Shinkong Synthetic Fibers Corporation

**Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shinkong Synthetic Fibers Corporation

Opinion

We have audited the accompanying financial statements of Shinkong Synthetic Fibers Corporation (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2019 are as follows:

Assessment of Impairment Loss of Inventories

Changes in technology may result in slow-moving or obsolete inventories, or cause the net realizable value of inventories to be lower than the cost due to the decline in selling price. Since the balance of inventories is significantly large in the financial statements for the year ended December 31, 2019 and assessment of impairment involves management's judgment, the assessment of impairment loss of inventories has been deemed as a key audit matter.

We understood the effectiveness of the following internal control operations:

1. Whether the loss on impairment of inventory was recognized according to the Company's policy regularly.

2. Whether the assessment on impairment of inventory was reviewed by responsible personnel.

We obtained the data on the assessment of impairment of inventories to check whether the policy of the Company is complied with and whether the calculations were reasonable. We sampled the inventory list on the balance sheet date to verify the selling price data used to evaluate the net realizable value. We evaluated the reasonableness of impairment of inventory by performing physical inspection, testing the inventory aging, and comparing the historical levels of write-offs against the amounts stated.

For other relevant disclosures, refer to Note 4(e): Summary of significant accounting policies, Note 5: Critical accounting judgments and key sources of estimation uncertainty and Note 12: Inventories.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Wen-Hsiang Chen and Chin-Chuan Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2020

Notice to Readers

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

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

SHINKONG SYNTHETIC FIBERS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 29 and 30)	$ 2,083,433	5	$ 1,392,522	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	105	-	5,648	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 29 and 31)	636,980	1	589,301	2
Financial assets at amortized cost - current (Notes 4, 9, 10 and 29)	400,000	1	390,000	1
Notes receivable, net (Notes 4, 11, 29 and 30)	21,117	-	63,681	-
Trade receivables, net (Notes 4, 11, 29 and 30)	2,001,694	5	2,605,858	6
Other receivables (Notes 4, 11, 29 and 30)	171,885	-	252,064	1
Inventories (Notes 4, 5 and 12)	2,709,414	6	3,101,992	7
Prepayments (Notes 17 and 30)	87,067	-	149,155	-
Other current assets (Note 17)	4,778	-	1,474	-
Total current assets	8,116,473	18	8,551,695	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 29 and 31)	6,529,238	15	6,000,062	14
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 29)	400,000	1	400,000	1
Investments accounted for using the equity method (Notes 4, 13, 27 and 30)	17,854,582	41	17,104,894	40
Property, plant and equipment (Notes 4, 14 and 31)	7,858,549	18	7,467,077	18
Right-of-use assets (Notes 3, 4, 15 and 30)	19,167	-	-	-
Investment properties (Notes 4, 16, 30 and 31)	2,999,288	7	3,029,337	7
Deferred tax assets (Notes 4 and 25)	180,003	-	155,949	-
Other non-current assets (Notes 4, 11 and 17)	36,031	-	165,175	-
Total non-current assets	35,876,858	82	34,322,494	80
TOTAL	$ 43,993,331	100	$ 42,874,189	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18, 29 and 31)	$ 3,194,870	7	$ 3,276,797	8
Short-term bills payable (Notes 4, 18 and 29)	899,130	2	499,978	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	1,953	-	1,924	-
Trade payables (Notes 19, 29 and 30)	1,100,538	3	1,871,444	4
Other payables (Notes 20, 29 and 30)	515,418	1	647,299	2
Current tax liabilities (Notes 4 and 25)	126,055	-	139,211	-
Lease liabilities - current (Notes 3, 4, 15, 29 and 30)	17,296	-	-	-
Current portion of long-term borrowings and bonds payable (Notes 4, 18, 29, 30 and 31)	400,000	1	400,000	1
Other current liabilities (Note 20)	85,253	-	101,129	-
Total current liabilities	6,340,513	14	6,937,782	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 18, 29, 30 and 31)	6,302,281	14	5,669,294	13
Provisions - non-current (Notes 4, 21 and 22)	433,755	1	445,759	1
Deferred tax liabilities (Notes 4 and 25)	1,075,722	3	1,054,889	3
Lease liabilities - non-current (Notes 3, 4, 15, 29 and 30)	2,348	-	-	-
Guarantee deposits received	15,423	-	15,312	-
Total non-current liabilities	7,829,529	18	7,185,254	17
Total liabilities	14,170,042	32	14,123,036	33
EQUITY (Notes 4 and 23)				
Share capital	16,184,093	37	16,184,093	38
Capital surplus	1,567,399	4	1,575,677	4
Retained earnings				
Legal reserve	1,328,686	3	1,082,892	3
Special reserve	2,723,600	6	2,723,600	6
Unappropriated earnings	5,406,905	12	5,263,773	12
Total retained earnings	9,459,191	21	9,070,265	21
Other equity	2,642,440	6	1,950,952	4
Treasury shares	(29,834)	-	(29,834)	-
Total equity	29,823,289	68	28,751,153	67
TOTAL	$ 43,993,331	100	$ 42,874,189	100

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

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 30)				
Sales	$ 20,664,965	100	$ 24,885,692	100
OPERATING COSTS (Notes 12, 14, 15, 24 and 30)				
Cost of goods sold	19,104,006	92	22,454,284	90
GROSS PROFIT	1,560,959	8	2,431,408	10
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(42,436)	-	(50,442)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	61,047	-	44,323	-
REALIZED GROSS PROFIT	1,579,570	8	2,425,289	10
OPERATING EXPENSES (Notes 15, 24 and 30)				
Selling and marketing expenses	457,023	2	498,746	2
General and administrative expenses	259,683	1	320,899	1
Research and development expenses	107,497	1	157,905	1
Reversal of expected credit loss	(5,416)	-	(6,583)	-
Total operating expenses	818,787	4	970,967	4
PROFIT FROM OPERATIONS	760,783	4	1,454,322	6
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24, 30 and 33)				
Other income	342,808	2	414,535	2
Other gains and losses	(35,624)	-	98,805	-
Finance costs	(118,419)	(1)	(124,913)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	1,020,680	5	924,897	4
Total non-operating income and expenses	1,209,445	6	1,313,324	5
PROFIT BEFORE INCOME TAX	1,970,228	10	2,767,646	11
INCOME TAX EXPENSE (Notes 4 and 25)	(177,649)	(1)	(309,709)	(1)
NET PROFIT FOR THE YEAR	1,792,579	9	2,457,937	10

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019 Amount	2019 %	2018 Amount	2018 %
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (19,516)	-	$ (27,007)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	496,442	2	(347,137)	(2)
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	186,714	1	(31,017)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 25)	3,903	-	(2,625)	-
	667,543	3	(407,786)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(4,743)	-	(91,087)	-
Share of the other comprehensive income (loss) of subsidiaries associates and joint ventures accounted for using the equity method	1,865	-	(2,311)	-
	(2,878)	-	(93,398)	-
Other comprehensive income (loss) for the year, net of income tax	664,665	3	(501,184)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,457,244	12	$ 1,956,753	8
EARNINGS PER SHARE (Note 26)				
Basic	$ 1.11		$ 1.52	
Diluted	$ 1.11		$ 1.52	

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

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Other Equity			
	Share (In Thousand)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	1,618,409	$ 16,184,093	$ 1,575,732	$ 986,420	$ 2,723,600	$ 3,818,187	$ (1,145)	$ 2,346,799	$ (29,834)	$ 27,603,852
Other changes in capital surplus										
Changes in percentage of ownership interests in subsidiaries	-	-	(55)	-	-	(192)	-	-	-	(247)
Appropriation of 2017 earnings										
Legal reserve	-	-	-	96,472	-	(96,472)	-	-	-	-
Cash dividends	-	-	-	-	-	(809,205)	-	-	-	(809,205)
Net profit for the year ended December 31, 2018	-	-	-	-	-	2,457,937	-	-	-	2,457,937
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(20,332)	(91,087)	(389,765)	-	(501,184)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	2,437,605	(91,087)	(389,765)	-	1,956,753
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/disposal of the investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	(86,150)	-	86,150	-	-
BALANCE AT DECEMBER 31, 2018	1,618,409	16,184,093	1,575,677	1,082,892	2,723,600	5,263,773	(92,232)	2,043,184	(29,834)	28,751,153
Effect of retrospective application	-	-	-	-	-	(1,182)	-	-	-	(1,182)
BALANCE AT JANUARY 1, 2019 AS RESTATED	1,618,409	16,184,093	1,575,677	1,082,892	2,723,600	5,262,591	(92,232)	2,043,184	(29,834)	28,749,971
Appropriation of 2018 earnings										
Legal reserve	-	-	-	245,794	-	(245,794)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,375,648)	-	-	-	(1,375,648)
Other changes in capital surplus										
Actual partial acquisitions of interests in subsidiaries	-	-	5,291	-	-	-	-	-	-	5,291
Changes in percentage of ownership interests in subsidiaries	-	-	(13,569)	-	-	-	-	-	-	(13,569)
Net profit for the year ended December 31, 2019	-	-	-	-	-	1,792,579	-	-	-	1,792,579
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(25,863)	(4,743)	695,271	-	664,665
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	1,766,716	(4,743)	695,271	-	2,457,244
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/disposal of the investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	(960)	-	960	-	-
BALANCE AT DECEMBER 31, 2019	1,618,409	$ 16,184,093	$ 1,567,399	$ 1,328,686	$ 2,723,600	$ 5,406,905	$ (96,975)	$ 2,739,415	$ (29,834)	$ 29,823,289

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

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,970,228	$ 2,767,646
Adjustments for:		
Depreciation expenses	555,347	523,301
Expected credit loss reversed on trade receivables	(5,416)	(6,583)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	336	(1,508)
Finance costs	118,419	124,913
Interest income	(35,353)	(34,305)
Dividend income	(216,277)	(309,179)
Write-downs of inventories	65,793	-
Share of profit of subsidiaries, associates and joint ventures	(1,020,680)	(924,897)
Loss on disposal of property, plant and equipment	18	16,717
Impairment loss recognized on property, plant and equipment	3,295	3,295
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	42,436	50,442
Realized gain on the transactions with subsidiaries, associates and joint ventures	(61,047)	(44,323)
Recognition of provisions	12,885	17,955
Net loss (gain) on foreign currency exchange	51,667	(43,173)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,236	(4,999)
Notes and trade receivables	636,010	39,889
Other receivables	80,715	(53,965)
Inventories	326,785	(1,087,689)
Prepayments	62,088	51,673
Other current assets	(3,304)	(827)
Notes payable	-	(28)
Trade payables	(761,845)	332,553
Other payables	(159,915)	167,704
Other current liabilities	(15,876)	34,312
Provisions	(44,405)	(275,497)
Cash generated from operations	1,607,140	1,343,427
Interest received	34,817	32,760
Dividend received	216,277	309,179
Interest paid	(119,704)	(123,217)
Income tax paid	(190,123)	(142,301)
Net cash generated from operating activities	1,548,407	1,419,848

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SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (88,665)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	773	211,355
Return of capital on financial assets at fair value through other comprehensive income	7,479	152
Purchase of financial assets at amortized cost	(400,000)	(400,000)
Proceeds from sale of financial assets at amortized cost	390,000	250,000
Dividends received from subsidiaries and associates	794,604	461,030
Net cash outflow on acquisition of subsidiaries	(330,625)	(202,002)
Payments for property, plant and equipment	(746,310)	(339,920)
(Increase) decrease in refundable deposits	(10)	154
Decrease (increase) in other assets	2,909	(131,747)
Net cash used in investing activities	(369,845)	(150,978)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(79,197)	1,044,638
Proceeds from (repayments of) short-term bills payable	399,152	(1,099,743)
Proceeds from (repayments of) long-term borrowings	632,987	(890,046)
Proceeds from guarantee deposits received	111	201
Repayment of principal portion of lease liabilities	(17,732)	-
Dividends paid	(1,375,648)	(809,205)
Net cash used in financing activities	(440,327)	(1,754,155)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(47,324)	41,199
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	690,911	(444,086)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,392,522	1,836,608
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,083,433	$ 1,392,522

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

1. GENERAL INFORMATION

Shinkong Synthetic Fibers Corporation ("the Company") was established in the Republic of China (ROC) in 1967 with an initial capital of $22,500 thousand. As of December 31, 2019, the Company's paid-in capital had increased to $16,184,093 thousand. The Company manufactures and sells polyester polymers, polyester staple fibers, polyester textured yarns, polyester chips, pre-oriented yarns, polyester flat yarns, polyethylene terephthalate (PET) resins used in PET bottles and polyester base films. The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") since August 1973.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 24, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     <u>Definition of a lease</u>

     The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights were recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease incentives, was recognized as accrued expenses. Cash flows for operating leases were classified within operating activities on the statements of cash flows. Leased assets and finance lease payables were recognized for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables as of December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.18%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 40,993
Less: Recognition exemption for short-term leases or leases of low-value assets	(3,709)
Undiscounted amount on January 1, 2019	$ 37,284
Discounted amount using the incremental borrowing rate on January 1, 2019	$ 36,774
Lease liabilities recognized on January 1, 2019	$ 36,774

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2018	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Right-of-use assets	$ -	$ 36,774	$ 36,774
Total effect on assets	$ -	$ 36,774	$ 36,774
Lease liabilities - current	$ -	$ 17,999	$ 17,999
Lease liabilities - non-current	-	18,775	18,775
Total effect on liabilities	$ -	$ 36,774	$ 36,774

Except for the above impacts, as of the date the financial statements were authorized for issue, the Company assessed that other amendments to standards and interpretations would not have a significant impact on the Company's financial position and financial performance.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	**Effective Date Announced by IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purposes of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries attributable to the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company’s ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note, trade and overdue receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i) Internal or external information show that the debtor is unlikely to pay its creditors.

ii) When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities are recognized in finance cost; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 29.

ii. Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

i) The amount of the loss allowance reflecting expected credit losses; and

ii) The amount initially recognized less, where appropriate, the cumulative amount of amortization recognized in accordance with the revenue recognition policies.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

n. Leasing

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At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

Contingent rentals are recognized as income in the period in which they are incurred.

