

Shinkong Synthetic Fibers Corporation

**Financial Statements for the
Years Ended December 31, 2020 and 2019 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, 2020 and 2019, and 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, 2020 and 2019, 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, 2020. 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.

Key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

Disposal of Property, Plant and Equipment by subsidiaries by Equity-method Subsidiaries

Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd. signed a relocation agreement with Urban Renewal Center of Hangzhou Qiantang New Area, Hangzhou, People's Republic of China in December 2019, and the relocation was completed in 2020. The Company received a compensation of \$3,386,380 thousand (RMB781,890 thousand), and a gain on disposal of non-current assets held for sale of \$2,893,703 thousand was recognized in net income from discontinued operations. Therefore, this significant and unusual transaction was deemed as a key audit matter.

Our audit procedures performed were as follows:

1. We inspected whether the transaction was processed in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.
2. We obtained an understanding of the relocation agreement.
3. We tested compensation payment from the general ledger and traced to bank statements.
4. We examined the supporting documents to verify compliance with the agreement.
5. We reviewed the financial statements to ensure the required disclosures for this transaction.

For other relevant disclosures, refer to Notes 4(N) and 14 to the consolidated financial statement .

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, 2020 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 audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 32 and 33)	\$ 2,454,407	5	\$ 2,083,433	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	-	-	105	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 32 and 34)	697,774	2	636,980	1
Financial assets at amortized cost - current (Notes 4, 9, 10 and 32)	200,000	1	400,000	1
Notes receivable, net (Notes 4, 11, 32 and 33)	28,871	-	21,117	-
Trade receivables, net (Notes 4, 11, 32 and 33)	2,091,551	5	2,001,694	5
Other receivables (Notes 4, 11, 32 and 33)	148,005	-	171,885	-
Inventories (Notes 4 and 12)	2,255,506	5	2,709,414	6
Prepayments (Notes 17 and 33)	116,981	-	87,067	-
Other current assets (Notes 17 and 32)	10,411	-	4,778	-
Total current assets	8,003,506	18	8,116,473	18
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	49,131	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 32 and 34)	6,258,581	14	6,529,238	15
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 32)	-	-	400,000	1
Investments accounted for using the equity method (Notes 4, 13, 29, 30 and 33)	20,863,162	46	17,854,582	41
Property, plant and equipment (Notes 4, 5, 14, 33 and 34)	7,022,995	15	7,858,549	18
Right-of-use assets (Notes 4, 15 and 33)	36,501	-	19,167	-
Investment properties (Notes 4, 16 and 34)	2,977,419	7	2,999,288	7
Deferred tax assets (Notes 4 and 26)	209,011	-	180,003	-
Other non-current assets (Notes 4, 11 and 17)	123,600	-	36,031	-
Total non-current assets	37,540,400	82	35,876,858	82
TOTAL	\$ 45,543,906	100	\$ 43,993,331	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 32 and 34)	\$ 2,438,016	5	\$ 3,194,870	7
Short-term bills payable (Notes 18 and 32)	849,727	2	899,130	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	11,106	-	1,953	-
Trade payables (Notes 20, 32 and 33)	1,143,337	3	1,100,538	3
Other payables (Notes 21, 32 and 33)	613,898	1	515,418	1
Current tax liabilities (Notes 4 and 26)	142,424	-	126,055	-
Lease liabilities - current (Notes 4, 15, 32 and 33)	17,481	-	17,296	-
Current portion of long-term borrowings and bonds payable (Notes 18, 32 and 34)	-	-	400,000	1
Other current liabilities (Note 20)	178,864	1	85,253	-
Total current liabilities	5,394,853	12	6,340,513	14
NON-CURRENT LIABILITIES				
Bonds payable (Notes 19 and 32)	1,500,000	3	-	-
Long-term borrowings (Notes 18, 32 and 34)	5,261,972	11	6,302,281	14
Provisions - non-current (Notes 4, 22 and 23)	415,209	1	433,755	1
Deferred tax liabilities (Notes 4 and 26)	1,281,941	3	1,075,722	3
Lease liabilities - non-current (Notes 4, 15, 32 and 33)	19,150	-	2,348	-
Guarantee deposits received	14,867	-	15,423	-
Total non-current liabilities	8,493,139	18	7,829,529	18
Total liabilities	13,887,992	30	14,170,042	32
EQUITY (Notes 4 and 24)				
Share capital	16,184,093	36	16,184,093	37
Capital surplus	1,951,573	4	1,567,399	4
Retained earnings				
Legal reserve	1,507,944	3	1,328,686	3
Special reserve	2,720,734	6	2,723,600	6
Unappropriated earnings	7,194,403	16	5,406,905	12
Total retained earnings	11,423,081	25	9,459,191	21
Other equity	2,127,001	5	2,642,440	6
Treasury shares	(29,834)	-	(29,834)	-
Total equity	31,655,914	70	29,823,289	68
TOTAL	\$ 45,543,906	100	\$ 43,993,331	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, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 33)				
Sales	\$ 15,557,261	100	\$ 20,664,965	100
OPERATING COSTS (Notes 12, 14, 25 and 33)				
Cost of goods sold	14,459,316	93	19,100,711	92
Other operating costs	<u>709,887</u>	<u>4</u>	<u>3,295</u>	<u>-</u>
Total operating costs	<u>15,169,203</u>	<u>97</u>	<u>19,104,006</u>	<u>92</u>
GROSS PROFIT	388,058	3	1,560,959	8
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(33,975)	-	(42,436)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>53,042</u>	<u>-</u>	<u>61,047</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>407,125</u>	<u>3</u>	<u>1,579,570</u>	<u>8</u>
OPERATING EXPENSES (Notes 11, 25 and 33)				
Selling and marketing expenses	472,887	3	457,023	2
General and administrative expenses	293,366	2	259,683	1
Research and development expenses	104,064	1	107,497	1
Expected credit loss (gain)	<u>2,526</u>	<u>-</u>	<u>(5,416)</u>	<u>-</u>
Total operating expenses	<u>872,843</u>	<u>6</u>	<u>818,787</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(465,718)</u>	<u>(3)</u>	<u>760,783</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 25, 28, 33 and 36)				
Interest income	22,564	-	35,353	-
Other income	480,134	3	307,455	2
Other gains and losses	(186,414)	(1)	(35,624)	-
Finance costs	(116,976)	(1)	(118,419)	(1)
Gain from bargain purchase - acquisition of subsidiaries	44,542	-	-	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>3,367,885</u>	<u>22</u>	<u>1,020,680</u>	<u>5</u>
Total non-operating income and expenses	<u>3,611,735</u>	<u>23</u>	<u>1,209,445</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	3,146,017	20	1,970,228	10

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(261,688)</u>	<u>(1)</u>	<u>(177,649)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>2,884,329</u>	<u>19</u>	<u>1,792,579</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(25,306)	-	(19,516)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(228,704)	(2)	496,442	2
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(168,598)	(1)	186,714	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>5,061</u>	<u>-</u>	<u>3,903</u>	<u>-</u>
	<u>(417,547)</u>	<u>(3)</u>	<u>667,543</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(129,170)	(1)	(4,743)	-
Share of the other comprehensive income (loss) of subsidiaries associates and joint ventures accounted for using the equity method	<u>964</u>	<u>-</u>	<u>1,865</u>	<u>-</u>
	<u>(128,206)</u>	<u>(1)</u>	<u>(2,878)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(545,753)</u>	<u>(4)</u>	<u>664,665</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,338,576</u>	<u>15</u>	<u>\$ 2,457,244</u>	<u>12</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.79</u>		<u>\$ 1.11</u>	
Diluted	<u>\$ 1.78</u>		<u>\$ 1.11</u>	

