None.

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitment are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Acquisition of property, plant and equipment	$ 149,791	344,814	190,443

(b) The Group's outstanding standby letter of credit are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Outstanding standby letter of credit	$ -	306	4,249

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(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the three months ended September 30, 2019			For the three months ended September 30, 2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	191,500	147,826	339,326	201,543	157,813	359,356
Labor and health insurance	17,637	12,051	29,688	17,617	14,642	32,259
Pension	10,198	9,228	19,426	11,833	8,685	20,518
Remuneration of directors	-	2,430	2,430	-	3,291	3,291
Others	9,206	5,419	14,625	8,897	7,888	16,785
Depreciation	130,681	42,676	173,357	123,369	33,789	157,158
Amortization(note)	-	4,938	4,938	-	4,021	4,021

By function / By item	For the nine months ended September 30, 2019			For the nine months ended September 30, 2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	583,843	468,297	1,052,140	599,656	453,625	1,053,281
Labor and health insurance	53,417	44,569	97,986	53,598	43,341	96,939
Pension	30,335	27,828	58,163	35,351	26,926	62,277
Remuneration of directors	-	8,153	8,153	-	8,643	8,643
Others	24,690	17,375	42,065	23,277	21,804	45,081
Depreciation	383,905	123,083	506,988	368,500	98,654	467,154
Amortization(note)	302	14,167	14,469	335	12,906	13,241

(Note) The amortization expenses included long-term prepaid rent, amounted to $151 thousand and $462 thousand for the three months and nine months ended September 30, 2018.

(b) Seasonality of operations:

The Group's operations were not affected by seasonality or cyclicality factors.

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2019:

1. Loans to other parties: None.

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	777,808	63,200	62,080	31,040	-	0.80	1,944,520	Yes	No	No

Note1 : According to the Company's Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company's net worth. The individual guarantee amount shall not exceed 10% of the Company's net worth.

Note2 : The relationship of guarantee and endorsement with the Company and counter-party:

1. The Company that has a business relationship with endorsement/guarantee provider.
2. A subsidiary in which endorser/guarantor provider holds directly over 50% of equity interest.
3. An investee in which endorsement/guarantee provider and its subsidiaries hold over 50% of equity interest.
4. An investor which holds directly or indirectly over 50% of equity interest of endorser/guarantor provider.
5. The Company that has provided guarantees to endorsement/guarantee provider, and vice versa, due to contractual requirements.
6. An investee in which endorsement/guarantee provider conjunctly invests with other stockholders, and for which endorsement/guarantee provider has provided endorsement/guarantee provider in proportion to its shareholding percentage.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

(Continued)

3. Securities held as of September 30, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value	
GLTP	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss-current	812	13,612	-	13,612	
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	10,000	550,758	12%	673,000	
〃	Formosa Labortories, Inc.	-	〃	805	39,767	1%	26,807	
〃	Chung Hwa Chemical Industrial Works, LTD	-	〃	10,500	176,050	10%	128,100	
〃	Hodogaya Chemical Co.,Ltd	-	〃	100	56,948	1%	95,981	
〃	General Plastic Industrial Co., Ltd.	-	〃	2,140	74,900	2%	69,122	
〃	Andros Pharmaceuticals Co., Ltd.	-	〃	3,880	77,800	16%	87,339	
GLTP	Taiwan Bio Therapentics Co., Ltd.	-	〃	414	11,400	5%	7,409	
TTI	General Plastic Industrial Co., Ltd.	-	〃	2,140	74,900	2%	69,122	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	94,357	-		
	Total				1,156,880		1,156,880	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	notes/accounts receivable (payable)	
ECIC	ELITE	Subsidiary	Sale	451,344	6.36%	OA 100	Non material differences from those of third-parties	Non material differences from those of third-parties	149,111	7.68%	Note
〃	EVEU	〃	〃	463,281	6.53%	OA 90	〃	〃	96,129	4.95%	Note
〃	EVUS	〃	〃	304,466	4.29%	OA 100	〃	〃	105,079	5.41%	Note
〃	EVSH	〃	〃	178,223	2.51%	OA 90	〃	〃	25,101	1.29%	Note
〃	EVSZ	〃	〃	194,166	2.74%	OA 90	〃	〃	55,494	2.86%	Note
〃	EVHK	〃	〃	109,164	1.54%	OA 90	〃	〃	3,158	0.16%	Note