2) The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term. Contingent rentals are recognized as expenses in the period in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in the subsidiaries.

s. Treasury shares

When the Company acquires its outstanding shares that have not been disposed of or retired, treasury shares are stated at cost and shown as a deduction in stockholders’ equity. When treasury shares are sold, if the selling price is above the carrying value, the differences should be credited to the capital surplus - treasury stock transactions. If the selling price is below the carrying value, the differences should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The carrying value of treasury stock is calculated using the weighted-average approach in accordance with the purpose of the acquisition.

When the Company’s treasury shares are retired, the treasury stock account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

The Company accounts for its stock held by subsidiaries as treasury stock.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	$ 1,076	$ 929
Foreign currency demand deposits	1,735,446	881,409
Checking accounts	332,777	287,306
Demand deposits	14,134	6,562
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	-	153,575
Repurchase agreements collateralized by bonds	-	62,741
	$ 2,083,433	$ 1,392,522

As of December 31, 2019 and 2018, the market rate intervals of cash in the bank and repurchase agreements collateralized by bonds were 0.001%-0.35% and 0.001%-3.10%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	$ 105	$ 653
Non-derivative financial assets		
Mutual funds	-	4,995
	$ 105	$ 5,648

(Continued)

	December 31	
	2019	**2018**
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	$ 89	$ 354
Cross-currency swap contracts (b)	1,864	1,570
	$ 1,953	$ 1,924

(Concluded)

a. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
December 31, 2019			
Sell	USD/NTD	2020.01.07-2020.01.09	US$3,000/NT$90,262
Sell	EUR/NTD	2020.01.10-2020.03.24	EUR997/NT$33,747
Buy	NTD/JPY	2020.01.06-2020.02.14	JPY130,000/NT$36,086
December 31, 2018			
Sell	USD/NTD	2019.01.04-2019.01.18	US$3,500/NT$107,711
Sell	EUR/NTD	2019.01.25-2019.04.10	EUR383/NT$13,483
Buy	NTD/JPY	2019.01.08-2019.01.11	JPY53,750/NT$14,521
Buy	NTD/USD	2019.01.11-2019.01.25	US$7,000/NT$215,170
Buy	NTD/EUR	2019.05.08	EUR1,900/NT$66,637

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. At the end of the year, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Notional Amount (In Thousands)	**Maturity Date**	**Range of Interest Rates Paid**	**Range of Interest Rates Received**
December 31, 2019			
US$6,500	2020.02.18	0.82%	2.27%
December 31, 2018			
US$13,500	2019.01.16-2019.03.21	0%-0.68%	2.65%-3.6%

The Company entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Current		
Investments in equity instruments at FVTOCI	$ 636,980	$ 589,301
Non-current		
Investments in equity instruments at FVTOCI	$ 6,529,238	$ 6,000,062

Investments in equity instruments at FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments		
Listed shares and emerging market shares	$ 636,980	$ 589,301
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 5,384,473	$ 4,899,994
Unlisted shares	1,144,747	1,088,657
Foreign investments		
Unlisted shares	18	11,411
	$ 6,592,238	$ 6,000,062

These investments in equity instruments are held for medium to long-term strategic purposes. Refer to Table 2 for details of the investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2019, the Company acquired ordinary shares of domestic investments for $88,665 thousand for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In 2019 and 2018, the Company sold its shares in domestic investments in order to manage credit concentration risk. The shares sold had a fair value of $773 thousand and $211,355 thousand and its related unrealized valuation loss of $140 thousand and $85,832 thousand were transferred from other equity to retained earnings, respectively.

Refer to Note 31 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Domestic investments		
Corporate bonds - Tac Bright Optronics Corporation (a)	$ 400,000	$ 390,000
Non-current		
Domestic investments		
Corporate bonds - Tac Bright Optronics Corporation (a)	$ 400,000	$ 400,000

a. In January 2018, November 2018, December 2018, March 2019, June 2019, and September 2019, the Company bought 2-year corporate bonds issued by Tac Bright Optronics Corp. at face values of $150,000 thousand, $100,000 thousand, $150,000 thousand, $200,000 thousand, $50,000 thousand, and $150,000 thousand, respectively, all of which have a coupon rate of 2.3%.

b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS - 2019

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

December 31, 2019

	At Amortized Cost
Gross carrying amount	$ 800,000
Less: Allowance for impairment loss	-
Amortized cost	$ 800,000

December 31, 2018

	At Amortized Cost
Gross carrying amount	$ 790,000
Less: Allowance for impairment loss	-
Amortized cost	$ 790,000

The Company continuously tracks and monitors the changes in credit risk of its debt investments. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the 12-month or lifetime expected credit losses for debt instrument investments, the Company considers the current financial condition of debtors and the future prospects of the industries. The Company's mechanism, the gross carrying amounts of debt instrument investments by credit category and the corresponding expected loss rates were as follows:

December 31, 2019

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0.00%	$ 800,000

December 31, 2018

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0.00%	$ 790,000

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
At amortized cost		
Gross carrying amount	$ 21,117	$ 63,681
Less: Allowance for impairment loss	-	-
	$ 21,117	$ 63,681
Notes receivable - operating	$ 21,117	$ 63,681
Less: Allowance for impairment loss	-	-
	$ 21,117	$ 63,681
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,030,962	$ 2,639,342
Less: Allowance for impairment loss	(29,268)	(33,484)
	$ 2,001,694	$ 2,605,858
Other receivables		
Others	$ 171,885	$ 252,064

Trade Receivables

Credit periods are typically provided in the Company's sales agreements. Before accepting any new customer, the Company assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are past due. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's credit classification matrix.

December 31, 2019

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	No less than 1%	4%	15%	50%	100%	-
Gross carrying amount	$ 1,850,315	$ 174,754	$ 5,893	$ -	$ -	$ 2,030,962
Loss allowance (Lifetime ECLs)	(21,394)	(6,990)	(884)	-	-	(29,268)
Amortized cost	$ 1,828,921	$ 167,764	$ 5,009	$ -	$ -	$ 2,001,694

December 31, 2018

	Credit Classification - Type A	Credit Classification - Type B	Credit Classification - Type C	Credit Classification - Type D	Credit Classification - Type E	Total
Expected credit loss rate	No less than 1%	4%	15%	50%	100%	-
Gross carrying amount	$ 2,463,513	$ 175,340	$ 489	$ -	$ -	$ 2,639,342
Loss allowance (Lifetime ECLs)	(26,397)	(7,014)	(73)	-	-	(33,484)
Amortized cost	$ 2,437,116	$ 168,326	$ 416	$ -	$ -	$ 2,605,858

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

	2019	2018
Balance at January 1	$ 33,484	$ 38,867
Less: Net remeasurement of loss allowance	(4,216)	(5,383)
Balance at December 31	$ 29,268	$ 33,484

The movements of the loss allowance of overdue receivables were as follows:

	2019	2018
Balance at January 1	$ 69,488	$ 70,688
Less: Net remeasurement of loss allowance	(1,200)	(1,200)
Balance at December 31	$ 68,288	$ 69,488

Aging analysis of trade receivables was as follows:

	December 31	
	2019	2018
Not past due	$ 1,681,998	$ 2,260,440
Past due 1-90 days	332,298	370,740
Past due 91-180 days	16,608	8,162
Past due 181-360 days	-	-
Past due over 360 days (Note)	58	-
	$ 2,030,962	$ 2,639,342

Note: The above aging schedule was based on the number of past due days from the end of the credit term.

12. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 1,888,809	$ 2,070,430
Work in process	310,564	418,997
Raw materials	510,027	612,531
Semi-finished goods	14	34
	$ 2,709,414	$ 3,101,992

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $19,104,006 thousand and $22,454,284 thousand, respectively.

As of December 31, 2019 and 2018, the allowance for write-down of inventories was $221,821 thousand and $156,028 thousand, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 17,848,571	$ 17,099,049
Investments in associates	6,011	5,845
	$ 17,854,582	$ 17,104,894

a. Investments in subsidiaries

	December 31			
	2019		2018	
	Proportion of Ownership and Voting Rights %	Carrying Amount	Proportion of Ownership and Voting Rights %	Carrying Amount
Listed companies				
UBright Optronics Corp.	49.57	$ 1,426,458	50.44	$ 1,454,545
Unlisted companies				
Pan Asian Plastics Corp.	100.00	1,390,831	100.00	1,366,980
Hsingshing Investment Co., Ltd.	100.00	1,658,460	100.00	1,664,508
Shinkong Engineering Co., Ltd.	100.00	565,316	100.00	533,800
Shinpont Industry Inc.	49.99	487,629	49.99	517,586
Shin Chiun Industrial Co., Ltd.	100.00	697,436	100.00	696,692
Maxima Pacific Ltd.	100.00	2,983,805	100.00	2,782,032
SSFC Investment Ltd.	100.00	2,109,020	100.00	2,015,798
Shinkong Polyester Film Co., Ltd.	80.07	702,353	80.07	690,737
Shinkong International Securities Co., Ltd.	77.98	2,515,663	77.98	2,417,822
ShinBright Optronics Corp.	100.00	20,446	100.00	(109,844)
Tac Bright Optronics Corp.	56.86	1,261,541	56.86	1,237,367
Taipei Star Bank	27.07	1,419,925	27.06	1,370,564
Chi Jian Human-Resource & Management Co., Ltd.	100.00	5,454	100.00	5,468
Hsinshin Asset Management Co., Ltd.	100.00	59,644	100.00	54,012
Shin Kong International Leasing Corp.	100.00	546,018	100.00	433,310
Shin Kong Technologies Corp. (Note 5)	100.00	33,345	-	-
		17,883,344		17,131,377
Transferred to treasury stock		(34,773)		(32,328)
		$ 17,848,571		$ 17,099,049

Note 1: Refer to Note 23 for the Company’s shares held by its subsidiaries are regarded as treasury stock.

Note 2: Except for Chi Jian Human-Resource & Management Co., Ltd., investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the Company which have not been audited.

Note 3: Refer to Table 6 for the details of the subsidiaries indirectly held by the Company.

Note 4: In 2019 and 2018, the Company's subsidiaries sold their investments in equity instruments at FVTOCI; and the Company's related unrealized valuation loss of $820 thousand and $0 thousand was transferred from other equity to retained earnings, respectively.