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Share (In Thousand)	Amount		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		
BALANCE AT JANUARY 1, 2019	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
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	(2,866)	2,866	-	-	-	-
Appropriation of 2019 earnings										
Legal reserve	-	-	-	179,258	-	(179,258)	-	-	-	-
Cash dividends	-	-	-	-	-	(890,125)	-	-	-	(890,125)
Other changes in capital surplus										
Actual partial acquisitions of interests in subsidiaries	-	-	8,297	-	-	-	-	-	-	8,297
Changes in percentage of ownership interests in subsidiaries	-	-	375,877	-	-	-	-	-	-	375,877
Net profit for the year ended December 31, 2020	-	-	-	-	-	2,884,329	-	-	-	2,884,329
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(23,852)	(129,170)	(392,731)	-	(545,753)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	2,860,477	(129,170)	(392,731)	-	2,338,576
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	-	-	-	-	-	(6,462)	-	6,462	-	-
BALANCE AT DECEMBER 31, 2020	<u>1,618,409</u>	<u>\$ 16,184,093</u>	<u>\$ 1,951,573</u>	<u>\$ 1,507,944</u>	<u>\$ 2,720,734</u>	<u>\$ 7,194,403</u>	<u>\$ (226,145)</u>	<u>\$ 2,353,146</u>	<u>\$ (29,834)</u>	<u>\$ 31,655,914</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,146,017	\$ 1,970,228
Adjustments for:		
Depreciation expenses	556,498	555,347
Expected credit loss recognized (reversed) on trade receivables	2,526	(5,416)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	9,912	336
Finance costs	116,976	118,419
Interest income	(22,564)	(35,353)
Dividend income	(261,418)	(216,277)
Write-downs of inventories	61,636	65,793
Share of profit of subsidiaries, associates and joint ventures	(3,367,885)	(1,020,680)
(Gain) loss on disposal of property, plant and equipment	(32,796)	18
Impairment loss recognized on property, plant and equipment	709,887	3,295
Loss of disposal of associate	6,651	-
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	33,975	42,436
Realized gain on the transactions with subsidiaries, associates and joint ventures	(53,042)	(61,047)
Net loss on foreign currency exchange	58,340	51,667
Recognition of provisions	10,021	12,885
Gain from bargain purchase - acquisition of subsidiaries	(44,542)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(49,785)	5,236
Notes and trade receivables	(109,770)	636,010
Other receivables	20,966	80,715
Inventories	392,272	326,785
Prepayments	(29,914)	62,088
Other current assets	(5,633)	(3,304)
Trade payables	45,216	(761,845)
Other payables	127,425	(159,915)
Other current liabilities	93,611	(15,876)
Provisions	(53,873)	(44,405)
Cash generated from operations	1,360,707	1,607,140
Interest received	25,478	34,817
Dividend received	261,418	216,277
Interest paid	(115,762)	(119,704)
Income tax paid	(63,047)	(190,123)
Net cash generated from operating activities	<u>1,468,794</u>	<u>1,548,407</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Purchase of financial assets at fair value through other comprehensive income	(40,747)	(88,665)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	773
Return of capital on financial assets at fair value through other comprehensive income	21,906	7,479
Purchase of financial assets at amortized cost	(150,000)	(400,000)
Proceeds from sale of financial assets at amortized cost	750,000	390,000
Dividends received from subsidiaries and associates	602,081	794,604
Acquisition of associates	(25,000)	-
Net cash outflow on acquisition of subsidiaries	(823,932)	(330,625)
Net cash inflow on disposal of subsidiaries	1,000	-
Return of capital on subsidiaries	749,484	-
Increase in prepayments for property, plant and equipment	(88,384)	-
Payments for property, plant and equipment	(425,065)	(746,310)
Payments for investment properties	(2,933)	-
Proceeds from disposal of property, plant and equipment	39,424	-
Increase in refundable deposits	(303)	(10)
Decrease in other assets	<u>1,118</u>	<u>2,909</u>
Net cash generated from (used in) investing activities	<u>608,649</u>	<u>(369,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(742,665)	(79,197)
(Repayments of) proceeds from short-term bills payable	(49,403)	399,152
Proceeds from issuance of corporate bonds	1,500,000	-
(Repayments of) proceeds from long-term borrowings	(1,440,309)	632,987
(Repayments of) proceeds from guarantee deposits received	(556)	111
Repayment of principal portion of lease liabilities	(18,098)	(17,732)
Dividends paid	<u>(890,125)</u>	<u>(1,375,648)</u>
Net cash used in financing activities	<u>(1,641,156)</u>	<u>(440,327)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(65,313)</u>	<u>(47,324)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	370,974	690,911
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,083,433</u>	<u>1,392,522</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,454,407</u>	<u>\$ 2,083,433</u>

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

(Concluded)

SHINKONG SYNTHETIC FIBERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2020, 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, 2021.

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)

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

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of
interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities

or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

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)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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 (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.

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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

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.

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 Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 2,475	\$ 1,076
Foreign currency demand deposits	1,257,868	1,735,446
Checking accounts	1,139,392	332,777
Demand deposits	<u>54,672</u>	<u>14,134</u>
	<u>\$ 2,454,407</u>	<u>\$ 2,083,433</u>

As of December 31, 2020 and 2019, the market rate intervals of cash in the bank and repurchase agreements collateralized by bonds were 0.001%-0.10% and 0.001%-0.35%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ -	\$ 105
<u>Financial assets at FVTPL – non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership funds	\$ 49,131	\$ -

(Continued)

	December 31	
	2020	2019
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 2,378	\$ 89
Cross-currency swap contracts (b)	<u>8,728</u>	<u>1,864</u>
	<u>\$ 11,106</u>	<u>\$ 1,953</u>
		(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)
<u>December 31, 2020</u>			
Sell	USD/NTD	2021.01.06-2021.02.18	USD 10,600/NTD 300,480
Sell	EUR/NTD	2021.01.08-2021.03.12	EUR 820/NTD 28,043
<u>December 31, 2019</u>			
Sell	USD/NTD	2020.01.07-2020.01.09	USD 3,000/NTD 90,262
Sell	EUR/NTD	2020.01.10-2020.03.24	EUR 997/NTD 33,747
Buy	NTD/JPY	2020.01.06-2020.02.14	JPY 130,000/NTD 36,086

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
<u>December 31, 2019</u>			
US\$7,000	2021.01.21-2021.02.19	0.85%-0.92%	0.62%-0.68%
<u>December 31, 2019</u>			
US\$6,500	2020.02.18	0.82%	2.27%

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 697,774</u>	<u>\$ 636,980</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 6,258,581</u>	<u>\$ 6,529,238</u>
<u>Investments in equity instruments at FVTOCI</u>		
	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	<u>\$ 697,774</u>	<u>\$ 636,980</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 5,118,700	\$ 5,384,473
Unlisted shares	1,139,868	1,144,747
Foreign investments		
Unlisted shares	<u>13</u>	<u>18</u>
	<u>\$ 6,258,581</u>	<u>\$ 6,592,238</u>

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 2020 and 2019, the Company acquired ordinary shares of domestic investments for \$40,747 thousand and \$88,665 thousand, respectively, for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In 2020 and 2019, the Company sold its shares in domestic investments in order to manage credit concentration risk. The shares sold had a fair value of \$21,906 thousand and \$773 thousand and its related unrealized valuation gain (loss) of \$5,606 thousand and \$(140) thousand were transferred from other equity to retained earnings, respectively.

Refer to Note 34 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
<u>Current</u>		
Domestic investments		
Corporate bonds - Tac Bright Optronics Corporation (a)	<u>\$ 200,000</u>	<u>\$ 400,000</u>
<u>Non-current</u>		
Domestic investments		
Corporate bonds - Tac Bright Optronics Corporation (a)	<u>\$ -</u>	<u>\$ 400,000</u>
a. In November 2018, December 2018, March 2019, June 2019, September 2019, and January 2020, the Company bought 2-year corporate bonds issued by Tac Bright Optronics Corp. at face values of \$100,000 thousand, \$150,000 thousand, \$200,000 thousand, \$50,000 thousand, \$150,000 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 - 2020

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

December 31, 2020

	At Amortized Cost
Gross carrying amount	\$ 200,000
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 200,000</u>

December 31, 2019

	At Amortized Cost
Gross carrying amount	\$ 800,000
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 800,000</u>

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, 2020

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%	\$ 200,000

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

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2020	2019
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 28,871	\$ 21,117
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 28,871</u>	<u>\$ 21,117</u>
Notes receivable - operating	\$ 28,871	\$ 21,117
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 28,871</u>	<u>\$ 21,117</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,124,545	\$ 2,030,962
Less: Allowance for impairment loss	<u>(32,994)</u>	<u>(29,268)</u>
	<u>\$ 2,091,551</u>	<u>\$ 2,001,694</u>
<u>Other receivables</u>		
Others	<u>\$ 148,005</u>	<u>\$ 171,885</u>

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, 2020

	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	\$ 1,822,140	\$ 294,888	\$ 7,517	\$ -	\$ -	\$ 2,124,545
Loss allowance (Lifetime ECLs)	<u>(20,071)</u>	<u>(11,796)</u>	<u>(11,127)</u>	<u>-</u>	<u>-</u>	<u>(32,994)</u>
Amortized cost	<u>\$ 1,802,069</u>	<u>\$ 283,092</u>	<u>\$ 6,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,091,551</u>

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)	<u>(21,394)</u>	<u>(6,990)</u>	<u>(884)</u>	<u>-</u>	<u>-</u>	<u>(29,268)</u>
Amortized cost	<u>\$ 1,828,921</u>	<u>\$ 167,764</u>	<u>\$ 5,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,001,694</u>

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

	2020	2019
Balance at January 1	\$ 29,268	\$ 33,484
Add: Net remeasurement of loss allowance	3,726	-
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(4,216)</u>
Balance at December 31	<u>\$ 32,994</u>	<u>\$ 29,268</u>

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

	2020	2019
Balance at January 1	\$ 68,288	\$ 69,488
Less: Net remeasurement of loss allowance	<u>(1,200)</u>	<u>(1,200)</u>
Balance at December 31	<u>\$ 67,088</u>	<u>\$ 68,288</u>

Aging analysis of trade receivables was as follows:

	December 31	
	2020	2019
Not past due	\$ 1,893,849	\$ 1,681,998
Past due 1-90 days	230,610	332,298
Past due 91-180 days	85	16,608
Past due 181-360 days	-	-
Past due over 360 days (Note)	<u>1</u>	<u>58</u>
	<u>\$ 2,124,545</u>	<u>\$ 2,030,962</u>

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	
	2020	2019
Finished goods	\$ 1,485,154	\$ 1,888,809
Work in process	316,447	310,564
Raw materials	453,892	510,027
Semi-finished goods	<u>13</u>	<u>14</u>
	<u>\$ 2,255,506</u>	<u>\$ 2,709,414</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$14,459,316 thousand and \$19,100,711 thousand, respectively.