Note：The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(Continued)

8. Receviables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of October 28, 2019)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	105,079	3.47	-	-	43,550	-
〃	ELITE	〃	149,111	4.04	-	-	28,949	-

Note：The amount of the transactions and the ending balance had been eliminated in the consolidated financial statements.

9. Trading in derivative instruments: Please refer to note 6(b).

10. Significant transactions and business relationships between the parent company and its subsidiaries:

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	ELITE	1	Operating revenue	451,344	No material differences from those of third parties	6.36%
0	〃	EVEU	1	〃	463,281	〃	6.53%
0	〃	EVUS	1	〃	304,466	〃	4.29%
0	〃	EVSH	1	〃	178,223	〃	2.51%
0	〃	EVSZ	1	〃	194,166	〃	2.74%
0	〃	EVHK	1	〃	109,164	〃	1.54%
0	〃	ETSH	1	〃	98,687	〃	1.39%
1	TTI	EVSZ	2	〃	83,062	〃	1.17%
1	TTI	EVUS	2	〃	74,632	〃	1.05%
0	ECIC	ELITE	1	Accounts receivable from related parties	149,111	OA 100	1.05%

Note 1: Company numbering as follows:
Parent company - 0
Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:
Parent company to subsidiary - 1
Subsidiary to parent company - 2

Note 3: These accounts are disclosed based on the amounts represented to 1% of consolidated net sales.

(Continued)

(b) Information on investments (excluding investment in mainland China):

The following are the information on investees for the nine months ended September 30, 2019 (excluding investment in mainland China):

Units in Thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of September 30, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	123,597	5,662	5,662	(Note 2)
〃	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	43,862	4,006	4,006	(Note 2)
〃	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	913,468	10,180	10,180	(Note 2)
〃	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	54,975	20,347	20,347	(Note 2)
〃	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	657,684	12,400	9,731	(Note 2)
〃	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	108,112	9,820	4,910	(Note 2)
〃	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,569	354	79	(Note 1)
〃	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	10,000	16.78%	33,881	815	769	(Note 1)
〃	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	13,064	(7,849)	(7,163)	(Note 2)
〃	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	45,044	(11,418)	(11,418)	(Note 2)
	Unrealized gross profit on sales			-	-			(86,735)		-	
				1,437,815	1,437,815			1,927,521		37,103	
GLTP	KEYSTONE	Taipei City	Selling pharmaceuticals	75,000	75,000	7,500	34.09%	27,930	(33,584)	(11,449)	(Note 2)、(Note 3)
EVUS	EVHOSA	Honduras	Selling chemical product and related raw materials	3,089 (USD 102)	3,089 (USD 102)	-	-	-	-	-	(Note 4)

Note 1: These companies are the investees of investments accounted for using equity method. Investment income (loss) arisen from these companies were included in share of profit of subsidiaries accounted for using equity method of the Company.

Note 2: The amounts of the transactions and the ending balance had been eliminated in the consolidated financial statements.

Note 3: GLTP obtained the control of KEYSTONE on June 1, 2019. Therefore, the amounts of investment income (loss) had been eliminated after obtained the control.

Note 4: EVHOSA obtained the notice of the cancellation of its business registration from the government, and the related procedure has been completed.