Note 5: For the purpose of organizational restructuring, the Company's subsidiary Shin Chiun Industrial Co., Ltd. disposed of 100% of its interest in the second-tier subsidiary Shin Kong Technologies Corp. to the Company in August 2019.

b. Investments in associates

	December 31			
	2019		2018	
	Proportion of Ownership and Voting Rights %	**Carrying Amount**	**Proportion of Ownership and Voting Rights %**	**Carrying Amount**
Unlisted company				
Tai Jin Investment Co., Ltd.	48.57	$ 6,011	48.57	$ 5,845

The summarized financial information below represents the amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes:

	For the Year Ended December 31	
	2019	**2018**
The Company's share of:		
Profit for the year	$ 84	$ 28
Other comprehensive income (loss)	82	(59)
Total comprehensive income (loss) for the year	$ 166	$ (31)

The share of profit or loss and other comprehensive income of these investments accounted for using the equity method was calculated based on financial statements which has not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the Company which have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Company - 2019

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Office Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2019	$ 3,573,128	$ 3,250,844	$ 12,005,970	$ 64,740	$ 51,701	$ 32,126	$ 37,256	$ 19,015,865
Additions	58	-	-	-	-	1,350	892,957	894,365
Disposals	-	(588)	(2,555)	(2,076)	-	-	-	(5,219)
Reclassified	-	47,007	346,223	2,085	4,919	-	(392,725)	7,509
Balance at December 31, 2019	$ 3,573,186	$ 3,297,263	$ 12,349,638	$ 64,749	$ 56,620	$ 33,476	$ 537,588	$ 19,912,520
Accumulated depreciation and impairment								
Balance at January 1, 2019	$ -	$ 2,101,986	$ 9,334,449	$ 38,948	$ 51,449	$ 21,956	$ -	$ 11,548,788
Disposals	-	(581)	(2,544)	(2,076)	-	-	-	(5,201)
Impairment losses recognized	-	3,295	-	-	-	-	-	3,295
Depreciation expenses	-	71,464	423,330	8,080	505	3,528	-	507,089
Balance at December 31, 2019	$ -	$ 2,176,346	$ 9,755,235	$ 44,952	$ 51,954	$ 25,484	$ -	$ 12,053,971
Carrying amounts at December 31, 2019	$ 3,573,186	$ 1,120,917	$ 2,594,403	$ 19,797	$ 4,666	$ 7,992	$ 537,588	$ 7,858,549

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

Buildings	3-55 years
Machinery equipment	4-17 years
Transportation equipment	3-6 years
Office equipment	3-16 years
Other equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

As a result of the declining sale in the market, the estimated future cash flows expected to arise from the related property, plant and equipment was decreased, leading to the recoverable amount is lower than their carrying amount. The Company recognized impairment loss of $3,295 thousand, which was recognized under operating costs on the statement of comprehensive income. The Company determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rates used in measuring the value in use was 7.782% per annum.

b. 2018

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Office Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2018	$ 3,573,128	$ 2,938,945	$ 11,629,917	$ 60,732	$ 67,074	$ 39,749	$ 1,260,248	$ 19,569,793
Additions	-	-	-	-	-	-	309,246	309,246
Disposals	-	-	(846,369)	(1,126)	(15,373)	(7,623)	-	(870,491)
Reclassified	-	311,899	1,222,422	5,134	-	-	(1,532,138)	7,317
Balance at December 31, 2018	$ 3,573,128	$ 3,250,844	$ 12,005,970	$ 64,740	$ 51,701	$ 32,126	$ 37,356	$ 19,015,865

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Office Equipment	Property under Construction	Total
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ -	$ 2,030,424	$ 9,751,618	$ 32,666	$ 65,965	$ 25,659	$ -	$ 11,906,332
Disposals	-	-	(829,652)	(1,126)	(15,373)	(7,623)	-	(853,774)
Impairment loss	-	3,295	-	-	-	-	-	3,295
Depreciation expense	-	68,267	412,483	7,408	857	3,920	-	492,935
Balance at December 31, 2018	$ -	$ 2,101,986	$ 9,334,449	$ 38,948	$ 51,449	$ 21,956	$ -	$ 11,548,788
Carrying amounts at December 31, 2018	$ 3,573,128	$ 1,148,858	$ 2,671,521	$ 25,792	$ 252	$ 10,170	$ 37,356	$ 7,467,077

(Concluded)

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

Buildings	3-55 years
Machinery equipment	4-17 years
Transportation equipment	3-6 years
Office equipment	3-16 years
Other equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

As a result of the declining sale in the market, the estimated future cash flows expected to arise from the related property, plant and equipment was decreased, leading to the recoverable amount is lower than their carrying amount. The Company recognized impairment loss of $3,295 thousand, which was recognized under operating costs on the statement of comprehensive income. The Company determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rates used in measuring the value in use was 8.833% per annum.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 14,084
Machinery equipment	1,214
Transportation equipment	1,278
Office equipment	2,591
	$ 19,167

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 602
Depreciation charge for right-of-use assets	
Buildings	$ 14,085
Machinery equipment	954
Transportation equipment	2,579
Office equipment	591
	$ 18,209

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 17,296
Non-current	$ 2,348

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.18%
Machinery equipment	1.08%-1.18%
Transportation equipment	1.18%
Office equipment	1.18%

c. Material lease activities and terms (the Company is lessee)

The Company leases certain equipment for the use of operating activities with lease terms of 2 to 7 years.

The Company also leases certain land and buildings for the use of offices and operating locations with lease terms of 2 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases and low-value asset leases	$ 18,423
Total cash outflow for leases	$ (36,495)

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

16. INVESTMENT PROPERTIES

	Investment Properties
Cost	
Balance at January 1, 2019	$ 3,554,115
Balance at December 31, 2019	$ 3,554,115
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ (524,778)
Depreciation expenses	(30,049)
Balance at December 31, 2019	$ (554,827)
Carrying amount at December 31, 2019	$ 2,999,288
Cost	
Balance at January 1, 2018	$ 3,554,115
Balance at December 31, 2018	$ 3,554,115
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ (494,412)
Depreciation expenses	(30,366)
Balance at December 31, 2018	$ (524,778)
Carrying amount at December 31, 2018	$ 3,029,337

Investment properties are depreciated using the straight-line method over their estimated useful lives of 9 to 46 years.

The fair value of the Company's investment properties as of December 31, 2019 and 2018 was $3,222,008 thousand and $3,098,703 thousand, respectively. The management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment property was held under freehold interests. The investment properties pledged as collateral for bank borrowing are set out in Note 31.

17. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepayments to suppliers	$ 85,786	$ 147,921
Other financial assets	448	-
Others	5,611	2,708
	$ 91,845	$ 150,629
Non-current		
Prepayments for equipment	$ 9,005	$ 135,250
Overdue receivables	68,288	69,488
Loss allowance of overdue receivables	(68,288)	(69,488)
Refundable deposits	24,251	24,241
Others	2,775	5,684
	$ 36,031	$ 165,175

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 31)		
Bank loans	$ 850,000	$ 500,000
Unsecured borrowings		
Line of credit borrowings	2,344,870	2,776,797
	$ 3,194,870	$ 3,276,797

The range of weighted average effective interest rates on bank loans was 0.6005%-2.2674% and 0.8538%-3.6% per annum at December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 900,000	$ 500,000
Less: Unamortized discount on bills payable	(870)	(22)
	$ 899,130	$ 499,978

Outstanding short-term bills payable were as follows:

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
China Bills Finance Corporation	$ 300,000	$ 240	$ 299,760	0.50%-0.86%	None
Taiwan Cooperative Bills Finance Corporation	200,000	243	199,757	0.50%-0.86%	None
Mega Bills Finance Corporation	300,000	285	299,715	0.50%-0.86%	None
Taiwan Finance Corporation	100,000	102	99,898	0.50%-0.86%	None
	$ 900,000	$ 870	$ 899,130		

December 31, 2018

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
China Bills Finance Corporation	$ 300,000	$ 7	$ 299,993	0.49%-0.76%	None
Taiwan Cooperative Bills Finance Corporation	200,000	15	199,985	0.49%-0.76%	None
	$ 500,000	$ 22	$ 499,978		

c. Long-term borrowings

	December 31	
	2019	2018
Taiwan Bank	$ 2,000,000	$ 1,950,000
BEA Bank	300,000	-
KGI Bank	1,170,000	1,170,000
First Bank	200,000	-
Bank SinoPac	550,000	550,000
Mega Bank	250,000	200,000
Far Eastern International Bank	300,000	300,000
Bangkok Bank	400,000	400,000
Taiwan Business Bank	-	100,000
Hua Nan Commercial Bank	120,000	-
E.Sun Bank	12,800	-
Mizuho Bank	600,000	600,000
Mizuho Bank commercial paper (Syndicated Loan)	800,000	800,000
	6,702,800	6,070,000
Less: Current portions	(400,000)	(400,000)
Less: Unamortized discounts on commercial papers	(519)	(706)
Long-term borrowings	$ 6,302,281	$ 5,669,294

The range of weighted average effective interest rates on the bank borrowings was 0.6910%-1.39% and 0.6183%-1.46% per annum at December 31, 2019 and 2018, respectively.

Refer to Note 31 for information relating to assets pledged as security for bank borrowings.

19. TRADE PAYABLES

	December 31	
	2019	2018
Trade payables		
Operating	$ 1,100,538	$ 1,871,444

20. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payables for purchase of equipment	$ 104,650	$ 75,331
Payables for salaries or bonuses	218,155	368,220
Payables for annual leave	18,801	17,765
Payables for utilities	65,193	69,595
Others	108,619	116,388
	$ 515,418	$ 647,299
Other liabilities		
Advance receipts	$ 78,723	$ 95,275
Others	6,530	5,854
	$ 85,253	$ 101,129

21. PROVISIONS

	December 31	
	2019	2018
Non-current		
Employee retirement benefits	$ 433,755	$ 445,759

Refer to Note 22 for information relating to employee retirement benefits.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 917,885	$ 912,205
Fair value of plan assets	(484,130)	(466,446)
Net defined benefit liabilities	$ 433,755	$ 445,759

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 905,917	$ (229,623)	$ 676,294
Service cost			
Current service cost	8,098	-	8,098
Net interest expense (income)	13,204	(3,347)	9,857
Recognized in profit or loss	21,302	(3,347)	17,955
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,534)	(7,534)
Actuarial loss			
Changes in financial assumptions	23,614	-	23,614
Experience adjustments	10,927	-	10,927
Recognized in other comprehensive income	34,541	(7,534)	27,007
Contributions from the employer	-	(269,525)	(269,525)
Benefits paid	(49,555)	43,583	(5,972)
Balance at December 31, 2018	912,205	(466,446)	445,759
Service cost			
Current service cost	7,585	-	7,585
Net interest expense (income)	10,846	(5,546)	5,300
Recognized in profit or loss	18,431	(5,546)	12,885

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (13,583)	$ (13,583)
Actuarial loss			
Changes in financial assumptions	37,042	-	37,042
Experience adjustments	(3,943)	-	(3,943)
Recognized in other comprehensive income	33,099	(13,583)	19,516
Contributions from the employer	-	(35,777)	(35,777)
Benefits paid	(45,850)	37,222	(8,628)
Balance at December 31, 2019	$ 917,885	$ (484,130)	$ 433,755

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2019	2018
Discount rate(s)	0.7785%	1.189%
Expected rate(s) of salary increase	0.75%	0.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2019	2018
Discount rate(s)		
0.25% increase	$ (21,987)	$ (22,611)
0.25% decrease	$ 22,786	$ 23,453
Expected rate(s) of salary increase		
0.25% increase	$ 22,516	$ 23,266
0.25% decrease	$ (21,834)	$ (22,539)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	$ 35,911	$ 37,234
Average duration of the defined benefit obligation	9.92 years	10.31 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
Shares authorized (in thousands of shares)	2,800,000	2,800,000
Shares authorized (in thousands of dollars)	$ 28,000,000	$ 28,000,000
Shares issued and fully paid (in thousands of shares)	1,618,409	1,618,409
Shares issued (in thousands of dollars)	$ 16,184,093	$ 16,184,093

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 272,247	$ 272,247
Conversion of bonds	163,223	163,223
Treasury share transactions	275,547	275,547
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	420,195	414,904
	1,131,212	1,125,921
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	436,187	449,756
	$ 1,567,399	$ 1,575,677

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

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be first for distribution of dividends to preference shares shareholders, and then for distribution of dividends to ordinary shares shareholders, and the amount should be resolved in the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24-6.

The Company's Articles also stipulate a dividends policy whereby the issuance of stock dividends or the payment of cash dividends. In principle, cash dividends are limited to 20% of the total dividends distributed.

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 were approved in the shareholders' meetings on May 29, 2019 and May 29, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2018	**2017**
Legal reserve	$ 245,794	$ 96,472
Cash dividends	$ 1,375,648	$ 809,205
Cash dividends per share (NT$)	$ 0.85	$ 0.50

The appropriation of earnings for 2019 had been proposed by the Company's board of directors on March 24, 2020 were as follows:

	For the Year Ended December 31, 2019
Legal reserve	$ 179,258
Cash dividends	$ 890,125
Cash dividends per share (NT$)	$ 0.55

The resolution to distribute the aforementioned cash dividends had been passed in the board of directors' meeting, and the rest is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 28, 2020.

d. Special reserve

On first-time adoption of IFRSs, the Company appropriated for special reserve, the amounts that were the same as those of unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were $1,673,314 thousand and $392,143 thousand, respectively.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (92,232)	$ (1,145)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(152,590)	42,428
Share from subsidiaries and associates accounted for using the equity method	147,847	(133,515)
Balance at December 31	$ (96,975)	$ (92,232)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 2,043,184	$ 2,346,799
Recognized for the year		
Unrealized gain (loss) - equity instruments	496,442	(358,797)
Share from subsidiaries and associates accounted for using the equity method	198,829	(30,968)
Other comprehensive income recognized for the year	695,271	(389,765)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	960	86,150
Balance at December 31	$ 2,739,415	$ 2,043,184

f. Treasury shares

Purpose of Buy-Back	**Shares Transferred to Employees (In Thousands of Shares)**	**Shares Cancelled (In Thousands of Shares)**	**Shares Held by Its Subsidiaries (In Thousands of Shares)**	**Total (In Thousands of Shares)**
Number of shares at January 1, 2018	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	-	-	-	-
Number of shares at December 31, 2018	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	-	-	-	-
Number of shares at December 31, 2019	-	-	4,680	4,680

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

Name of Subsidiary	**Number of Shares Held (In Thousands)**	**Carrying Amount**	**Market Price**
December 31, 2019			
Hsin Lung Chemical Co., Ltd.	4,680	$ 56,400	$ 56,400
December 31, 2018			
Hsin Lung Chemical Co., Ltd.	4,680	$ 54,060	$ 54,060

Hsin Lung Chemical Co., Ltd. acquired the Company’s share for investment before the Company obtained control over Hsin Lung Chemical Co., Ltd.