As of December 31, 2020 and 2019, the allowance for write-down of inventories was \$283,457 thousand and \$221,821 thousand, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 20,831,964	\$ 17,848,571
Investments in associates	<u>31,198</u>	<u>6,011</u>
	<u>\$ 20,863,162</u>	<u>\$ 17,854,582</u>

a. Investments in subsidiaries

	December 31			
	2020		2019	
	Proportion of Ownership and Voting Rights %	Carrying Amount	Proportion of Ownership and Voting Rights %	Carrying Amount
Listed companies				
UBright Optronics Corp.	50.11	\$ 1,554,451	49.57	\$ 1,426,458
Unlisted companies				
Pan Asian Plastics Corp.	100.00	1,329,127	100.00	1,390,831
Hsingshing Investment Co., Ltd.	100.00	1,684,036	100.00	1,658,460
Shinkong Engineering Co., Ltd.	100.00	563,269	100.00	565,316
Shinpont Industry Inc.	49.99	457,461	49.99	487,629
Shin Chiun Industrial Co., Ltd.	100.00	874,571	100.00	697,436
Maxima Pacific Ltd.	100.00	2,803,651	100.00	2,983,805
SSFC Investment Ltd.	100.00	3,678,178	100.00	2,109,020
Shinkong Polyester Film Co., Ltd.	85.02	862,083	80.07	702,353
Shinkong International Securities Co., Ltd.	77.98	2,880,705	77.98	2,515,663
ShinBright Optronics Corp.	100.00	34,701	100.00	20,446
Tac Bright Optronics Corp.	56.86	1,271,682	56.86	1,261,541
Taipei Star Bank	27.07	1,431,121	27.07	1,419,925
Chi Jian Human-Resource & Management Co., Ltd.	100.00	5,634	100.00	5,454
Hsinshin Asset Management Co., Ltd.	100.00	58,594	100.00	59,644
Shin Kong International Leasing Corp.	100.00	762,234	100.00	546,018
Shin Kong Technologies Corp.	100.00	38,091	100.00	33,345
OTBUY Co., Ltd.	60.00	5,703	-	-
Shinkong Applied Materials Co., Ltd.	73.33	10,278	-	-

(Continued)

	December 31			
	2020		2019	
	Proportion of Ownership and Voting Rights %	Carrying Amount	Proportion of Ownership and Voting Rights %	Carrying Amount
Far Trust International Finance Co., Ltd.	30.97	\$ 401,348	-	\$ -
VSK Global, LLC	100.00	<u>165,184</u>	-	<u>-</u>
		20,872,102		17,883,344
Transferred to treasury stock		<u>(40,138)</u>		<u>(34,773)</u>
		<u>\$ 20,831,964</u>		<u>\$ 17,848,571</u>

Note 1: Refer to Note 24 for the Company's shares held by its subsidiaries, which 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 which have not been audited.

Note 3: Refer to Table 7 for the details of the subsidiaries indirectly held by the Company.

Note 4: In 2020 and 2019, the Company's subsidiaries sold their investments in equity instruments at FVTOCI; and the Company's related unrealized valuation loss of \$12,068 thousand and \$820 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.

Note 6: In January 2020, OTOBUY Co., Ltd. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 60.00%.

Note 7: In February 2020, Shin Kong Applied Materials Co., Ltd. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 80.00%. In June 2020, The Company disposed of 6.77% of its interest in Shin Kong Applied Materials Co., Ltd., and reduced its continuing interest from 80% to 73.33%.

Note 8: Hangzhou Huachun Chemical Fiber Co., Ltd. and Shinkong Industry (Hangzhou) Co., Ltd. were indirectly held by the Company, they signed a relocation agreement with Urban Renewal Center of Hangzhou Qiantang New Area, Hangzhou, People's Republic of China in December 2019. As the compensation for relocation exceeded the carrying amount of the relevant assets, the relevant assets are classified as non-current assets held for sale and there is no impairment loss to be recognized. Refer to Note 14 to the Company's financial statements for the year ended December 31, 2020.

Note 9: In July 2020, The Company acquired the equity shares of Far Trust International Finance Co., Ltd. in cash, and Far Trust Group became a subsidiary of the Company; refer to Note 29.

Note 10: For the purpose of organizational restructuring, the Company acquired the equity shares of Shinkong Polyester Film Corp., Ltd. from the Company's subsidiary Hsingshing Investment

Co., Ltd. and Hsinshin Asset Management Co., Ltd. in December 2020, and increased its continuing interest from 80.07% to 85.02%.

Note 11: In December 2020, ShinBright Optronics Corp. changed its official name to Pan Asian Plastics Industry Corp.

Note 12: In December 2020, ShinBright Optronics Corp. changed its official name to Pan Asian Plastics Industry Corp.

Note 13: In December 2020, VSK GLOBAL, LLC. was established by the Company through issuance of ordinary shares for cash, with a shareholding percentage of 100.00%.

b. Investments in associates

	December 31			
	2020		2019	
	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	\$ 6,149	48.57	\$ 6,011
Topbottle Resources Technology Corporation	20.00	15,797	-	-
Ecofun Lab Corporation	33.33	9,252	-	-
		<u>\$ 31,198</u>		<u>\$ 6,011</u>

In May 2020, Topbottle Resources Technology Corporation issued 1,200 thousand ordinary shares for \$15,000 thousand to the Company with a shareholding percentage of 20.00%. The Company considers that it able to exercise significant influence over Topbottle Resources Technology Corporation; thus, Topbottle Resources Technology Corporation was accounted for as an associate of the Company.

In August 2020, Ecofun Lab Corporation issued ordinary shares for \$10,000 thousand to the Company with a shareholding percentage of 33.33%. The Company considers that it is able to exercise significant influence over Ecofun Lab Corporation; thus, Ecofun Lab Corporation was accounted for as an associate of the Company.

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	
	2020	2019
The Company's share of:		
Profit for the year	\$ 139	\$ 84
Other comprehensive income	<u>48</u>	<u>82</u>
Total comprehensive income for the year	<u>\$ 187</u>	<u>\$ 166</u>

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 which have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Office Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 3,573,186	\$ 3,297,263	\$ 12,349,638	\$ 64,749	\$ 56,620	\$ 33,476	\$ 537,588	\$ 19,912,520
Additions	-	-	5,241	-	-	2,600	387,065	394,906
Disposals	(6,628)	(392)	(22,149)	(677)	-	-	-	(29,846)
Reclassified	-	72,069	716,953	3,645	6,511	-	(799,178)	-
Balance at December 31, 2019	<u>\$ 3,566,558</u>	<u>\$ 3,368,940</u>	<u>\$ 13,049,683</u>	<u>\$ 67,717</u>	<u>\$ 63,131</u>	<u>\$ 36,076</u>	<u>\$ 125,475</u>	<u>\$ 20,277,580</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 2,176,346	\$ 9,755,235	\$ 44,952	\$ 51,954	\$ 25,484	\$ -	\$ 12,053,971
Disposals	-	(392)	(22,149)	(677)	-	-	-	(23,218)
Impairment losses recognized	-	3,295	706,592	-	-	-	-	709,887
Depreciation expenses	-	74,627	426,592	6,552	2,668	3,506	-	513,945
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 2,253,876</u>	<u>\$ 10,866,270</u>	<u>\$ 50,827</u>	<u>\$ 54,622</u>	<u>\$ 28,990</u>	<u>\$ -</u>	<u>\$ 13,254,585</u>
Carrying amounts at December 31, 2019	<u>\$ 3,566,558</u>	<u>\$ 1,115,064</u>	<u>\$ 2,183,413</u>	<u>\$ 16,890</u>	<u>\$ 8,509</u>	<u>\$ 7,086</u>	<u>\$ 125,475</u>	<u>\$ 7,022,995</u>
<u>Cost</u>								
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	<u>\$ 3,573,186</u>	<u>\$ 3,297,263</u>	<u>\$ 12,349,638</u>	<u>\$ 64,749</u>	<u>\$ 56,620</u>	<u>\$ 33,476</u>	<u>\$ 537,588</u>	<u>\$ 19,912,520</u>
<u>Accumulated depreciation and impairment</u>								
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	<u>\$ -</u>	<u>\$ 2,176,346</u>	<u>\$ 9,755,235</u>	<u>\$ 44,952</u>	<u>\$ 51,954</u>	<u>\$ 25,484</u>	<u>\$ -</u>	<u>\$ 12,053,971</u>
Carrying amounts at December 31, 2019	<u>\$ 3,573,186</u>	<u>\$ 1,120,917</u>	<u>\$ 2,594,403</u>	<u>\$ 19,797</u>	<u>\$ 4,666</u>	<u>\$ 7,992</u>	<u>\$ 537,588</u>	<u>\$ 7,858,549</u>

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 34.

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 have decreased, and the recoverable amount is lower than their carrying amount. The Company recognized an impairment loss of \$709,887 thousand, which was recognized under other operating costs on the statement of comprehensive income for the year ended December 31, 2020. 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 10.00% per annum.

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, and the recoverable amount is lower than their carrying amount. The Company recognized an impairment loss of \$3,295 thousand, which was recognized under other operating costs on the statement of comprehensive income for the year ended December 31, 2019. 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.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Buildings	\$ 28,275	\$ 14,084
Machinery	2,754	1,214
Transportation equipment	3,162	1,278
Office equipment	<u>2,310</u>	<u>2,591</u>
	<u>\$ 36,501</u>	<u>\$ 19,167</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 35,085</u>	<u>\$ 36,501</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 14,084	\$ 14,085
Machinery	1,161	954
Transportation equipment	1,869	2,579
Office equipment	<u>637</u>	<u>591</u>
	<u>\$ 17,751</u>	<u>\$ 18,209</u>

b. Lease liabilities - 2020

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 17,481</u>	<u>\$ 17,296</u>
Non-current	<u>\$ 19,150</u>	<u>\$ 2,348</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	0.82%	1.18%
Machinery	0.82%-1.18%	1.08%-1.18%
Transportation equipment	0.88%-1.15%	1.18%
Office equipment	1.15%-1.18%	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

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	<u>\$ 32,668</u>	<u>\$ 18,423</u>
Total cash outflow for leases	<u>\$ (50,919)</u>	<u>\$ (36,495)</u>

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
<u>Cost</u>	
Balance at January 1, 2020	\$ 3,554,115
Additions	<u>2,933</u>
Balance at December 31, 2020	<u>\$ 3,557,048</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ (554,827)
Depreciation expenses	<u>(24,802)</u>
Balance at December 31, 2020	<u>\$ (579,629)</u>
Carrying amount at December 31, 2020	<u>\$ 2,977,419</u>

(Continued)

	Investment Properties
<u>Cost</u>	
Balance at January 1, 2019	\$ <u>3,554,115</u>
Balance at December 31, 2019	\$ <u>3,554,115</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2019	\$ (524,778)
Depreciation expenses	<u>(30,049)</u>
Balance at December 31, 2019	\$ <u>(554,827)</u>
Carrying amount at December 31, 2019	\$ <u>2,999,288</u> (Concluded)

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, 2020 and 2019 was \$3,450,045 thousand and \$3,222,008 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 34.