(c) Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

Units in Thousands

Name of investee	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019		Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2019		Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current eriod	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD					USD	TWD
ETSH (Note 8)	Selling chemical product and related raw materials	1,700 (Note 7)	52,768	(Note 1)	700	21,728			700	21,728	3,741	100.00%	3,741 (Note 2)	130,536	-	-
ETGZ (Note 8)	Selling chemical product and related raw materials	700 (Note 5)	21,728	(Note 1)	200	6,208			200	6,208	3,881	100.00%	3,881 (Note 3)	68,761	-	-
EVSH (Note 8)	Selling chemical product and related raw materials	1,250 (Note 5)	38,800	(Note 1)	1,100	34,144			1,100	34,144	12,361	100.00%	12,361 (Note 2)	141,719	-	-
EVSZ (Note 8)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	20,000 (Note 5)	620,800	(Note 1)	18,600	577,344			18,600	577,344	(15,402)	100.00%	(15,402) (Note 2)	480,394	-	-
ANDA (Note 8)	Selling electronic high tech chemical product	1,200 (Note 5)	37,248	(Note 1)	650	20,176			650	20,176	(643)	56.25%	(362) (Note 3)	10,702	-	-
ADSH (Note 8)	Selling electronic high tech chemical product	157 (Note 6)	4,873	(Note 6)	-	-			-	-	(238)	56.25%	(134) (Note 3)	2,357	-	-
3ESZ (Note 8)	Manufacturing and selling chemical product and related raw materials	6,600 (Note 5)	204,864	(Note 1)	2,490	77,290			2,490	77,290	15,845	40.00%	6,338 (Note 3)	51,267	-	-

Note 1: Reinvest in mainland China through third place (EVSG).
Note 2: These financial statements are reviewed by the same auditor of the Taiwan parent company and accounted for equity method.
Note 3: The amounts had been accounted for using equity method based upon the unreviewed financial statements of these investees.
Note 4: Exchange rate: NTD vs USD (1:31.04). Expressed in thousands of New Taiwan Dollars unless otherwise specified.
Note 5: EVSG invested in ETGZ USD 500 thousand, EVSH USD 150 thousand, EVSZ USD 1,400 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.
Note 6: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.
Note 7: Included the capital increasing amounted to USD 1,000 thousand from earning.
Note 8: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commision, MOEA	Upper Limit on Investment
789,564 (USD 25,437)	728,292 (USD 23,463)	4,666,849

As of September 30, 2019, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (1,974) thousand, including the follows:
(i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.
(ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.
(iii) EVSG: remittance of earnings amounted to USD (5,399) thousand.

(iii) Siginificant transactions:

For the nine months ended September 30, 2019, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in note (13)(a) Information on significant transactions.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Segment information:

(a) General information

The Group's operating segment information and reconciliation are as follow:

	For the three months ended September 30, 2019							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 1,116,047	524,872	244,269	398,702	53,838	479	-	2,338,207
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 1,116,047	524,872	244,269	398,702	53,838	479	-	2,338,207
Reportable segment profit or loss	$ 75,154	61,210	1,961	(14,858)	(53,794)	39,942	-	109,615

	For the three months ended September 30, 2018							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 1,212,492	544,437	270,832	409,806	61,561	1,278	-	2,500,406
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 1,212,492	544,437	270,832	409,806	61,561	1,278	-	2,500,406
Reportable segment profit or loss	$ 162,621	25,633	4,248	(9,990)	(46,940)	38,224	-	173,796

	For the nine months ended September 30, 2019							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 3,525,538	1,578,698	691,604	1,138,081	157,851	4,254	-	7,096,026
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 3,525,538	1,578,698	691,604	1,138,081	157,851	4,254	-	7,096,026
Reportable segment profit or loss	$ 348,186	180,854	(1,035)	(21,634)	(141,860)	28,201	-	392,712

	For the nine months ended September 30, 2018							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 3,532,909	1,640,112	815,603	1,215,298	184,822	3,963	-	7,392,707
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 3,532,909	1,640,112	815,603	1,215,298	184,822	3,963	-	7,392,707
Reportable segment profit or loss	$ 505,429	80,523	(18,152)	(27,564)	(135,081)	15,504	-	420,659

Note: The expense resulted from obtaining the certification of GMP for Pharmaceuticals division, please refer to note 6(d).