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

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income and expenses

	For the Year Ended December 31	
	2019	2018
Other income		
Rental income	$ 121,060	$ 122,008
Interest income	35,353	34,305
Service revenue	38,274	38,557
Dividends	216,277	309,179
Others	39,631	16,315
	450,595	520,364
Other expenses		
Rental expense	(46,801)	(45,576)
Service costs	(23,951)	(17,797)
Others	(37,035)	(42,456)
	(107,787)	(105,829)
	$ 342,808	$ 414,535

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loss on disposal of property, plant and equipment	$ (18)	$ (16,717)
Net foreign exchange (loss) gain	(35,270)	114,014
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(336)	1,508
	$ (35,624)	$ 98,805

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 117,778	$ 124,813
Interest on lease liabilities	340	-
Other interest expenses	2,054	1,801
Total interest expense for financial liabilities not measured at fair value through profit or loss	120,172	126,614
Less: Amounts included in the cost of qualifying assets	(1,753)	(1,701)
	$ 118,419	$ 124,913

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2019	2018
Capitalized interest amount	$ 1,753	$ 1,701
Capitalization rate	1.20%	1.20%

d. Depreciation

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 521,481	$ 509,591
Operating expenses and other expenses	33,866	13,710
	$ 555,347	$ 523,301

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 1,407,505	$ 1,524,673
Post-employment benefits		
Defined contribution plan	35,097	33,517
Defined benefit plans (Note 22)	12,885	17,955
	47,982	51,472
Total employee benefits expense	$ 1,455,487	$ 1,576,145
An analysis of employee benefits expense by function		
Operating costs	$ 1,179,544	$ 1,210,710
Operating expenses	275,943	365,435
	$ 1,455,487	$ 1,576,145

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and the remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which were approved by the Company's board of directors on March 24, 2020 and March 25, 2019, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	1%	1%
Remuneration of directors	0%	0%

Amount

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 19,901	$ -	$ 28,419	$ -
Remuneration of directors	-	-	-	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 132,338	$ 324,647
Foreign exchange losses	(167,608)	(210,633)
	$ (35,270)	$ 114,014

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 150,353	$ 168,022
Income tax on unappropriated earnings	48,120	3,220
Adjustments for prior years	(21,506)	1,927
	176,967	173,169
Deferred tax		
In respect of the current year	682	113,689
Adjustments to deferred tax attributable to changes in tax rates and laws	-	22,851
	682	136,540
Income tax expense recognized in profit or loss	$ 177,649	$ 309,709

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	**2018**
Profit before tax from continuing operations	$ 1,970,228	$ 2,767,646
Income tax expense calculated at the statutory rate	$ 394,046	$ 553,529
Nondeductible expenses in determining taxable income	66	2
Deferred tax effect of earnings of subsidiaries	(155,343)	(227,256)
Tax-exempt income	(43,304)	(61,836)
Income tax on unappropriated earnings	48,120	3,220
Unrecognized deductible temporary differences	(47,831)	18,182
Effect of tax rate changes	-	22,851
Adjustments for prior years' tax	(21,506)	1,927
Others	3,401	(910)
Income tax expense recognized in profit or loss	$ 177,649	$ 309,709

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	**2018**
Deferred tax		
Effect of change in tax rate	$ -	$ 3,633
In respect of the current year		
Fair value changes of financial assets at FVTOCI	-	(11,660)
Remeasurement of defined benefit plans	3,903	5,402
Total income tax recognized in other comprehensive income	$ 3,903	$ (2,625)

c. Current tax assets and liabilities

	December 31	
	2019	**2018**
Current tax liabilities		
Income tax payable	$ 126,055	$ 139,211

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized gross profit	$ 15,017	$ (3,722)	$ -	$ 11,295
Defined benefit obligations	94,423	-	3,903	98,326
Allowance for impairment loss of receivables	15,049	221	-	15,270
Inventory write-downs	31,206	13,158	-	44,364
Right-of-use assets	-	22	-	22
Others	254	10,472	-	10,726
	$ 155,949	$ 20,151	$ 3,903	$ 180,003

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Property, plant and equipment	$ 731,607	$ (6,349)	$ 725,258
Unappropriated earnings of subsidiaries	322,267	28,197	350,464
Others	1,015	(1,015)	-
	$ 1,054,889	$ 20,833	$ 1,075,722

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Fair value changes of financial assets	$ 17,702	$ (6,042)	$ (11,660)	$ -
Unrealized gross profit	10,419	4,598	-	15,017
Defined benefit obligations	75,502	9,886	9,035	94,423
Allowance for impairment loss of receivables	13,840	1,209	-	15,049
Inventory write-downs	26,740	4,466	-	31,206
Others	16,773	(16,519)	-	254
	$ 160,976	$ (2,402)	$ (2,625)	$ 155,949

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Property, plant and equipment	$ 726,259	$ 5,348	$ 731,607
Unappropriated earnings of subsidiaries	194,492	127,775	322,267
Others	-	1,015	1,015
	$ 920,751	$ 134,138	$ 1,054,889

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2018	2018
Deductible temporary differences		
Loss recognized by investment using the equity method	$ 2,147,096	$ 2,386,253
Loss recognized by fair value changes of financial assets	1,066	1,066
Others	27,665	27,665
	$ 2,175,827	$ 2,414,984

f. Income tax assessments

The income tax returns through 2017 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic earnings per share	$ 1,792,579	$ 2,457,937
Earnings used in the computation of diluted earnings per share	$ 1,792,579	$ 2,457,937

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,613,729	1,613,729
Effect of potentially dilutive ordinary shares		
Employees' compensation	2,120	2,764
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,615,849	1,616,493

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

27. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For the year 2019, the Company subscribed for additional new shares of Taipei Star Bank at a percentage different from its existing ownership percentage, increasing its continuing interest from 27.06% to 27.07%.

For the year 2018, the Company subscribed for additional new shares of Shinkong Polyester Film Corp., Ltd. at a percentage different from its existing ownership percentage, increasing its continuing interest from 80.0729% to 80.0735%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

   Except for financial instruments measured at fair value, the management believes the carrying amounts of the financial instruments approximate their fair values.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 105	$ -	$ 105
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 6,021,453	$ -	$ -	$ 6,021,453
Unlisted shares	-	1,144,747	-	1,144,747
Foreign investments	-	18	-	18
	$ 6,021,453	$ 1,144,765	$ -	$ 7,166,218
Financial liabilities at FVTPL				
Derivative	$ -	$ 1,953	$ -	$ 1,953

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 653	$ -	$ 653
Mutual funds	4,995	-	-	4,995
	$ 4,995	$ 653	$ -	$ 5,648
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 5,489,295	$ -	$ -	$ 5,489,295
Unlisted shares	-	1,088,657	-	1,088,657
Foreign investments	-	11,411	-	11,411
	$ 5,489,295	$ 1,100,068	$ -	$ 6,589,363
Financial liabilities at FVTPL				
Derivative	$ -	$ 1,924	$ -	$ 1,924

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts/ cross-currency swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted debt securities - ROC	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 105	$ 5,648
Financial assets at amortized cost (1)	5,078,129	5,104,125
Financial assets at FVTOCI		
Equity instruments	7,166,218	6,589,363
Financial liabilities		
FVTPL		
Held for trading	1,953	1,924
Amortized cost (2)	12,006,735	11,800,458

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

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payables and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The Company uses foreign exchange forward contracts to eliminate currency exposure. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollars (the functional currency) against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the U.S. dollar. For a 5% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. This was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar, which were not hedged at the end of the reporting period.

	Currency USD Impact	
	For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ 88,642	$ 67,154

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2019	**2018**
Cash flow interest rate risk	$ 9,897,151	$ 9,346,091
Fair value interest rate risk	900,000	500,000

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease/increase by $24,743 thousand and $23,365 thousand, respectively, which was mainly result of variable-rate borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by $358,311 thousand and $329,468 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Company, could be arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Company has delegated a team responsible for determination credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance are made for irrecoverable amounts. In this regard, management believes the Company credit risk was significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out in (c) below.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2019

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 1,210,454	$ -	$ -	$ -	$ 1,210,454
Lease liabilities	17,296	751	1,597	-	19,644
Variable interest rate liabilities	3,594,870	5,369,481	898,889	33,911	9,897,151
Fixed interest rate liabilities	899,130	-	-	-	899,130
Financial guarantee contracts	4,290,000	150,000	100,000	177,667	4,717,667
	$ 10,011,750	$ 5,520,232	$ 1,000,486	$ 211,578	$ 16,744,046

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 17,296	$ 2,348	$ -	$ -	$ -	$ -

December 31, 2018

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 1,954,389	$ -	$ -	$ -	$ 1,954,389
Variable interest rate liabilities	3,676,797	4,869,294	800,000	-	9,346,091
Fixed interest rate liabilities	499,978	-	-	-	499,978
Financial guarantee contracts	3,405,368	450,000	100,000	785	3,956,153
	$ 9,536,532	$ 5,319,294	$ 900,000	$ 785	$ 15,756,611

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2019

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Net settled					
Foreign exchange forward contracts	$ 16	$ -	$ -	$ -	$ 16
Cross-currency swap contracts	$ (1,864)	$ -	$ -	$ -	$ (1,864)

December 31, 2018

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Net settled					
Foreign exchange forward contracts	$ 299	$ -	$ -	$ -	$ 299
Cross-currency swap contracts	$ (1,570)	$ -	$ -	$ -	$ (1,570)

c) Financing facilities

	December 31	
	2019	2018
Bank loan facilities:		
Amount unused	$ 10,755,850	$ 10,901,813

32. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed follows.

a. Related party name and category

Related Party Name	Related Party Category
UBright Optronics Corp.	Subsidiary
Tac Bright Optronics Corp.	Subsidiary
Taipei Star Bank	Subsidiary
Shinkong Polyester Film Corp., Ltd.	Subsidiary
Shinkong International Securities Co., Ltd.	Subsidiary
Pan Asian Plastics Corp.	Subsidiary
ShinBright Optronics Corp.	Subsidiary
HisingShing Investment Co., Ltd.	Subsidiary
Shinkong Engineering Co., Ltd.	Subsidiary
Shinpont Industry Inc.	Subsidiary
SSFC Investment Ltd.	Subsidiary
Chi Jian Human-Resource & Management Co., Ltd.	Subsidiary
Hsinshin Asset Management Co., Ltd.	Subsidiary
Shin Kong International Leasing Corp.	Subsidiary
Thai Shinkong Industry Corp. Ltd.	Subsidiary
Shinkong Industry (Hangzhou) Co., Ltd.	Subsidiary
Hangzhou Huachun Chemical Fiber Co., Ltd.	Subsidiary
Shin Kong Technologies Corp.	Subsidiary
Shin Chiun Industrial Co., Ltd.	Subsidiary
Shinkong Innovations Com, Ltd.	Subsidiary
Shin Kong Bank Co., Ltd.	Other related party
Taishin International Bank	Other related party
Shin Kong Textile Co., Ltd.	Other related party
Shin Kong Life Insurance Co., Ltd.	Other related party
Shin Kong Construction and Development Co., Ltd.	Other related party
Shin Kong Insurance Co., Ltd.	Other related party
Shin Kong Recreation Co., Ltd.	Other related party
Shin Kong Life Real Estate Service Company	Other related party
Hwa Jian Human-Resource & Management Co., Ltd.	Other related party
Shinkong Co., Ltd.	Other related party
Shin Kong Mitsukoshi Department Store Co., Ltd.	Other related party
Taiwan Shin Kong Security Co., Ltd.	Other related party
Others	Key management personnel

b. Sales of goods

		For the Year Ended December 31	
Line Items	Related Party Category/Name	2019	2018
Sales	Subsidiary/others	$ 2,957,251	$ 3,352,148
	Other related party/others	12,435	8,987
		$ 2,969,686	$ 3,361,135