17. OTHER ASSETS

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Prepayments to suppliers	\$ 100,801	\$ 85,786
Other financial assets	-	448
Others	<u>26,591</u>	<u>5,611</u>
	<u>\$ 127,392</u>	<u>\$ 91,845</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 33,743	\$ 9,005
Prepayments for land and building	63,646	-
Overdue receivables	67,088	68,288
Loss allowance for overdue receivables	(67,088)	(68,288)
Refundable deposits	24,554	24,251
Others	<u>1,657</u>	<u>2,775</u>
	<u>\$ 123,600</u>	<u>\$ 36,031</u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ 580,000	\$ 850,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,858,016</u>	<u>2,344,870</u>
	<u>\$ 2,438,016</u>	<u>\$ 3,194,870</u>

The weighted average effective interest rate on bank loans was 0.5157%-1.0200% and 0.6005%-2.2674% per annum at December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 850,000	\$ 900,000
Less: Unamortized discount on bills payable	<u>(273)</u>	<u>(870)</u>
	<u>\$ 849,727</u>	<u>\$ 899,130</u>

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
China Bills Finance Corporation	\$ 300,000	\$ 83	\$ 299,917	0.25%-0.80%	None
Mega Bills Finance Corporation	200,000	21	199,979	0.25%-0.80%	None
Taiwan Finance Corporation	100,000	47	99,953	0.25%-0.80%	None
International Bills Finance Corporation	<u>250,000</u>	<u>122</u>	<u>249,878</u>	0.25%-0.80%	None
	<u>\$ 850,000</u>	<u>\$ 273</u>	<u>\$ 849,727</u>		

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
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
Taiwan Cooperative Bills Finance Corporation	<u>200,000</u>	<u>243</u>	<u>199,757</u>	0.50%-0.86%	None
	<u>\$ 900,000</u>	<u>\$ 870</u>	<u>\$ 899,130</u>		

c. Long-term borrowings

	December 31	
	2020	2019
Taiwan Bank	\$ 1,100,000	\$ 2,000,000
BEA Bank	150,000	300,000
KGI Bank	870,000	1,170,000
First Bank	-	200,000
Bank SinoPac	200,000	550,000
Mega Bank	-	250,000
Far Eastern International Bank	200,000	300,000
Bangkok Bank	400,000	400,000
Hua Nan Commercial Bank	240,000	120,000
E.Sun Bank	52,800	12,800
MUFG Bank	650,000	-
Mizuho Bank	-	600,000
Mizuho Bank commercial paper (Syndicated Loan)	800,000	800,000
First Bank Commercial Paper (Syndicated Loan)	<u>600,000</u>	<u>800,000</u>
	5,262,800	6,702,800
Less: Current portion	-	(400,000)
Less: Unamortized discounts on commercial papers	<u>(828)</u>	<u>(519)</u>
Long-term borrowings	<u>\$ 5,261,972</u>	<u>\$ 6,302,281</u>

The weighted average effective interest rates on the bank borrowings was 0.3210%-1.36% and 0.6910%-1.39% per annum at December 31, 2020 and 2019, respectively.

Refer to Note 34 for information relating to assets pledged as security for bank borrowings.

19. BONDS PAYABLE

	December 31	
	2020	2019
Secured domestic bonds (2)	\$ 1,500,000	\$ -
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 1,500,000</u>	<u>\$ -</u>

The Company issued its first secured domestic bonds on November 19, 2020, which was approved under ruling reference No. 10900126701 issued by the Taipei Exchange on November 10, 2020. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on November 19, 2025.
- e. Nominal interest rate: Fixed interest rate of 0.58%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank

20. TRADE PAYABLES

	December 31	
	2020	2019
<u>Trade payables</u>		
Operating	\$ <u>1,143,337</u>	\$ <u>1,100,538</u>

21. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Other payables		
Payables for purchase of equipment	\$ 74,491	\$ 104,650
Payables for salaries or bonuses	218,018	218,155
Payables for annual leave	18,838	18,801
Payables for utilities	77,587	65,193
Provisions for loss on lawsuit	66,589	-
Others	<u>158,375</u>	<u>108,619</u>
	<u>\$ 613,898</u>	<u>\$ 515,418</u>
Other liabilities		
Advance receipts	\$ 172,410	\$ 78,723
Others	<u>6,454</u>	<u>6,530</u>
	<u>\$ 178,864</u>	<u>\$ 85,253</u>

22. PROVISIONS

	December 31	
	2020	2019
<u>Non-current</u>		
Employee retirement benefits	\$ 415,209	\$ 433,755

Refer to Note 23 for information relating to employee retirement benefits.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (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	
	2020	2019
Present value of defined benefit obligation	\$ 892,983	\$ 917,885
Fair value of plan assets	<u>(477,774)</u>	<u>(484,130)</u>
Net defined benefit liabilities	\$ 415,209	\$ 433,755

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, 2019	<u>\$ 912,205</u>	<u>\$ (466,446)</u>	<u>\$ 445,759</u>
Service cost			
Current service cost	7,585	-	7,585
Net interest expense (income)	<u>10,846</u>	<u>(5,546)</u>	<u>5,300</u>
Recognized in profit or loss	<u>18,431</u>	<u>(5,546)</u>	<u>12,885</u>
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	<u>(3,943)</u>	<u>-</u>	<u>(3,943)</u>
Recognized in other comprehensive income	<u>33,099</u>	<u>(13,583)</u>	<u>19,516</u>
Contributions from the employer	-	(35,777)	(35,777)
Benefits paid	<u>(45,850)</u>	<u>37,222</u>	<u>(8,628)</u>
Balance at December 31, 2019	<u>917,885</u>	<u>(484,130)</u>	<u>433,755</u>
Service cost			
Current service cost	6,644	-	6,644
Net interest expense (income)	<u>7,146</u>	<u>(3,769)</u>	<u>3,377</u>
Recognized in profit or loss	<u>13,790</u>	<u>(3,769)</u>	<u>10,021</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(15,625)	(15,625)
Actuarial loss			
Changes in financial assumptions	16,140	-	16,140
Experience adjustments	<u>24,791</u>	<u>-</u>	<u>24,791</u>
Recognized in other comprehensive income	<u>40,931</u>	<u>(15,625)</u>	<u>25,306</u>
Contributions from the employer	-	(33,780)	(33,780)
Benefits paid	<u>(79,623)</u>	<u>59,530</u>	<u>(20,093)</u>
Balance at December 31, 2020	<u>\$ 892,983</u>	<u>\$ (477,774)</u>	<u>\$ 415,209</u>

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	
	2020	2019
Discount rate(s)	0.3410%	0.7785%
Expected rate(s) of salary increase	0.50%	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	
	2020	2019
Discount rate(s)		
0.25% increase	<u>\$ (20,802)</u>	<u>\$ (21,987)</u>
0.25% decrease	<u>\$ 21,540</u>	<u>\$ 22,786</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 21,246</u>	<u>\$ 22,516</u>
0.25% decrease	<u>\$ (20,622)</u>	<u>\$ (21,834)</u>

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	
	2020	2019
Expected contributions to the plan for the next year	<u>\$ 33,864</u>	<u>\$ 35,911</u>
Average duration of the defined benefit obligation	9.57 years	9.92 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	<u>2,800,000</u>	<u>2,800,000</u>
Shares authorized	<u>\$ 28,000,000</u>	<u>\$ 28,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>1,618,409</u>	<u>1,618,409</u>
Shares issued	<u>\$ 16,184,093</u>	<u>\$ 16,184,093</u>

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	
	2020	2019
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	<u>428,492</u>	<u>420,195</u>
	1,139,509	1,131,212
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>812,064</u>	<u>436,187</u>
	<u>\$ 1,951,573</u>	<u>\$ 1,567,399</u>

- 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

The shareholders of the Company held their regular meeting on May 29, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

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 shareholders of preference shares first, and then for distribution of dividends to shareholders of ordinary shares, and the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

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 25-7.

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 2019 and 2018 were approved in the shareholders' meetings on May 28, 2020 and May 29, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 179,258	\$ 245,794
Cash dividends	\$ 890,125	\$ 1,375,648
Cash dividends per share (NT\$)	\$ 0.55	\$ 0.85

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

	For the Year Ended December 31, 2019
Legal reserve	\$ 285,688
Cash dividends	\$1,780,250
Cash dividends per share (NT\$)	\$ 1.10

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 their meeting to be held on May 28, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,723,600	\$ 2,723,600
Reversals:		
Disposal of property, plant and equipment	(2,866)	-
Balance at December 31	\$ 2,720,734	\$ 2,723,600

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	
	2020	2019
Balance at January 1	\$ (96,975)	\$ (92,232)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(91,855)	(152,590)
Share from subsidiaries and associates accounted for using the equity method	<u>(37,315)</u>	<u>147,847</u>
Balance at December 31	<u>\$ (226,145)</u>	<u>\$ (96,975)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,739,415	\$ 2,043,184
Recognized for the year		
Unrealized (loss) gain- equity instruments	(228,704)	496,442
Share from subsidiaries and associates accounted for using the equity method	<u>(164,027)</u>	<u>198,829</u>
Other comprehensive income recognized for the year	<u>(392,731)</u>	<u>695,271</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>6,462</u>	<u>960</u>
Balance at December 31	<u>\$ 2,353,146</u>	<u>\$ 2,739,415</u>

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, 2019	-	-	4,680	4,680
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2019	-	-	<u>4,680</u>	<u>4,680</u>
Increase during the year	-	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2020	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>4,680</u>

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
<u>December 31, 2020</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 66,697</u>	<u>\$ 66,697</u>
<u>December 31, 2019</u>			
Hsin Lung Chemical Co., Ltd.	4,680	<u>\$ 56,400</u>	<u>\$ 56,400</u>

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.