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Subsidiary/others	$ 1,438,550	$ 1,997,380
Other related party/others	1,742	2,712
	$ 1,440,292	$ 2,000,092

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2019	2018
Trade receivables	Subsidiary/Shinkong Polyester Film Corp., Ltd.	$ 684,779	$ 658,561
	Subsidiary/Pan Asian Plastics Corp.	238,071	154,838
	Subsidiary/others	38,007	112,856
	Other related party/others	757	2,230
		$ 961,614	$ 928,485
Notes receivables	Related party in substance/others	$ -	$ 762

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2019	2018
Trade payables	Subsidiary/Thai Shinkong Industry Corp. Ltd.	$ 366,605	$ 490,907
	Subsidiary/others	295	23,923
		$ 366,900	$ 514,830

The outstanding trade payables from related parties are unsecured.

f. Cost of goods sold

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2019	2018
Contractor labor cost	Subsidiary/others	$ 75,524	$ 61,494
	Other related party/others	315	270
		$ 75,839	$ 61,764

g. Lease agreements - the Company is lessee

Lessor	Lease Target	Lease Term
Subsidiary	Vehicles	2-3 years
Other related party	Office and parking space	1-2 years

Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Acquisition of right-of-use assets		
Subsidiary/Shin Kong International Leasing Crop.	$ 3,857	$ -
Other related party/Shin Kong Life Insurance Co., Ltd.	28,169	-
	$ 32,026	$ -

Line Items	Related Party Category/Name	December 31 2019	December 31 2018
Lease liabilities	Subsidiary/Shin Kong International Leasing Crop.	$ 1,368	$ -
	Other related party/Shin Kong Life Insurance Co., Ltd.	14,168	-
		$ 15,536	$ -

Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Interest expense		
Subsidiary/Shin Kong International Leasing Crop.	$ 32	$ -
Other related party/Shin Kong Life Insurance Co., Ltd.	257	-
	$ 289	$ -
Lease expense		
Subsidiary/others	$ 257	$ 3,053
Other related party/others	615	14,560
	$ 872	$ 17,613

h. Lease agreements - the Company is lessor

Operating leases

Lessor	Lease Target	Lease Term	Rental Income For the Year Ended December 31 2019	2018
Subsidiary/others	Land, plants and machinery equipment	1-5 years	$ 69,098	$ 70,848
Other related party/others	Offices and parking spaces	1-3 years	608	662
			$ 69,706	$ 71,510

i. Loans from related parties

Interest expense

Related Party Category/Name	December 31 2019	2018
Subsidiary/others	$ 353	$ 5,520
Other related party/others	408	-
	$ 761	$ 5,520

The Company obtained loans from related parties at rates comparable to market interest rates.

j. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31 2019	2018
Subsidiary/others		
Amount utilized	$ 2,766,282	$ 3,756,152

k. Other receivables and liabilities

Line Items	Related Party Category/Name	December 31 2019	2018
Deposits	Subsidiary/Taipei Star Bank	$ 15,325	$ 173,749
	Subsidiary/Taishin International Bank	408,946	145,886
	Subsidiary/Shin Kong Bank Co., Ltd.	491,036	364,652
		$ 915,307	$ 684,287

Line Items	Related Party Category/Name	December 31	
		2019	2018
Other receivables	Subsidiary/Pan Asian Plastics Corp.	$ 24,263	$ 41,481
	Subsidiary/Shinpont Industry Inc.	38,243	38,996
	Subsidiary/others	9,695	9,164
	Other related party/others	5	38
		$ 72,206	$ 89,679
Prepayment	Other related party/others	$ 480	$ 431
Other payables	Subsidiary/others	$ 57,774	$ 55,556
	Other related party/others	982	2,495
		$ 58,756	$ 58,051

l. Others

1) Other revenues

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Subsidiary/others	$ 41,618	$ 40,604
Other related party/others	4	4
	$ 41,622	$ 40,608

2) Reduction of manufacturing expenses

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Subsidiary/others	$ 307,553	$ 360,946

3) Acquisition of shares in subsidiaries

In 2019, the Company subscribed for an additional 100% of the new shares of Shinkong Technologies. Co., Ltd., ShinBright Optronics Corp. and Shin Kong International Leasing Corp. for $20,000 thousand, $200,000 thousand, and $100,000 thousand, respectively, and the ownership percentage for all these subsidiaries remained at 100%.

In 2018, the Company subscribed for an additional 100% of the new shares of ShinBright Optronics Corp. and Shin Kong International Leasing Corp. for $120,000 thousand and $82,000 thousand, respectively, and the ownership percentage for both of these subsidiaries remained at 100%.

m. Acquisition of subsidiaries

For the purpose of organizational restructuring, the Company acquired 100% of the equity of second-tier subsidiary Shin Kong Technologies Corporation from its subsidiary Shin Chiun Industrial Co., Ltd. for $10,528 thousand in August 2019.

n. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 55,526	$ 43,547
Post-employment benefits	2,838	3,210
Others	7,095	6,907
	$ 65,459	$ 53,664

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and tariff guarantee for imported raw materials:

		December 31	
Pledged Asset	Object	2019	2018
Other financial assets - current	Restricted demand deposits	$ 448	$ -
Financial assets at fair value through other comprehensive income - current and non-current	Listed shares	2,876,070	2,653,770
	Unlisted shares	422,585	442,790
Property, plant and equipment	Land, buildings and machineries	4,544,490	4,629,836
Investment properties	Investment properties	496,620	498,470
		$ 8,340,213	$ 8,224,866

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company at December 31, 2019 and 2018 were as follows:

a. Letters of credit

Outstanding letters of credit not reflected in the accompanying financial statements at December 31, 2019 and 2018 were as follows:

	December 31	
	2019	2018
EUR	$ -	$ 3,865
JPY	12,800	389,378
USD	576	758

b. An employee of the Company was investigated and prosecuted by the Taiwan Taipei District Prosecutors office for involvement in the New Site Industries Group fraud case, and the case is under trial in the Taiwan Taipei District Court. Based on the opinion of lawyer, the civil liability and compensation amount cannot be evaluated at present.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31			
	2019		2018	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
USD	$ 82,971	29.98	$ 77,259	30.715
EUR	2,464	33.59	2,097	35.2
RMB	11,601	4.305	1,456	4.472
JPY	16,522	0.2760	21,891	0.2782

	December 31			
	2019		2018	
	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
Non-monetary items				
Investments accounted for using the equity method				
USD	$ 99,595	29.98	$ 90,686	30.715
RMB	492,647	4.305	455,828	4.472
Financial liabilities				
Monetary items				
USD	20,837	29.98	37,032	30.715

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange (losses) gains were $(35,270) thousand and $114,014 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 11)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (Note 7)

10) Information on investees (Tables 6 to 13)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 14)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 15):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

TABLE 1

SHINKONG SYNTHETIC FIBERS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Shinkong Synthetic Fibers Corporation	Tac Bright Optronics Corp.	2	Note C	$ 1,501,918	$ 1,407,350	$ 1,133,333	$ -	4.72	Note E	Y	-	-	0
		ShinBright Optronics Corp.	2	Note C	710,317	670,317	272,949	-	2.25	Note E	Y	-	-	
		Hsingshing Investment Co., Ltd.	2	Note C	1,000,000	950,000	90,000	-	3.19	Note E	Y	-	-	
		Shin Kong International Leasing Corp.	2	Note C	1,250,000	850,000	850,000	-	2.85	Note E	Y	-	-	
		Shin Chiun Industrial Co., Ltd.	2	Note C	840,000	840,000	420,000	-	2.82	Note E	Y	-	-	
		Hangzhou Huachun Chemical Fiber Co., Ltd.	3	Note D	123,080	-	-	-	-	Note E	Y	-	Y	
		Shinkong Industry (Hangzhou) Co., Ltd.	3	Note D	30,770	-	-	-	-	Note E	Y	-	Y	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: Relationships between the endorsement/guarantee provider and the guaranteed party can be classified as the following 7 categories:

1. A company that has a business relationship with the Company.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note C: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity $29,823,289thousand x 20% = $5,964,658 thousand.

Note D: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity $29,823,289 thousand x 30% = $8,946,987thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity $29,823,289 thousand x 50% = $14,911,645 thousand.

TABLE 2

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	Shares							
	Hsin Ba Corporation	None	Financial assets at FVTOCI - current	12	$ -	-	$ -	
	China Steel Corporation	None	Financial assets at FVTOCI - current	179,380	4,287	-	4,287	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	20,213,826	632,693	3.91	632,693	
					$ 636,980		$ 636,980	
	Corporate bonds of Tac Bright Optronics Corp.	Subsidiary	Financial assets at amortized cost - current	40	$ 400,000	-	$ 400,000	
	Shares							
	Overseas Investment & Development Corp.	None	Financial assets at FVTOCI - non-current	4,000,000	$ 33,871	4.44	$ 33,871	
	Li Yu Venture Capital Investment Corp.	None	Financial assets at FVTOCI - non-current	174,455	1,441	1.49	1,441	
	Global Securities Finance Corporation	None	Financial assets at FVTOCI - non-current	2,102,512	9,519	0.53	9,519	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	Financial assets at FVTOCI - non-current	200,000	31,182	2.22	31,182	
	PC Home Venture Fund Corp	None	Financial assets at FVTOCI - non-current	78,540	1,253	3.03	1,253	
	Budworth Investment Limited	None	Financial assets at FVTOCI - non-current	45,500	18	5.00	18	
	Great Taipei Broadband Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	2,500,000	6,340	1.67	6,340	
	Zacros Taiwan Co., Ltd.	None	Financial assets at FVTOCI - non-current	10,000,000	64,717	9.44	64,717	
	Wave-In Communication Inc.	None	Financial assets at FVTOCI - non-current	1,306,906	2,800	13.04	2,800	
	Shin Kong iEcofun Corporation	None	Financial assets at FVTOCI - non-current	1,327,736	10,692	18.81	10,692	
	IIH Birmedical Venture Fund I Co., Ltd.			1,500,000	11,535	4.85	11,535	
	Evergreen Steel Corp.			1,000,000	40,947	0.25	40,947	
	Taiwan Cement Corp.	None	Financial assets at FVTOCI - non-current	11,246,971	491,493	0.21	491,493	
	Shin Kong Textile Co., Ltd	Related party in substance	Financial assets at FVTOCI - non-current	28,378,958	1,183,402	9.46	1,183,402	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	149,271,478	1,544,960	1.18	1,544,960	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	135,407,910	1,963,415	1.27	1,963,415	
	Century Development Corporation	None	Financial assets at FVTOCI - non-current	12,334,854	156,615	3.52	156,615	
	Universal Venture Capital Investment Corporation	None	Financial assets at FVTOCI - non-current	5,600,000	35,699	4.65	35,699	
	O-Bank Co., Ltd.	None	Financial assets at FVTOCI - non-current	25,762,308	201,203	1.07	201,203	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	24,401,636	738,136	1.96	738,136	
					$ 6,529,238	-	$ 6,529,238	
	Corporate bonds of Tac Bright Optronics Corp.	Subsidiary	Financial assets at amortized cost - non-current	40	$ 400,000		$ 400,000	

TABLE 3

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note)	Relationship (Note)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Shinkong Synthetic Fibers Corporation	Corporate bonds of Tac Bright Optronics Corp.	Financial assets measured at amortized cost	-	-	79	$ 790,000	40	$ 400,000	39	$ 390,000	$ 390,000	$ -	80	$ 800,000

Note: These two columns need to be filled for marketable securities recognized as investments accounted for using the equity method.

SHINKONG SYNTHETIC FIBERS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shinkong Synthetic Fibers Corporation	Thai Shinkong Industry Corporation Ltd.	Investments through subsidiary MAXIMA PACIFIC LTD.	Purchase	$ 1,420,638	8.75	Note	Note	Note	Accounts payable $ (366,605)	(33.31)	
			Sale	(226,591)	(1.10)	Note	Note	Note	Accounts receivable -	-	
	Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Sale	(1,612,199)	(7.80)	Note	Note	Note	Accounts receivable 684,779	34.21	
									Other receivable 3,721	2.17	
	Pan Asian Plastics Corp.	Investments accounted for using the equity method	Sale	(789,968)	(3.82)	Note	Note	Note	Accounts receivable 238,071	11.89	
									Other receivable 24,263	14.12	
	Shinpont Industry Inc.	Investments accounted for using the equity method	Sale	(126,795)	(0.61)	Note	Note	Note	Accounts receivable 3,966	0.20	
									Other receivable 38,243	22.25	
	Hangzhou Huachun Chemical Fiber Co., Ltd.	Investments through subsidiary SSFC INVESTMENT LTD.	Sale	(179,467)	(0.87)	Note	Note	Note	Accounts receivable 31,137	1.56	

Note: Please refer to Table 18 of the consolidated financial statements.

SHINKONG SYNTHETIC FIBERS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shinkong Synthetic Fibers Corporation	ShinKong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Accounts receivable $ 684,779	2.40	$ -	-	$ 259,443	$ -
	Pan Asian Plastics Corp.	Investments accounted for using the equity method	Accounts receivable 238,071	4.02	-	-	208,984	-

SHINKONG SYNTHETIC FIBERS CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Shinkong Synthetic Fibers Corporation	Pan Asian Plastics Corp.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Manufacturing and sales of polyester pellets and polyester preforms	$ 363,024	$ 363,024	50,569,938	100.00	$ 1,356,058	$ 129,715	$ 129,715	
	Hsingshing Investment Co., Ltd.	9F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Investment, construction of business building, and public housing.	1,318,000	1,318,000	152,100,000	100.00	1,658,460	16,860	(8,140)	
	Shinkong Engineering Co., Ltd.	9F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Contracting for various projects such as air pollution prevention, piping engineering and machine installation	665,095	665,095	38,543,818	100.00	565,316	13,446	13,446	
	Shinpont Industry Inc.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Synthetic fibers manufacturing, textiles wholesale and retail	252,540	252,540	25,245,000	49.99	487,629	234,263	117,102	
	Shin Chiun Industrial Co., Ltd.	9F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Construction of incinerators	715,000	715,000	71,500,000	100.00	697,436	(2,620)	(2,466)	
	Maxima Pacific Ltd.	British Virgin Islands	Investment	1,128,832	1,128,832	1	100.00	2,983,805	123,980	123,980	
	SSFC Investment Ltd.	British Virgin Islands	Investment	2,161,057	2,161,057	1	100.00	2,109,020	164,655	164,655	
	UBright Optronics Corp.	No. 21-9, Songshu, Daxi Dist., Taoyuan City 33545, Taiwan (R.O.C.)	Precision chemical materials and mold manufacturing wholesale, etc.	418,575	418,575	38,695,828	49.57	1,426,458	94,371	46,718	
	Shinkong Polyester Film Corp., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Electronic parts and components manufacturing	784,539	784,539	68,856,874	80.07	702,353	6,700	5,364	
	Shinkong International Securities Co., Ltd.	5F., No. 66-1, Sec. 1, Chongqing S. Rd., Taipei City 100, Taiwan (R.O.C.)	Consignment trading of securities and futures	1,107,200	1,107,200	114,633,265	77.98	2,515,663	480,149	374,429	
	Tai Jin Investment Co., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Investment	3,505	3,505	1,111,315	48.57	6,011	174	84	
	ShinBright Optronics Corp.	No. 58, Keyan Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	Precision chemical materials and electronic parts and components manufacturing	200,000	120,000	20,000,000	100.00	20,446	(67,009)	(69,710)	
	Tac Bright Optronics Corp.	No. 58, Keyan Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	Precision chemical materials - synthetic resin and plastic manufacturing	2,740,086	2,740,086	263,586,455	56.86	1,264,541	42,587	24,213	
	Shin Kong Technologies Corporation			30,528	-	3,000,000	100.00	33,345	2,925	2,662	
	Taipei Star Bank	No. 133, Sec. 2, Yanping N. Rd., Taipei City 103, Taiwan (R.O.C.)	Commercial bank	1,131,535	1,131,438	84,968,278	27.07	1,419,925	209,448	56,686	
	Chi Jian Human-Resource & Management Co., Ltd.	2F., No. 248, Sec. 3, Yanping Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Human resources management consulting	5,000	5,000	(Note 1)	100.00	5,454	(14)	(14)	
	Hsinshin Asset Management Co., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Housing and building development for sale and rental	50,000	50,000	5,370,000	100.00	59,644	1,183	1,183	
	Shin Kong International Leasing Corp.	7F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Leasing	482,000	382,000	50,000,000	100.00	546,018	40,773	40,773	
MAXIMA PACIFIC LTD.	Thai Shinkong Industry Corporation Ltd.	Thailand	Manufacturing and sales of plastic, polyester film, and PET	US$ 37,409	US$ 37,409	117,499,997	90.38	US$ 72,083	US$ 4,325	-	
	FORMOSA VICTORY INTERNATIONAL LTD.	British Virgin Islands	Investment	US$ 1,240	US$ 1,240	(Note 2)	(Note 2)	US$ -	US$ 4	-	
SSFC INVESTMENT LTD.	Dayspring Ltd.	Hong Kong	Investment	US$ 51,082	US$ 51,082	341,348,521	92.11	RMB 293,092	RMB 20,556	-	
	Shinkong Industry (Hangzhou) Co., Ltd.	China	Manufacturing and sales of plastic, polyester film, and PET	US$ 17,300	US$ 17,300	1	100.00	RMB 130,744	RMB 17,956	-	
Dayspring Ltd.	Hangzhou Huachun Chemical Fiber Co., Ltd.	China	Chemical fiber weaving, printing and dyeing	US$ 41,082	US$ 51,082	1	100.00	RMB 239,959	RMB 21,660	-	
Hsingshing Investment Co., Ltd.	Da Chun Universe Investment Co., Ltd.	5F., No. 65, Jingu Ln., Sec. 2, Changping Rd., Beitun Dist., Taichung City, Taiwan (R.O.C.)	Investment	9,000	9,000	(Note 1)	45.00	7,173	(213)	-	
	Shinkong Polyester Film Corp., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Electronic parts and components manufacturing	39,272	39,272	3,427,156	3.99	32,507	6,700	-	
Hsinshin Asset management Co., Ltd.	Shinkong Polyester Film Corp., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Electronic parts and components manufacturing	12,593	12,593	822,517	0.96	8,904	6,700	-	
Tac Bright Optronics Corporation	MAXPRO LTD.	British Virgin Islands	Investment	1,743,557	1,743,557	54,204,000	100.00	534	(2,379)	-	
MAXPRO LTD.	LOFO HOLDING GmbH	Germany	Investment	1,743,507	1,743,507	(Note 1)	100.00	1,582	-	-	

Note 1: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

Note 2: Formosa Victory International Ltd. completed its liquidation procedures in October 2019.

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Shinkong International Securities Co., Ltd.	Shin Kong Investment Consultant Co., Ltd.	Taiwan (R.O.C.)	Securities investment consulting	$ 20,000	$ 20,000	2,000,000	100.00	$ 24,849	$ 1,556	$ -	
	Shin Kong Insurance Agent Co., Ltd.	Taiwan (R.O.C)	Life insurance agent	3,000	3,000	2,000,000	100.00	44,901	16,119	-	
	Shin Kong Property Insurance Agency Co., Ltd.	Taiwan (R.O.C.)	Property insurance agent	2,997	2,997	1,000,000	100.00	21,447	6,571	-	
Shin Chiun Industrial Co., Ltd.	UBright Optronics Corp.	No. 21-9, Songshu, Daxi Dist., Taoyuan City, Taiwan (R.O.C.)	Precision chemical materials and mold manufacturing wholesale, etc.	96,317	96,317	1,587,081	2.03	108,886	94,371	-	
	Tac Bright Optronics Corp.	No. 58, Keyan Rd., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	Precision chemical materials - synthetic resin and plastic manufacturing	153,270	153,270	10,218,000	2.20	105,683	42,587	-	
	Intelligent Medical Big Data Co., Ltd.	10F.-10, No. 48, Sec. 1, Kaifeng St., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)	Consulting, biotechnology research and development service	25,000	25,000	2,500,000	83.33	1,132	(731)	-	
	Shin Kong Technologies Corporation	Taiwan (R.O.C.)	Electronic information software business	-	10,000	-	-	-	2,925	-	
Pan Asian Plastics Corp.	Tai Shin Leasing & Financial Co., Ltd.	2F.-2, No. 9, Dehui St., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	Leasing	520,000	520,000	22,200,000	30.00	764,069	119,942	-	
	Hsin Lung Chemical Co., Ltd.	8F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Manufacturing of magnetic tapes for recording and video disks and polyester film	207,879	202,090	3,090,100	61.80	289,391	2,815	-	
Shinkong Engineering Co., Ltd.	UBright Optronics Corp.	No. 21-9, Songshu, Daxi Dist., Taoyuan City, Taiwan (R.O.C.)	Precision chemical materials and mold manufacturing wholesale, etc.	36,906	36,906	1,038,000	1.33	39,248	94,371	-	
Shin Kong International Leasing Corp.	Shinkong Excelsior Asset Management Co., Ltd.	17F.-6, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Medical equipment wholesale	-	174,861	-	-	-	1,271	-	
	Far Trust International Finance Co., Ltd.	19F.-1, No. 33, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	Overdue receivables management service	211,578	211,578	17,797,869	29.05	234,661	50,457	-	
UBright Optronics Corp.	Qbright Materials Inc.	Taiwan (R.O.C.)	Precision chemical materials manufacturing and wholesale	-	5,250	(Note)	(Note)	-	(4,497)	-	
Shin Kong Technologies Corporation	Shin Kong Innovations Co., Ltd.	Taiwan (R.O.C.)	Electronic information software business	2,000	-	200,000	66.67	2,602	904	-	

Note: Qbright Materials Inc. completed its liquidation procedures in November 2019.

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION

FINANCING PROVIDED BY INVESTEES TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Hsingshing Investment Co., Ltd.	Shin Kong International Leasing Corp.	Other receivables	Yes	$ 200,000	$ -	$ -	-	2	$ -	Operating capital	$ -	None	$ -	$ 673,384 (Note B)	$ 673,384 (Note B)	
2	Shin Kong International Leasing Corp.	Shan Cho Fu Construction and Development Co., Ltd.	Other receivables	No	53,800	22,000	22,000	4	2	-	Operating capital	-	Buildings located on Juguang Rd., Wanhua Dist.	60,000	218,407 (Note C)	218,407 (Note C)	
3	Shin Kong International Leasing Corp.	San Yu Construction Co., Ltd.	Other receivables	No	34,000	-	-	-	2	-	Operating capital	-	Buildings located on Xinsheng N. Rd., Zhongshan Dist., and time deposit pledged as security	42,300	218,407 (Note C)	218,407 (Note C)	
4	Shin Kong International Leasing Corp.	Chi Fu Assets Management Co., Ltd.	Other receivables	No	22,240	-	-	-	2	-	Operating capital	-	Buildings located on Xinsheng N. Rd., Zhongshan Dist., and time deposit pledged as security	20,200	218,407 (Note C)	218,407 (Note C)	
5	Shin Kong International Leasing Corp.	Shi Jie Corp.	Other receivables	No	7,800	7,800	7,800	4	2	-	Operating capital	-	Buildings located on Tonghua Rd., Da'an Dist	78,000	218,407 (Note C)	218,407 (Note C)	
6	Shin Kong International Leasing Corp.	Armfulcare Hospital	Other receivables	No	20,000	14,238	14,238	4	2	-	Operating capital	-	Buildings located on Houliao Rd., Zhong Li Dist	26,000	218,407 (Note C)	218,407 (Note C)	
7	Shin Chiun Industrial Co., Ltd	Tac Bright Optronics Corp.	Other receivables	Yes	55,000	-	-	-	2	-	Repayments of borrowings	-	None	-	278,975 (Note D)	278,975 (Note D)	
8	Shinkong Engineering Co., Ltd.	Shin Chiun Industrial Co., Ltd	Other receivables	Yes	180,000	-	-	-	2	-	Operating capital	-	None	-	194,000 (Note E)	194,000 (Note E)	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: The Financing limit for each borrower and total financing limit are 40% net equity of Hsingshing Investment Co., Ltd.

Note C: The Financing limit for each borrower and total financing limit are 40% net equity of Shin Kong International Leasing Corp.

Note D: The Financing limit for each borrower and total financing limit are 40% net equity of Shin Chiun Industrial Co., Ltd.

Note E: The Financing limit for each borrower and total financing limit are 40% net equity of Shinkong Engineering Co., Ltd.

SHINKONG SYNTHETIC FIBERS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED FOR INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Hangzhou Huachun Chemical Fiber Co., Ltd.	Shinkong Industry (Hangzhou) Co., Ltd.	Subsidiaries of the Company	$ 309,908 (At a limit of the endorser's 30% net equity) (¥ 71,988)	$ 193,326 (Note B)	$ -	$ -	$ -	-	$ 516,513 (At a limit of the endorser's 50% net equity) (¥ 119,980)	-	-	Y	

Note A: The intercompany transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered from 1.

Note B: Foreign currency as RMB42,000 thousand.