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<u>For the Year Ended December 31</u>	
	2020	2019
Bank deposits	\$ 1,564	\$ 5,935
Financial assets at FVTPL	3,198	9,045
Financial assets at amortized cost	17,617	19,985
Others	<u>185</u>	<u>388</u>
	<u>\$ 22,564</u>	<u>\$ 35,353</u>

b. Other income and expenses

	<u>For the Year Ended December 31</u>	
	2020	2019
<u>Other income</u>		
Rental income	\$ 120,414	\$ 121,060
Service revenue	36,424	38,274
Dividends	261,418	216,277
Government grants	117,046	-
Others	<u>29,457</u>	<u>39,631</u>
	<u>564,759</u>	<u>450,595</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2020	2019
<u>Other expenses</u>		
Rental expense	(41,316)	(46,801)
Service costs	(20,065)	(23,951)
Others	<u>(23,244)</u>	<u>(37,035)</u>
	<u>(84,625)</u>	<u>(107,787)</u>
	<u>\$ 480,134</u>	<u>\$ 342,808</u>
		(Concluded)

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ 32,796	\$ (18)
Provisions for loss on lawsuit	(66,589)	-
Net foreign exchange loss	(136,058)	(35,270)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(9,912)	(336)
Others	<u>(6,651)</u>	<u>-</u>
	<u>\$ (186,414)</u>	<u>\$ (35,624)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest on bank loans	\$ 113,518	\$ 117,778
Interest on lease liabilities	153	340
Other interest expenses	<u>2,296</u>	<u>2,054</u>
Total interest expense for financial liabilities not measured at fair value through profit or loss	115,967	120,172
Other finance costs	2,525	-
Less: Amounts included in the cost of qualifying assets	<u>(1,516)</u>	<u>(1,753)</u>
	<u>\$ 116,976</u>	<u>\$ 118,419</u>

Information about capitalized interest is as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Capitalized interest amount	\$ 1,516	\$ 1,753
Capitalization rate	1.20%	1.20%

e. Depreciation

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 519,526	\$ 521,481
Operating expenses and other expenses	<u>36,972</u>	<u>33,866</u>
	<u>\$ 556,498</u>	<u>\$ 555,347</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	<u>\$ 1,424,449</u>	<u>\$ 1,407,505</u>
Post-employment benefits		
Defined contribution plan	35,926	35,097
Defined benefit plans (Note 23)	<u>10,021</u>	<u>12,885</u>
	<u>45,947</u>	<u>47,982</u>
Total employee benefits expense	<u>\$ 1,470,396</u>	<u>\$ 1,455,487</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,183,969	\$ 1,179,544
Operating expenses	<u>286,427</u>	<u>275,943</u>
	<u>\$ 1,470,396</u>	<u>\$ 1,455,487</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues 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, 2020 and 2019 which were approved by the Company's board of directors on March 24, 2021 and March 24, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 31,778	\$ -	\$ 19,901	\$ -
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, 2019 and 2018.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 99,891	\$ 132,338
Foreign exchange losses	<u>(235,949)</u>	<u>(167,608)</u>
	<u>\$ (136,058)</u>	<u>\$ (35,270)</u>

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 48,346	\$ 150,353
Income tax on unappropriated earnings	34,760	48,120
Adjustments for prior years	<u>(3,690)</u>	<u>(21,506)</u>
	<u>79,416</u>	<u>176,967</u>
Deferred tax		
In respect of the current year	<u>182,272</u>	<u>682</u>
Income tax expense recognized in profit or loss	<u>\$ 261,688</u>	<u>\$ 177,649</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	<u>\$ 3,146,017</u>	<u>\$ 1,970,228</u>
Income tax expense calculated at the statutory rate	\$ 629,203	\$ 394,046
Nondeductible expenses in determining taxable income	43	66
Deferred tax effect of earnings of subsidiaries	(283,603)	(155,343)
Tax-exempt income	(71,517)	(43,304)
Income tax on unappropriated earnings	34,760	48,120
Land increment tax	1,279	-
Unrecognized deductible temporary differences	(44,809)	(47,831)
Effect of tax rate changes	-	-
Adjustments for prior years' tax	(3,690)	(21,506)
Others	<u>22</u>	<u>3,401</u>
Income tax expense recognized in profit or loss	<u>\$ 261,688</u>	<u>\$ 177,649</u>

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 5,061</u>	<u>\$ 3,903</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	<u>\$ 142,424</u>	<u>\$ 126,055</u>

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, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Unrealized gross profit	\$ 11,295	\$ (3,814)	\$ -	\$ 7,481
Defined benefit obligations	98,326	-	5,061	103,387
Allowance for impairment loss of receivables	15,270	305	-	15,575
Inventory write-downs	44,364	12,327	-	56,691
Right-of-use assets	22	(22)	-	-
Others	<u>10,726</u>	<u>15,151</u>	<u>-</u>	<u>25,877</u>
	<u>\$ 180,003</u>	<u>\$ 23,947</u>	<u>\$ 5,061</u>	<u>\$ 209,011</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Property, plant and equipment		\$ 725,258	\$ (144,549)	\$ 580,709
Unappropriated earnings of subsidiaries		350,464	342,751	693,215
Others		<u>-</u>	<u>8,017</u>	<u>8,017</u>
		<u>\$ 1,075,722</u>	<u>\$ 206,219</u>	<u>\$ 1,281,941</u>

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	<u>254</u>	<u>10,472</u>	<u>-</u>	<u>10,726</u>
	<u>\$ 155,949</u>	<u>\$ 20,151</u>	<u>\$ 3,903</u>	<u>\$ 180,003</u>

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	<u>1,015</u>	<u>(1,015)</u>	<u>-</u>
	<u>\$ 1,054,889</u>	<u>\$ 20,833</u>	<u>\$ 1,075,722</u>

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

	December 31	
	2020	2019
Deductible temporary differences		
Loss recognized by investment accounted for using the equity method	\$ 1,923,053	\$ 2,147,096
Loss recognized by fair value changes of financial assets	1,066	1,066
Others	<u>27,665</u>	<u>27,665</u>
	<u>\$ 1,951,784</u>	<u>\$ 2,175,827</u>

- f. Income tax assessments

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

27. 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	
	2020	2019
Earnings used in the computation of basic earnings per share	<u>\$ 2,884,329</u>	<u>\$ 1,792,579</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,884,329</u>	<u>\$ 1,792,579</u>

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

	For the Year Ended December 31	
	2020	2019
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	<u>2,718</u>	<u>2,120</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,616,447</u>	<u>1,615,849</u>

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.

28. GOVERNMENT GRANTS

Except as disclosed in other notes, the government grants obtained by the Company are as follows:

The Company received \$117,046 thousand of government subsidy for salary, working capital and electricity, etc. The amount was recognized as other income for the year ended December 31, 2020.

29. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Far Trust International Finance Co., Ltd.	Installment and online payment of consumer goods	July 1, 2020	30.97%	<u>\$356,250</u>

Far Trust International Finance Co., Ltd. (collectively referred to as “Far Trust”) was acquired on July 1, 2020 in order to continue the expansion of the Company’s activities in leasing service. For the acquisition of Far Trust, refer to Note 37 to the Company’s consolidated financial statements for the year ended December 31, 2020.

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

For the year ended December, 2020, the Company disposed of its interest in Shinkong Applied Materials Co., Ltd., and reduced its continuing interest from 80% to 73.33%.

For the year ended December, 2020, the Company subscribed for additional new shares of UBright Optronics Corp. at a percentage different from its existing ownership percentage and UBright Optronics Corp.’s employees exercised their share options, increasing its continuing interest from 49.57% to 50.11%.

For the year ended December, 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%.

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

31. 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.

32. 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Limited Partnership funds	\$ -	\$ 49,131	\$ -	\$ 49,131
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 5,816,474	\$ -	\$ -	\$ 5,816,474
Unlisted shares	-	1,139,868	-	1,139,868
Foreign investments	-	13	-	13
	<u>\$ 5,816,474</u>	<u>\$ 1,139,881</u>	<u>\$ -</u>	<u>\$ 6,956,355</u>
Financial liabilities at FVTPL				
Derivative	\$ -	\$ 11,106	\$ -	\$ 11,106

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ <u> -</u>	\$ <u> 105</u>	\$ <u> -</u>	\$ <u> 105</u>
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	<u> -</u>	<u> 18</u>	<u> -</u>	<u> 18</u>
	<u>\$ 6,021,453</u>	<u>\$ 1,144,765</u>	<u>\$ -</u>	<u>\$ 7,166,218</u>
Financial liabilities at FVTPL				
Derivative	\$ <u> -</u>	\$ <u> 1,953</u>	\$ <u> -</u>	\$ <u> 1,953</u>

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	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 49,131	\$ 105
Financial assets at amortized cost (1)	4,922,834	5,078,577
Financial assets at FVTOCI		
Equity instruments	6,956,355	7,166,218
<u>Financial liabilities</u>		
FVTPL		
Held for trading	11,106	1,953
Amortized cost (2)	11,273,939	12,006,735

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and other financial assets.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, bonds 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	
	2020	2019
Profit or loss	<u>\$ 46,625</u>	<u>\$ 88,642</u>

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	
	2020	2019
Cash flow interest rate risk	\$ 7,699,988	\$ 9,897,151
Fair value interest rate risk	2,350,000	900,000

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, 2020 and 2019 would have

decreased/increased by \$19,250 thousand and \$24,743 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, 2020 and 2019 would have increased/decreased by \$347,818 thousand and \$358,311 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, 2020

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,224,224	\$ -	\$ -	\$ -	\$ 1,224,224
Lease liabilities	17,481	16,833	2,317	-	36,631
Variable interest rate liabilities	2,438,016	4,980,639	271,333	10,000	7,699,988
Fixed interest rate liabilities	849,727	-	1,500,000	-	2,349,727
Financial guarantee contracts	<u>3,848,080</u>	<u>400,000</u>	<u>568,032</u>	<u>100,785</u>	<u>4,916,897</u>
	<u>\$ 8,377,528</u>	<u>\$ 5,397,472</u>	<u>\$ 2,341,682</u>	<u>\$ 110,785</u>	<u>\$ 16,227,467</u>