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES HELD BY THE INVESTEES OVER WHICH THE COMPANY HAS CONTROL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	1,734,032	$ 28,313	-	$ 28,313	
	Shares							
	Taiwan Futures Exchange Co., Ltd.	None	Financial assets at FVTOCI - non-current	637,439	39,806	0.19	39,806	
Taipei Star Bank	Mutual funds	None	Financial assets at FVTPL - current	1,120,000	17,180	-	17,180	
	Notes investments	None	Financial assets at FVTPL - current	15,000	1,495,878	-	1,495,878	
	Shares	None	Financial assets at FVTPL - current	30,000	1,026	-	1,026	
	Shares	None	Financial assets at FVTOCI - current	13,976,019	378,466	-	378,466	
	Corporate bonds	None	Financial assets at FVTOCI - current	2,500	2,517,796	-	2,517,796	
	Financial bonds	None	Financial assets at FVTOCI - current	210	783,156	-	783,156	
	Government bonds	None	Financial assets at FVTOCI - current	3,000	305,895	-	305,895	
	Corporate bonds	None	Financial assets at amortized cost - non-current	4,333	5,503,928	-	5,503,928	
	Government bonds	None	Financial assets at amortized cost - non-current	55,905	5,828,021	-	5,828,021	
	Financial bonds	None	Financial assets at amortized cost - non-current	337	2,379,185	-	2,379,185	
	Notes investments	None	Financial assets at amortized cost - non-current	9,095	9,095,000	-	9,095,000	
Maxima Pacific Ltd.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,425,847	35,174 (US$ 1,173)	0.02	35,174 (US$ 1,173)	
	Shares							
	Taishin Financial Holding Co., Ltd. Preferred Stock E	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	82,811	4,588 (US$ 155)	-	4,588 (US$ 155)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E2	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	49,609	2,703 (US$ 88)	-	2,703 (US$ 88)	
Hsingshing Investment Co., Ltd.	Shares							
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	3,693	0.02	3,693	
	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	4,874,528	70,680	0.04	70,680	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	81,378	0.65	81,378	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Chiun Industrial Co., Ltd.	Shares							
	Cheng Mei Materials Technology Corporation	None	Financial assets at FVTOCI - current	10,150	$ 74	-	$ 74	
	Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	83	-	83	
	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	25,812	-	25,812	
UBright Optronics Corp.	Mutual funds							
	Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	54,509	-	54,509	
	Schroder 2022 Emerging Market Sovereign Bond Fund	None	Financial assets at FVTPL - current	10,000	3,110 (US$ 104)	-	3,110 (US$ 104)	
				50,000	50,067	-	50,067	
	Foreign corporate bonds							
	Standard Chartered	None	Financial assets at FVTPL - current	200,000	6,355 (US$ 212)	-	6,355 (US$ 212)	
	Goldman Sachs	None	Financial assets at FVTPL - current	300,000	9,013 (US$ 301)	-	9,013 (US$ 301)	
Hsinshin Asset management Co., Ltd.	Shares							
	Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	16,813	-	16,813	
Hsin Lung Chemical Co., Ltd.	Shares							
	Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	28	-	28	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	2	-	2	
	Shares							
	Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,149	43	-	43	
	Shin Kong Insurance Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	28.325	0.23	28.325	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	976	10	-	10	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	366,064	5,308	-	5,308	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	112	5	-	5	
	Shinkong Synthetic Fibers Corporation	The Company	Financial assets at FVTOCI - non-current	4,680,487	56,400	0.29	56,400	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	59,481	15.52	59,481	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	141,028	19.80	141,028	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	32,133	19.80	32,133	
Shinkong Engineering Co., Ltd.	Shares							
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	15,286,224	158,212	0.12	158,212	
Pan Asian Plastics Corp.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	998,332	14,476	0.01	14,476	
	Fuhbic International Corp.	None	Financial assets at FVTOCI - non-current	236,990	4,525	1.82	4,525	
	United Capital Fund	None	Financial assets at FVTOCI - non-current	4,850,000	-	7.09	-	
	Shinpont Industry Inc.	Related party	Financial assets at FVTOCI - non-current	5,000	96	0.01	96	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Kong International Leasing Corp.	Mutual funds							
	Cathay No. 2 Real Estate Investment Trust.	None	Financial assets at FVTPL - current	360,000	$ 6,156	-	$ 6,156	
	O-Bank No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	100,000	980	-	980	
	Millerfu No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	150,000	1,538	-	1,538	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,200	-	1,200	

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF BY THE INVESTEES OVER WHICH THE COMPANY HAS CONTROL AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note)	Relationship (Note)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Shinkong Engineering Co., Ltd.	Corporate bonds of Tac Bright Optronics Corp.	Financial assets measured at amortized cost	-	-	21	$ 210,000	-	$ -	21	$ 210,000	$ 210,000	$ -	-	$ -

Note: These two columns need to be filled in for marketable securities recognized as investments accounted for using the equity method.

TABLE 11

SHINKONG SYNTHETIC FIBERS CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Shin Chiun Industrial Co., Ltd.	Land	2019.05.13	$ 210,000	-	Railway Bureau, MOTC	Non-related party	-	-	-	$ -	Bid price	Land development and housing construction	-

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INVESTEES' TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Sale	$ (1,420,638)	(25.00)	Note	Note	Note	Accounts receivable $ 366,605	50.68	
	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	226,591	4.55	Note	Note	Note	Accounts payable -	-	
Shinkong Polyester Film Corp., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	1,612,199	80.34	Note	Note	Note	Accounts payable (684,779) Other payable (3,721)	(95.13) (3.75)	
Pan Asian Plastics Corp.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	789,968	85.14	Note	Note	Note	Accounts payable (238,327) Other payable (24,007)	(94.72) (46.13)	
Shinpont Industry Inc.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	126,795	25.26	Note	Note	Note	Accounts payable (4,147) Other payable (38,062)	(21.57) (84.85)	
Shinkong Industry (Hangzhou) Co., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	179,467	19.44	Note	Note	Note	Accounts payable (31,137)	(46.87)	
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry	Sale	(1,093,911)	(94.53)	According to the contract sign by both parties	According to the contract sign by both parties	According to the contract sign by both parties	Accounts receivable 177,077	91.76	
Shinkong Polyester Film Corp., Ltd.	UBright Optronics Corp.	Subsidiaries	Sale	(105,266)	(3.54)	Note	Note	Note	Accounts receivable 1,582	0.59	
UBright Optronics Corp.	Shinkong Polyester Film Corp., Ltd.	Subsidiaries	Purchase	105,266	8.00	Note	Note	Note	Accounts payable (1,582)	(1.17)	

Note: Refer to consolidated financial statements Table 18.

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INVESTEES' RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Thai Shinkong Industry Corporation Ltd.	Shinkong Synthetic Fibers Corporation	Parent Company and its subsidiary	Accounts receivable from related parties $366,605	3.31	$ -	-	$ 324,069	$ -
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry Inc.	Accounts receivable from related parties $177,077	4.55	-	-	177,077	-

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Hangzhou Huachun Chemical Fiber Co., Ltd.	Chemical fiber weaving, printing and dyeing	US$44 million	Investments through subsidiary SSFC Investment Ltd.	$ 1,642,757 (US$ 51,080)	$ -	$ -	$ 1,642,757 (US$ 51,080)	$ 96,862	92.11	$ 89,221	$ 1,261,544	$ -	
Shinkong Industry (Hangzhou) Co., Ltd.	Manufacturing and sales of plastic, polyester film, and PET	US$17.8 million	Investments through subsidiary SSFC Investment Ltd.	594,328 (US$ 17,300)	-	-	594,328 (US$ 17,300)	80,298	100.00	80,298	560,585	326,702	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$2,237,085 (US$68,380) (Note A)	$1,948,996 (US$66,530)	$17,893,973

Note A: Including premium of US$4,280 thousand from machinery equipment from SSFC Investment Ltd., which is not included in the calculation of the authorized amount and cash remittance of US$240 thousand to Dayspring Ltd.

Note B: The amounts were calculated based on the financial statements that have been audited.

TABLE 15

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shinkong Synthetic Fibers Corporation										
Hangzhou Huachun Chemical Fiber Co., Ltd.	Sale	$ (22,047)	(0.11)	Note	Note	Note	Accounts receivable $ 2,904	0.15	$ 216	
	Purchase	17,109	0.11	Note	Note	Note	Accounts payable -	-	-	
Shinkong Industry (Hangzhou) Co., Ltd.	Sale	(179,467)	(0.87)	Note	Note	Note	Accounts receivable 31,137	1.56	2,268	

Note: Refer to consolidated financial statements Table 18.

1. Endorser/guarantor provided with investee companies in Mainland China directly or indirectly through a third party: Please refer to Tables 1 and 8.

2. Financing providing to others with investee companies in Mainland China directly or indirectly through a third party: None.

3. Other transaction that have a material impact on profit or loss or financial condition: None.

SHINKONG SYNTHETIC FIBERS CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand	Petty cash	$ 1,076
Checking account	Shin Kong Bank Co., Ltd., etc.	332,777
Cash deposits	Shin Kong Bank Co., Ltd., etc.	14,134
Foreign currency deposits	US$56,501 thousand @ exchange rate of 29.98 JPY16,522 thousand @ exchange rate of 0.2760 RMB4,500 thousand @ exchange rate of 4.305 EUR524 thousand @ exchange rate of 33.59	1,735,446
		$ 2,083,433

STATEMENT 2

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	Description	Number of Shares	Denomination	Total Amount	Cost	Accumulated Impairment	Fair Value	
							Unit Price (Dollars)	Total Value
Stock	Hsin Ba Corporation	12	10	$ -	$ -	$ -	20.45	$ -
	China Steel Corporation	179,380	10	1,794	4,422	-	23.90	4,287
	The Great Taipei Gas Corporation	20,213,826	10	202,138	491,196	-	31.30	632,693
				$ 203,932	$ 495,618	$ -		$ 636,980

STATEMENT 3

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF NOTES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
General clients		
Company A	Payment of goods	$ 9,822
Company B	〃	5,887
Company C	〃	1,671
Company D	〃	1,467
Company E	〃	1,403
Others (Note)	〃	867
		$ 21,117

Note: The amount of individual client included in others does not exceed 5% of the account balance.

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
General clients		
Company A	Payment of goods	$ 82,301
Other (Note)	〃	987,047
Less: Allowance for impairment loss		(29,268)
		1,040,080
Related parties		
SPF	〃	684,779
PAP	〃	238,071
SKI	〃	31,137
SPI	〃	3,966
HZC	〃	2,904
Others	〃	757
		961,614
		$ 2,001,694

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 5

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF OTHER RECEIVABLES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other receivables	Receivables from related parties	$ 72,206
	Receivables from tax refunds	56,625
	Rental revenue	37,256
	Others	5,798
		$ 171,885

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Items	Description	Amount	LCNRV Cost	LCNRV Fair Value
Finished good	POY, etc.	$ 2,056,681	$ 2,029,992	$ 1,862,120
Work in process		320,544	320,544	310,564
Raw materials	EG, PTA, etc.	428,839	428,839	412,439
Materials		125,157	125,157	97,588
Supplies and spare parts		14	-	-
		2,931,235		
Less: Allowance for loss due to market price decline and obsolete and slow-moving inventories		(221,821)		
		$ 2,709,414		

STATEMENT 7

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF PREPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments for goods	Prepaid purchase deposit and various fees	$ 85,786
Prepaid expense	Prepaid insurance fee, etc.	1,281
		$ 87,067

STATEMENT 8

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF OTHER CURRENT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Temporary payments	Temporary payments for traveling expenses, meal expenses, etc.	$ 4,330
Other financial assets	Pledged bank deposits	448
		$ 4,778

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral
Name	**Number of Shares**	**Fair Value**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Fair Value**	**(Number of Shares)**
Listed company share									
Taiwan Cement Corp.	10,510,119	$ 374,160	736,852	$ 117,333	-	$ -	11,246,971	$ 491,493	-
Shinkong Textile Co., Ltd.	28,378,958	1,277,053	-	-	-	93,651	28,378,958	1,183,402	14,100,000
Shin Kong Financial Holding Co., Ltd.	146,221,686	1,311,609	3,049,792	233,351	-	-	149,271,478	1,544,960	116,000,000
Taishin Financial Holding Co., Ltd.	132,649,317	1,731,074	2,758,593	232,341	-	-	135,407,910	1,963,415	75,000,000
O-Bank	25,762,308	206,098	-	-		4,895	25,762,308	201,203	-
		4,899,994		583,025		98,546		5,384,473	
Shares of unlisted companies									
Century Development Corporation	11,814,995	109,355	519,859	47,260	-	-	12,334,854	156,615	-
Universal Venture Capital Investment Corporation	5,600,000	80,035	-	-	-	44,336	5,600,000	35,699	-
Shin Kong Mitsukoshi Department Store Co., Ltd.	24,401,636	773,428	-	-	-	35,292	24,401,636	738,136	13,970,000
Overseas Investment & Development Corp.	4,000,000	43,761	-	-	-	9,890	4,000,000	33,871	-
Li Yu Venture Capital Investment Corp.	174,455	1,717	-	-	-	276	174,455	1,441	-
Global Securities Finance Corporation	2,102,512	12,026	-	-	-	2,507	2,102,512	9,519	-
Shin Kong Chao Feng Ranch & Resort Corporation	200,000	30,475	-	707	-	-	200,000	31,182	-
PC Home Venture Fund Corp.	78,540	1,247	-	6	-	-	78,540	1,253	-
Great Taipei Broadband Co., Ltd	2,500,000	13,666	-	-	-	7,326	2,500,000	6,340	-
Zacros Taiwan Co., Ltd.	10,000,000	12,855	-	51,862	-	-	10,000,000	64,717	-
Wave-In Communication Inc.	1,080,906	2,950	226,000	-	-	150	1,306,906	2,800	-
Shinkong iEcofun Corporation	800,000	7,142	527,736	3,550	-	-	1,327,736	10,692	-
IIH Biomedical Venture Fund I Co., Ltd.	-	-	1,500,000	11,535	-	-	1,500,000	11,535	-
Evergreen Steel Corporation	-	-	1,000,000	40,947	-	-	1,000,000	40,947	-
		1,088,657		155,867		99,777		1,144,747	
Foreign investments									
Budworth Investment Limited	288,000	11,411	-	-	242,500	11,393	45,500	18	-
		$ 6,000,062		$ 738,892		$ 209,716		$ 6,529,238	