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	<u>\$ 17,481</u>	<u>\$ 19,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
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	<u>4,290,000</u>	<u>150,000</u>	<u>100,000</u>	<u>177,667</u>	<u>4,717,667</u>
	<u>\$ 10,011,750</u>	<u>\$ 5,520,232</u>	<u>\$ 1,000,486</u>	<u>\$ 211,578</u>	<u>\$ 16,744,046</u>

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	<u>\$ 17,296</u>	<u>\$ 2,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Net settled</u>					
Foreign exchange forward contracts	<u>\$ (2,378)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,378)</u>
Cross-currency swap contracts	<u>\$ (8,728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,728)</u>

December 31, 2019

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

c) Financing facilities

	<u>December 31</u>	
	2020	2019
Bank loan facilities:		
Amount unused	<u>\$ 15,937,584</u>	<u>\$ 10,755,850</u>

33. 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

<u>Related Party Name</u>	<u>Related Party Category</u>
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

(Continued)

Related Party Name	Related Party Category
Pan Asian Plastics Industry 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
Shinkong Applied Materials (Jiangsu) Company Limited	Subsidiary
Shin Kong Technologies Corp.	Subsidiary
Shin Chiun Industrial Co., Ltd.	Subsidiary
Shinkong Innovations Com, Ltd.	Subsidiary
OTOBUY Co., Ltd.	Subsidiary
Shin Kong Applied Materials Co., Ltd.	Subsidiary
Far Trust International Finance Co., Ltd.	Subsidiary
Topbottle Resources Technology Corporation	Associate
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

(Concluded)

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Sales	Subsidiary/others	\$ 2,033,630	\$ 2,957,251
	Other related party/others	<u>13,013</u>	<u>12,435</u>
		<u>\$ 2,046,643</u>	<u>\$ 2,969,686</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiary/others	\$ 515,761	\$ 1,438,550
Associate/others	121,076	-
Other related party/others	<u>2,209</u>	<u>1,742</u>
	<u>\$ 639,046</u>	<u>\$ 1,440,292</u>

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	Subsidiary/Shinkong Polyester Film Corp., Ltd.	\$ 467,184	\$ 684,779
	Subsidiary/Pan Asian Plastics Corp.	120,045	238,071
	Subsidiary/others	104,496	38,007
	Other related party/others	<u>3,274</u>	<u>757</u>
		<u>\$ 694,999</u>	<u>\$ 961,614</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade payables	Subsidiary/Thai Shinkong Industry Corp. Ltd.	\$ 144,964	\$ 366,605
	Subsidiary/others	-	295
	Associate/others	<u>7,522</u>	<u>-</u>
		<u>\$ 152,486</u>	<u>\$ 366,900</u>

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	
		2020	2019
Contractor labor cost	Subsidiary/others	\$ 85,726	\$ 75,524
	Other related party/others	<u>475</u>	<u>315</u>
		<u>\$ 86,201</u>	<u>\$ 75,839</u>

g. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2020	2019
Subsidiary/Hangzhou Huachun Chemical Fiber Co., Ltd.	\$ 55,719	\$ -
Subsidiary/Pan Asian Plastics Corp.	<u>24,455</u>	<u>-</u>
	<u>\$ 80,174</u>	<u>\$ -</u>

h. 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	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Subsidiary/Shin Kong International Leasing Crop.	\$ 3,754	\$ 3,857
Other related party/Shin Kong Life Insurance Co., Ltd.	<u>28,275</u>	<u>28,169</u>
	<u>\$ 32,029</u>	<u>\$ 32,026</u>

Line Items	Related Party Category/Name	December 31	
		2020	2019
Lease liabilities	Subsidiary/Shin Kong International Leasing Crop.	\$ 3,178	\$ 1,368
	Other related party/Shin Kong Life Insurance Co., Ltd.	<u>28,275</u>	<u>14,168</u>
		<u>\$ 31,453</u>	<u>\$ 15,536</u>

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Interest expense		
Subsidiary/Shin Kong International Leasing Crop.	\$ 16	\$ 32
Other related party/Shin Kong Life Insurance Co., Ltd.	<u>91</u>	<u>257</u>
	<u>\$ 107</u>	<u>\$ 289</u>
Lease expense		
Subsidiary/others	\$ 637	\$ 257
Other related party/others	<u>562</u>	<u>615</u>
	<u>\$ 1,199</u>	<u>\$ 872</u>

- i. Lease agreements - the Company is lessor

Operating leases

Lessor	Lease Target	Lease Term	Rental Income For the Year Ended December 31	
			2020	2019
Subsidiary/others	Land, plants and machinery equipment	1-5 years	\$ 68,628	\$ 69,098
Other related party/others	Offices and parking spaces	1-3 years	<u>693</u>	<u>608</u>
			<u>\$ 69,321</u>	<u>\$ 69,706</u>

- j. Loans from related parties

Interest expense

Related Party Category/Name	December 31	
	2020	2019
Subsidiary/others	\$ 3,930	\$ 353
Other related party/others	<u>223</u>	<u>408</u>
	<u>\$ 4,153</u>	<u>\$ 761</u>

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

- k. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2020	2019
Subsidiary/others		
Amount utilized	<u>\$ 1,985,911</u>	<u>\$ 2,766,282</u>

- l. Other receivables and liabilities

Line Items	Related Party Category/Name	December 31	
		2020	2019
Deposits	Subsidiary/Taipei Star Bank	\$ 42,380	\$ 15,325
	Subsidiary/Taishin International Bank	437,850	408,946
	Subsidiary/Shin Kong Bank Co., Ltd.	<u>684,421</u>	<u>491,036</u>
		<u>\$ 1,164,651</u>	<u>\$ 915,307</u>

Line Items	Related Party Category/Name	December 31	
		2020	2019
Other receivables	Subsidiary/Pan Asian Plastics Corp.	\$ 13,965	\$ 24,263
	Subsidiary/Shinpont Industry Inc.	41,951	38,243
	Subsidiary/others	6,101	9,695
	Other related party/others	<u>3</u>	<u>5</u>
		<u>\$ 62,020</u>	<u>\$ 72,206</u>
Prepayment	Subsidiary/others	\$ 3,339	\$ -
	Other related party/others	<u>386</u>	<u>480</u>
		<u>\$ 3,725</u>	<u>\$ 480</u>
Other payables	Subsidiary/others	\$ 59,425	\$ 57,774
	Other related party/others	<u>4,126</u>	<u>982</u>
		<u>\$ 63,551</u>	<u>\$ 58,756</u>

m. Others

1) Other revenue

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiary/others	\$ 40,355	\$ 41,618
Other related party/others	<u>3</u>	<u>4</u>
	<u>\$ 40,358</u>	<u>\$ 41,622</u>

2) Reduction of manufacturing expenses

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiary/others	<u>\$ 338,110</u>	<u>\$ 307,553</u>

3) Acquisition of shares in subsidiaries

In 2020, the Company subscribed for an additional 100% of the new shares of Shin Kong International Leasing Corp. for \$200,000 thousand, and the ownership percentage remained at 100%.

In 2019, the Company subscribed for an additional 100% of the new shares of Shinkong Technologies. Co., Ltd., Pan Asian Plastics Industry Corp. (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 of all these subsidiaries remained at 100%.

n. Acquisition of subsidiaries

The Company acquired the equity shares of Far Trust International Finance Co., Ltd. in cash, and Far Trust became a subsidiary in July 2020; refer to Note 29.

For the purpose of organizational restructuring, the Company acquired 3.99% and 0.96% of the equity of Shinkong Polyester Film Corp., Ltd. from its subsidiaries HisingShing Investment Co., Ltd. and Hsinshin Asset Management Co., Ltd., for \$41,126 thousand and \$9,870 thousand, respectively, in December 2020.

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.

o. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 48,076	\$ 55,526
Post-employment benefits	2,412	2,838
Others	<u>6,700</u>	<u>7,095</u>
	<u>\$ 57,188</u>	<u>\$ 65,459</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

Pledged Asset	Object	December 31	
		2020	2019
Other financial assets - current	Restricted demand deposits	\$ -	\$ 448
Financial assets at fair value through other comprehensive income - current and non-current	Listed shares	2,612,140	2,876,070
	Unlisted shares	445,643	422,585
Property, plant and equipment	Land, buildings and machineries	4,467,253	4,544,490
Investment properties	Investment properties	<u>496,620</u>	<u>496,620</u>
		<u>\$ 8,021,656</u>	<u>\$ 8,340,213</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Letters of credit

Outstanding letters of credit not reflected in the accompanying financial statements at December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
EUR	\$ 1,016	\$ -
JPY	25,116	12,800
USD	3	576

- b. An employee of the Company was investigated and prosecuted by the Taipei District Prosecutors Office for involvement in the New Site Industries Group's fraud case, and the case is awaiting verdict in the Taipei District Court of the first instance but not yet affirmed the conviction. In the fourth quarter of 2020, Yuanta Commercial Bank Co., Ltd. accused the Company of violating employer's joint and several liability. Based on the opinion of lawyer, there is a civil liability and the Company recognized the related compensation amounts as provisions for loss on lawsuit.

36. 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				
2020			2019	
Foreign Currency (In Thousands)	Exchange Rate		Foreign Currency (In Thousands)	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 75,741	28.48	\$ 82,971	29.98
EUR	3,608	35.02	2,464	33.59
RMB	9,582	4.377	11,601	4.305
JPY	14,710	0.2763	16,522	0.2760

December 31				
2020			2019	
Foreign Currency (In Thousands)	Exchange Rate		Foreign Currency (In Thousands)	Exchange Rate
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 98,448	28.48	\$ 99,595	29.98
RMB	837,395	4.377	492,647	4.305

Financial liabilities

Monetary items				
USD	32,399	28.48	20,837	29.98

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were \$136,058 thousand and \$35,270 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.

37. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Company's factories have suspended operations or postponed the resumption of operations, resulting in a substantial decline in operating revenue in 2020 and the recognition of an impairment loss for some of the Company's factories. With the easing of the epidemic and loosening of government policies, the Company expects that operations will gradually return to normal.

In response to the impact of the epidemic, the Company takes the following actions:

a. Adjustment of operating strategies

- Maintain competitiveness of product price, quality and service
- Enhance effectiveness of market reaction
- Adjust to adapt market conditions rapid change

- Collaborate with the Company's digital transformation plan
- Include distance learning program to strengthen employees' training

- After obtaining consent from employees, adjust segment or department's manpower to meet demand

b. Government relief measures

The Company has successively applied to the government for various subsidies such as salaries, working capital, interest, rents, etc. Funds of up to \$117,046 thousand are expected to be available to the Company.

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company issued their second secured domestic bonds on January 14, 2021, which was approved under ruling reference No. 10900149071 issued by the Taipei Exchange on January 5, 2021. Details of the secured domestic bonds issuance are summarized as follows:

- a. Total approved principal: \$1,500,000 thousand.
- b. Principal issued: \$1,500,000 thousand.
- c. Denomination: \$1,000 thousand, issued at par.
- d. Period: 5 years with maturity date on January 14, 2026.
- e. Nominal interest rate: Fixed interest rate of 0.56%.
- f. Repayment: The secured domestic bonds will be paid on the maturity date.
- g. The interest will be paid annually from the issuance date.
- h. Secured: Secured by bank

39. 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 4)
- 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 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7)
- 10) Information on investees (Tables 7 and 14)

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 15)
- 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 16):
 - 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

- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 17)

TABLE 1

SHINKONG SYNTHETIC FIBERS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	\$ 1,648,500	\$ 1,648,600	\$ 1,201,626	\$ -	5.21	Note E	Y	-	-	
		Pan Asian Plastics Industry Corp.	2	Note C	700,317	700,317	317	-	2.21	Note E	Y	-	-	
		Hsingshing Investment Co., Ltd.	2	Note C	950,000	650,000	130,000	-	2.05	Note E	Y	-	-	
		Shin Kong International Leasing Corp.	2	Note C	850,000	650,000	400,000	-	2.05	Note E	Y	-	-	
		Shin Chiun Industrial Co., Ltd.	2	Note C	840,000	670,000	50,000	-	2.12	Note E	Y	-	-	
		SSFC Investment Ltd.	2	Note D	825,550	598,080	203,968	-	1.89	Note E	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 category:

- 1. A company with which it does business.
- 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 \$31,655,914 thousand x 20% = \$6,331,183 thousand.

Note D: The limits on foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$31,655,914 thousand x 30% = \$9,496,774 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$31,655,914 thousand x 50% = \$15,827,957 thousand.

TABLE 2

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong Synthetic Fibers Corporation	<u>Shares</u>							
	Hsin Ba Ba Corporation	None	Financial assets at FVTOCI - current	12	\$ -	-	\$ -	
	China Steel Corporation	None	Financial assets at FVTOCI - current	179,380	4,440	-	4,440	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	20,213,826	693,334	3.91	693,334	
					<u>\$ 697,774</u>		<u>\$ 697,774</u>	
	Corporate bonds of Tac Bright Optronics Corp.	Subsidiary	Financial assets at amortized cost - current	20	<u>\$ 200,000</u>	-	<u>\$ 200,000</u>	
	<u>Limited partnership funds</u>							
	Renaissance Capital Limited Partnership	None	Financial assets at FVTOCI - non-current	6.41	<u>\$ 49,131</u>	6.41	<u>\$ 49,131</u>	
	<u>Shares</u>							
	Overseas Investment & Development Corp.	None	Financial assets at FVTOCI - non-current	4,000,000	\$ 35,956	4.44	\$ 35,956	
	Li Yu Venture Capital Investment Corp.	None	Financial assets at FVTOCI - non-current	174,455	1,278	1.49	1,278	
	Shin Kong Chao Feng Ranch & Resort Corporation	Related party in substance	Financial assets at FVTOCI - non-current	200,000	33,229	2.22	33,229	
	PC Home Venture Fund Corp	None	Financial assets at FVTOCI - non-current	78,540	1,274	3.03	1,274	
	Budworth Investment Limited	None	Financial assets at FVTOCI - non-current	45,500	13	5.00	13	
	Great Taipei Broadband Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	2,500,000	7,175	1.67	7,175	
	Zacros Taiwan Co., Ltd.	None	Financial assets at FVTOCI - non-current	10,000,000	76,639	9.44	76,639	
	Wave-In Communication Inc.	None	Financial assets at FVTOCI - non-current	1,776,279	11,901	13.46	11,901	
	Shin Kong iEcofun Corporation	None	Financial assets at FVTOCI - non-current	1,327,736	10,051	18.81	10,051	
	IIH Birmedical Venture Fund I Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,500,000	11,011	4.85	11,011	
	Evergreen Steel Corp.	None	Financial assets at FVTOCI - non-current	1,000,000	46,060	0.25	46,060	
	Taiwan Cement Corp.	None	Financial assets at FVTOCI - non-current	11,809,323	510,163	0.20	510,163	
	Shin Kong Textile Co., Ltd	Related party in substance	Financial assets at FVTOCI - non-current	28,378,958	1,200,430	9.46	1,200,430	
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	152,991,184	1,347,852	1.18	1,347,852	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	138,540,547	1,835,662	1.27	1,835,662	
	Century Development Corporation	None	Financial assets at FVTOCI - non-current	12,334,854	131,166	3.52	131,166	
	Universal Venture Capital Investment Corporation	None	Financial assets at FVTOCI - non-current	5,600,000	41,776	4.65	41,776	
	O-Bank Co., Ltd.	None	Financial assets at FVTOCI - non-current	25,762,308	178,533	0.94	178,533	
	Shin Kong Mitsukoshi Department Store Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	24,401,636	778,412	1.96	778,412	
					<u>\$ 6,258,581</u>		<u>\$ 6,258,581</u>	

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, 2020
(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	-	-	80	\$ 800,000	15	\$ 150,000	75	\$ 750,000	\$ 750,000	\$ -	20	\$ 200,000
	Shares of Far Trust International Finance Co., Ltd.	Investments accounted for using the equity method	Far Trust International Finance Co., Ltd.	Subsidiaries	-	-	28,500,000	356,250	-	-	-	-	28,500,000	356,250

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

Note B: In July 2020, The Company acquired the equity shares of Far Trust International Finance Co., Ltd. in cash, and Far Trust Group became a subsidiary of the Company.

TABLE 4

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, 2020
(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			
Shinkong Synthetic Fibers Corporation	Freehold Land	2020.12.14-2020.12.31	\$1,492,588	\$ 63,646	Natural person	None	Not applicable	Not applicable	Not applicable	Not applicable	\$1,492,588 (Note)	Freehold	None

Note : Transaction amount was determined based on bargaining and valuation report.

TABLE 5

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, 2020
(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	\$ 461,600	4.03	Note	Note	Note	Accounts payable	\$ (144,964)	(12.68)	
	Topbottle Resources Technology Corporation	Associate	Purchase	121,076	1.06	Note	Note	Note	Accounts payable	(7,522)	(0.66)	
	Shinkong Polyester Film Corp., Ltd.	Investments accounted for using the equity method	Sale	(1,183,854)	(7.61)	Note	Note	Note	Accounts receivable	467,184	21.99	
	Pan Asian Plastics Corp.	Investments accounted for using the equity method	Sale	(545,624)	(3.51)	Note	Note	Note	Other receivable	3,681	2.49	
									Accounts receivable	120,045	5.65	
									Other receivable	13,965	9.44	
	Shinpont Industry Inc.	Investments accounted for using the equity method	Sale	(127,499)	(0.82)	Note	Note	Note	Accounts receivable	37,700	1.77	
	Shinkong Industry (Hangzhou) Co., Ltd.	Investments through subsidiary SSFC INVESTMENT LTD.	Sale	(108,698)	(0.70)	Note	Note	Note	Other receivable	41,951	28.34	
									Accounts receivable	-	-	

Note: Please refer to Table 19 to the consolidated financial statements.

TABLE 6

SHINKONG SYNTHETIC FIBERS CORPORATION

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

DECEMBER 31, 2020

(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 \$ 467,184	2.06	\$ -	-	\$ 205,326	\$ -
	Pan Asian Plastics Corp.	Investments accounted for using the equity method	Accounts receivable 120,045	3.05	-	-	64,337	-