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

		Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance			
Name	Description	Number of Shares	Book Value	Number of Shares	Book Value	Number of Shares	Book Value	Number of Shares	Book Value	Provided as Guarantee or Pledged as Collateral	Note
Tac Bright 2016 third term private unsecured ordinary corporate bonds	-	4	$ 40,000	-	$ -	4	$ 40,000	-	$ -	-	-
Tac Bright 2017 first term private unsecured ordinary corporate bonds	-	10	100,000	-	-	10	100,000	-	-	-	-
Tac Bright 2017 second term private unsecured ordinary corporate bonds	-	25	250,000	-	-	25	250,000	-	-	-	-
Tac Bright 2017 third term private unsecured ordinary corporate bonds	-	15	150,000	-	-	-	-	15	150,000	-	Current
Tac Bright 2018 first term private unsecured ordinary corporate bonds	-	10	100,000	-	-	-	-	10	100,000	-	Current
Tac Bright 2018 second term private unsecured ordinary corporate bonds	-	15	150,000	-	-	-	-	15	150,000	-	Current
Tac Bright 2018 third term private unsecured ordinary corporate bonds	-	-	-	20	200,000	-	-	20	200,000	-	Non-current
Tac Bright 2019 first term private unsecured ordinary corporate bonds	-	-	-	5	50,000	-	-	5	50,000	-	Non-current
Tac Bright 2019 second term private unsecured ordinary corporate bonds	-	-	-	15	150,000	-	-	15	150,000	-	Non-current
			$ 790,000		$ 400,000		$ 390,000		$ 800,000		

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Increase in the Current Year		Decrease in the Current Year		Gain (Loss) on	Balance, December 31, 2019				
Name of Investee Company	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Equity Investment	Number of Shares	%	Amount	Market Price or Net Asset Value	Collateral
Pan Asian Plastics Corp.	50,569,938	$ 1,366,980	-	$ -	-	$ (105,864)	$ 129,715	50,569,938	100.00	$ 1,390,831	$ 1,278,297	None
Hsingshing Investment Co., Ltd.	152,100,000	1,664,508	-	2,092	-	-	(8,140)	152,100,000	100.00	1,658,460	1,683,460	〃
Shinkong Engineering Co., Ltd.	38,543,818	533,800	-	18,070	-	-	13,446	38,543,818	100.00	565,316	493,999	〃
Shinpont Industry Inc.	25,245,000	517,586	-	-	-	(147,059)	117,102	25,245,000	49.99	487,629	486,228	〃
Shin Chiun Industrial Co., Ltd.	71,500,000	696,692	-	3,210	-	-	(2,466)	71,500,000	100.00	697,436	697,436	〃
Maxima Pacific Ltd.	1	2,782,032	-	77,793	-	-	123,980	1	100.00	2,983,805	2,985,847	〃
SSFC Investment Ltd.	1	2,015,798	-	-	-	(71,433)	164,655	1	100.00	2,109,020	2,120,844	〃
UBright Optroics Corp.	38,695,828	1,454,545	-	-	-	(74,805)	46,718	38,695,828	49.57	1,426,458	1,490,988	〃
Shinkong Polyester Film Corp., Ltd.	68,856,874	690,737	-	6,252	-	-	5,364	68,856,874	80.07	702,353	726,363	〃
Shinkong International Securities Co., Ltd.	114,633,265	2,417,822	-	-	-	(276,588)	374,429	114,633,265	77.98	2,515,663	2,499,010	〃
Tai Jin Investment Co., Ltd.	1,111,315	5,845	-	82	-	-	84	1,111,315	48.57	6,011	6,778	〃
ShinBright Optronics Corp.	12,000,000	(109,844)	19,999,999	200,000	(11,999,999)	-	(69,710)	20,000,000	100.00	20,446	20,446	〃
Tac Bright Optronics Corporation	263,586,455	1,237,367	-	-	-	(39)	24,213	263,586,455	56.86	1,261,541	1,348,970	〃
Taipei Star Bank	83,213,000	1,370,564	1,755,278	97	-	(7,422)	56,686	84,968,278	27.07	1,419,925	1,503,503	〃
Chi Jian Human-Resource & Management Co., Ltd. (Note)	-	5,468	-	-	-	-	(14)	-	-	5,454	5,454	〃
Hsinshin Asset Management Co., Ltd.	5,370,000	54,012	-	4,449	-	-	1,183	5,370,000	100.00	59,644	59,644	〃
Shin Kong International Leasing Corp.	40,000,000	433,310	10,000,000	100,000	-	(28,065)	40,773	50,000,000	100.00	546,018	546,018	〃
Shinkong Technologies Corp.	-	-	3,000,000	30,683	-	-	2,662	3,000,000	100.00	33,345	33,345	〃
		17,137,222		442,728		$ (711,275)	$ 1,020,680			17,889,355	$ 17,986,630	
Less: Transfer to Treasury Stock		(32,328)		(2,445)						(34,773)		
		$ 17,104,894		$ 440,283						$ 17,854,582		

Note: This is a limited company, the shareholding ratio is calculated based on the amount of capital contribution.

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Total	Remark
Cost						
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -	
Adjustments arising from initial application of accounting standards	28,169	1,566	3,857	3,182	36,774	
Additions	-	602	-	-	602	
Balance at December 31, 2019	$ 28,169	$ 2,168	$ 3,857	$ 3,182	$ 37,376	
Accumulated depreciation						
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -	
Additions	14,085	954	2,579	591	18,209	
Balance at December 31, 2019	$ 14,085	$ 954	$ 2,579	$ 591	$ 18,209	
Carrying amount at December 31, 2019	$ 14,084	$ 1,214	$ 1,278	$ 2,591	$ 19,167	

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Creditor	Amount	Contract Period	Range of Interest Rate (%)	Collateral
Mizuho Bank	$ 400,000	2019.12.25-2020.12.25	0.6005-2.2674	None
Bangkok Bank	200,000	2019.10.01-2020.10.15	0.6005-2.2674	None
The Export - Import Bank of the ROC	500,000	2019.05.20-2020.05.20	0.6005-2.2674	None
Land Bank of Taiwan	200,000	2019.06.04-2020.06.04	0.6005-2.2674	None
HSBC Bank	200,000	2019.06.10-2020.05.31	0.6005-2.2674	None
Union Bank of Taiwan	200,000	2019.08.21-2020.08.21	0.6005-2.2674	None
Hwatai Bank	150,000	2019.03.13-2020.03.13	0.6005-2.2674	None
Hua Nan Bank	850,000	2019.01.11-2020.01.11	0.6005-2.2674	Property
E.SUN Commercial Bank	200,000	2019.09.26-2020.09.26	0.6005-2.2674	None
Cathay United Bank	194,870	2019.05.17-2020.05.17	0.6005-2.2674	None
DBS Bank	100,000	2019.06.19-2020.06.19	0.6005-2.2674	None
	$ 3,194,870			

STATEMENT 14

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Payable for goods	$ 347,360
Company B	〃	73,995
Company C	〃	69,844
Others (Note)	〃	242,439
		733,638
Accounts payables to related parties		
TSI	〃	366,605
Others	〃	295
		366,900
		$ 1,100,538

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance, End of the Year	Remark
Buildings	Mainly for the use of offices	2 years	1.18	$ 14,168	
Machinery equipment	For operating uses	3 years	1.08-1.18	1,451	
Transportation equipment	For operating uses	2 to 3 years	1.18	1,368	
Office equipment	For operating uses	5 to 7 years	1.18	2,657	
				19,644	
Less: Current portion				(17,296)	
Lease liabilities - non-current				$ 2,348	

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		$ 20,705,231
Less: Sales returns		(33,874)
Sales allowances		(6,392)
		$ 20,664,965

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
1. Raw materials	
Balance, beginning of the year	$ 511,314
Add: Raw materials purchased	13,144,720
Less: Raw materials, end of the year	(428,839)
Total raw materials used for the year	13,227,195
2. Materials	
Balance, beginning of the year	138,824
Add: Materials purchased	1,595,444
Less: Transferred to other accounts	(53,115)
Materials, end of the year	(125,157)
Total materials used for the year	1,555,996
3. Direct labor	587,307
4. Manufacturing expenses	2,395,807
5. Manufacturing cost	17,766,305
6. Add: Work in process, beginning of the year	431,778
Work in process purchased	20,581
Less: Work in process, end of the year	(320,544)
Transferred to other accounts	(721,204)
7. Cost of finished goods	17,176,916
8. Add: Finished goods, beginning of the year	2,176,104
Finished goods purchased	1,480,326
Less: Transferred to other accounts	(13,384)
Finished goods, end of the year	(2,056,695)
9. Temporary differences in material prices	(11,233)
10. Loss on work stoppages	305,708
11. Loss due to market price decline and obsolete and slow-moving inventories	65,793
12. Revenue from sale of scraps	(19,596)
13. Loss on physical inventory	67
	$ 19,104,006

STATEMENT 18

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	Selling Expense	General and Administrative Expense	Research and Development Expenses	Expected Credit Losses (Reversed)	Total
Payroll and related expense	$ 46,931	$ 140,239	$ 55,605	$ -	$ 242,775
Rental expense	657	1,894	-	-	2,551
Stationery expense	69	1,021	26	-	1,116
Traveling expense	4,627	4,677	734	-	10,038
Shipping expense	311,457	110	415	-	311,982
Postage expenses	1,985	6,396	13	-	8,394
Repair and maintenance expense	3	235	3,677	-	3,915
Advertisement expense	6,940	132	-	-	7,072
Utilities expense	-	733	-	-	733
Insurance expense	5,614	16,243	4,904	-	26,761
Entertainment expense	2,180	12,398	24	-	14,602
Donation expense	-	113	-	-	113
Taxes	-	-	597	-	597
Depreciation expense	106	20,333	2,825	-	23,264
Meal expenses	838	2,231	1,374	-	4,443
Employee benefits	380	1,096	649	-	2,125
Consumables expense	34	431	146	-	611
Professional service fees	1,006	21,337	93	-	22,436
Commission expense	32,326	-	-	-	32,326
Export expense	37,401	25	-	-	37,426
Training expense	-	3,784	75	-	3,859
Research expense	-	-	32,194	-	32,194
Information fee	658	8,290	318	-	9,266
Other expense	3,811	17,965	3,828	-	25,604
Expected credit losses reversed	-	-	-	(5,416)	(5,416)
	$ 457,023	$ 259,683	$ 107,497	$ (5,416)	$ 818,787

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Classified By Function / Classified By Nature	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost (Note)						
Salaries and bonuses	$ 889,662	$ 221,956	$ 1,111,618	$ 952,918	$ 304,698	$ 1,257,616
Labor and health insurance	94,173	22,741	116,914	87,213	19,415	106,628
Pension	36,043	11,939	47,982	37,686	13,701	51,387
Board compensation	-	8,313	8,313	-	7,887	7,887
Others	38,927	10,427	49,354	40,240	12,117	52,357
Depreciation expense	521,481	23,264	544,745	509,591	13,710	523,301
	$ 1,580,286	$ 298,640	$ 1,878,926	$ 1,627,648	$ 371,528	$ 1,999,176

Note:
1. For the years ended December 31, 2019 and 2018, the Company had an average 1,701 and 1,648 employees, respectively, which included 10 non-employee directors for both years.
2. Average labor cost for the years ended December 31, 2019 and 2018 were NT$784 thousand and NT$896 thousand, respectively.
3. Average salary and bonus for the year ended December 31, 2019 and 2018 were NT$657 thousand and NT$768 thousand, respectively.
4. Average salaries and bonuses decreased by 14.45% year over year.