TABLE 7

SHINKONG SYNTHETIC FIBERS CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	\$ 1,288,989	\$ 172,883	\$ 172,923	
	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	1,684,036	22,110	31,680	
	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	563,269	22,572	22,014	
	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	457,461	149,510	74,734	
	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	874,571	176,724	176,724	
	Maxima Pacific Ltd.	British Virgin Islands	Investment	668,032	1,128,832	27,078,055	100.00	2,803,651	139,709	139,709	
	SSFC Investment Ltd.	British Virgin Islands	Investment	1,872,373	2,161,057	42,191,472	100.00	3,678,178	1,757,730	1,773,697	
	UBright Optronics Corp.	No. 21-9, Songshu, Daxi Dist., Taoyuan City 33545, Taiwan (R.O.C.)	Precision chemical materials and mold manufacturing wholesale, etc.	454,141	418,575	39,815,828	50.11	1,554,451	199,456	98,641	
	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	871,101	784,539	73,106,547	85.02	862,083	134,045	107,334	
	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	2,880,705	798,042	622,327	
	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	6,149	185	90	
	Pan Asian Plastics Industry 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	200,000	20,000,000	100.00	34,701	19,204	14,255	
	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	1,271,682	17,833	10,139	
	Shin Kong Technologies Corporation			30,528	30,528	3,263,250	100.00	38,091	4,746	4,746	
	Taipei Star Bank	No. 133, Sec. 2, Yanping N. Rd., Taipei City 103, Taiwan (R.O.C.)	Commercial bank	1,131,535	1,131,535	84,968,278	27.07	1,431,121	215,721	58,388	
	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)	100.00	5,634	291	180	
	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	58,594	839	1,156	
	Shin Kong International Leasing Corp.	7F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Leasing	682,000	482,000	70,000,000	100.00	762,234	52,519	52,519	
	OTOBUY Co., Ltd.	7F.-2, No. 202, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	Other machinery equipment manufacturing	6,000	-	600,000	60.00	5,703	(495)	(297)	
	Shin Kong Applied Materials Co., Ltd.	12F., No. 123, Sec. 2, Nanjing E. Rd., Taipei City 104, Taiwan (R.O.C.)	Other chemical materials manufacturing	11,000	-	1,100,000	73.33	10,278	(985)	(734)	
	Topbottle Resources Technology Corporation	No. 26, Siwei Rd., Xinying Dist., Tainan City 730, Taiwan (R.O.C.)	Manufacturing of synthetic materials and plastic product	15,000	-	1,200,000	20.00	15,797	3,987	797	
	Far Trust International Finance Co., Ltd.	19F.-1, No. 33, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	Overdue receivables management service	356,250	-	28,500,000	30.97	401,348	56,503	7,611	
	Ecofun Lab Corporation	3F., No. 2, Shuanglian Sec. 3, Minzu Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Crop cultivation, wholesale of vegetables and fruits and retail sale of agricultural products	10,000	-	1,000,000	33.33	9,252	(2,245)	(748)	
	VSK GLOBAL, LLC.	United States	Investment	163,120	-	5,800,000	100.00	165,184	-	-	
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	62.04	US\$ 86,120	US\$ 6,816	-	
SSFC INVESTMENT LTD.	Dayspring Ltd.	Hong Kong	Investment	US\$ 51,082	US\$ 51,082	341,348,521	92.11	RMB 689,537	RMB 430,398	-	
	Shinkong Industry (Hangzhou) Co., Ltd.	China	Manufacturing and sales of plastic, polyester film, and PET	US\$ 7,300	US\$ 17,300	1	100.00	RMB 93,432	RMB 33,539	-	
	Shinkong Applied Materials (Jiangsu) Company Limited.	China	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$ 1,060	-	(Note)	100.00	RMB 41,695	RMB (7,021)	-	

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

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Dayspring Ltd.	Hangzhong Huachun Chemical Fiber Co., Ltd.	China	Chemical fiber weaving, printing and dyeing	US\$ 17,082	US\$ 41,082	1	100.00	RMB\$228,026	RMB\$448,109	-	
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)	45.00	802	(143)	-	
	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	-	-	-	134,045	-	
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	-	-	-	134,045	-	
Tac Bright Optronics Corporation	MAXPRO LTD.	British Virgin Islands	Investment	1,743,557	1,743,557	54,204,000	100.00	27	(510)	-	
MAXPRO LTD.	LOFO HOLDING GmbH	Germany	Investment	1,743,507	1,743,507	(Note)	100.00	1,649	-	-	
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	25,553	704	-	
	Shin Kong Insurance Agent Co., Ltd.	Taiwan (R.O.C.)	Life insurance agent	3,000	3,000	2,000,000	100.00	43,610	13,216	-	
	Shin Kong Property Insurance Agency Co., Ltd.	Taiwan (R.O.C.)	Property insurance agent	2,997	2,997	1,000,000	100.00	22,351	6,818	-	
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.	93,317	96,317	1,587,081	2.00	111,184	199,456	-	
	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	106,076	17,833	-	
	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	339	(951)	-	
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	687,539	141,093	-	
	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	207,879	3,090,100	61.80	286,152	486	-	
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	1.31	40,751	199,456	-	
Shin Kong International Leasing Corp.	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	18,454,466	20.06	234,701	56,503	-	
	Shinkong Power Service Corporation	7F.-2, No. 202, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	Solar industry business	56,000	-	5,600,000	70.00	55,946	(77)	-	
Shin Kong Technologies Corporation	Shin Kong Innovations Co., Ltd.	Taiwan (R.O.C.)	Electronic information software business	2,000	2,000	200,000	66.67	2,707	158	-	
Far Trust International Finance Co., Ltd.	OTOBUY Co., Ltd.	7F.-2, No. 202, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)	Other machinery equipment manufacturing	4,000	-	400,000	40.00	3,802	(495)	-	
	Far Trust International Leasing Co., Ltd.	19F.-1, No. 33, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	Overdue receivables management service	100,000	100,000	10,000,000	100.00	123,740	20,182	-	
	Far Trust Car Rental Co., Ltd.	6F.-4, No. 51, Hengyang Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	Car Rental	25,000	25,000	2,500,000	100.00	26,034	1,172	-	
UBright Optronics Corp.	Rise Concept Enterprises Limited	Hong Kong	Investment	7,560	-	(Note)	100.00	7,478	(3)	-	

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

(Concluded)

TABLE 8

SHINKONG SYNTHETIC FIBERS CORPORATION

FINANCING PROVIDED BY INVESTEEs TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	Shin Kong International Leasing Corp.	Shan Cho Fu Construction and Development Co., Ltd.	Other receivables	No	\$ 22,000	\$ 22,000	\$ 22,000	4	2	\$ -	Operating capital	\$ -	Buildings located on Juguang Rd., Wanhua Dist.	\$ 60,000	\$ 304,894 (Note B)	\$ 304,894 (Note B)	
1	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	304,894 (Note B)	304,894 (Note B)	
1	Shin Kong International Leasing Corp.	Armfulcare Hospital	Other receivables	No	14,328	4,295	4,295	4	2	-	Operating capital	-	Buildings located on Houliiao Rd., Zhong Li Dist	26,000	304,894 (Note B)	304,894 (Note B)	
2	MAXIMA PACIFIC LTD.	SSFC INVESTMENT LTD.	Other receivables	Yes	664,950 USD (22,000)	626,560 USD (22,000)	68,352 USD (2,400)	0.4	2	-	Operating capital	-	None	-	1,401,901 (Note C)	1,401,901 (Note C)	
3	Far Trust International Finance Co., Ltd.	Far Trust Car Rental Co., Ltd.	Other receivables	Yes	50,000	50,000	-	2.5	2	-	Operating capital	-	None	-	468,118 (Note D)	468,118 (Note D)	
3	Far Trust International Finance Co., Ltd.	Far Trust International Leasing Co., Ltd.	Other receivables	Yes	50,000	50,000	30,000	2.5	2	-	Operating capital	-	None	-	468,118 (Note D)	468,118 (Note D)	

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 Shin Kong International Leasing Corp.

Note C: The financing limit for each borrower and total financing limit are 50% net equity of MAXIMA PACIFIC LTD.

Note D: The financing limit for each borrower and total financing limit are 40% net equity of Far Trust International Finance Co., Ltd.

TABLE 9

SHINKONG SYNTHETIC FIBERS CORPORATION

INVESTEES' ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	Far Trust International Finance Co., Ltd.	Far Trust International Leasing Co., Ltd.	2	(Note D)	\$ 2,650,000	\$ 2,650,000	\$ 2,456,816	\$ -	226.44	(Note E)	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 category:

- 1. A company with which it does business.
- 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 foreign endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,170,294 thousand x 30% = \$351,088 thousand.

Note D: The limits on domestic endorsement or guarantee amount provided to each guaranteed party = Net equity \$1,170,294 thousand x 500% = \$5,851,470 thousand.

Note E: The total amount of endorsement or guarantee that the Company is allowed to provide = Net equity \$1,170,294 thousand x 500% = \$5,851,470 thousand.

TABLE 10

SHINKONG SYNTHETIC FIBERS CORPORATION

MARKETABLE SECURITIES HELD BY THE INVESTEEs OVER WHICH THE COMPANY HAS CONTROL

DECEMBER 31, 2020

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shinkong International Securities Co., Ltd.	Shares	None	Financial assets at FVTPL - current	1,874,217	\$ 28,443	-	\$ 28,443	
	Shares Taiwan Futures Exchange Co., Ltd.	None	Financial assets at FVTOCI - non-current	662,936	46,028	0.18	46,028	
Taipei Star Bank	Mutual funds	None	Financial assets at FVTPL - current	6,105	611,194	-	611,194	
	Notes investments	None	Financial assets at FVTPL - current	2,500	249,571	-	249,571	
	Shares	None	Financial assets at FVTOCI - current	13,266,117	317,318	-	317,318	
	Corporate bonds	None	Financial assets at FVTOCI - current	2,951	3,000,560	-	3,000,560	
	Financial bonds	None	Financial assets at FVTOCI - current	22	612,877	-	612,877	
	Corporate bonds	None	Financial assets at amortized cost - non-current	3,809	5,027,313	-	5,027,313	
	Government bonds	None	Financial assets at amortized cost - non-current	51,510	5,331,269	-	5,331,269	
	Financial bonds	None	Financial assets at amortized cost - non-current	228	1,775,299	-	1,775,299	
	Notes investments	None	Financial assets at amortized cost - non-current	8,040	8,040,000	-	8,040,000	
Maxima Pacific Ltd.	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTPL - current	2,481,968	32,886 (US\$ 1,155)	0.02	32,886 (US\$ 1,155)	
	Shares Taishin Financial Holding Co., Ltd. Preferred Stock E	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	82,811	4,356 (US\$ 155)	-	4,356 (US\$ 155)	
	Taishin Financial Holding Co., Ltd. Preferred Stock E2	Related personnel with the Company's chairman	Financial assets at FVTOCI - current	49,609	2,550 (US\$ 90)	-	2,550 (US\$ 90)	
Hsingshing Investment Co., Ltd.	Shares The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	117,962	4,406	0.02	4,406	
	Shares Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	4,987,299	66,082	0.04	66,082	
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,951,507	82,548	0.65	82,548	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				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	\$ 112	-	\$ 112	
	Prince Housing & Development Corp.	None	Financial assets at FVTOCI - current	7,359	85	-	85	
UBright Optronics Corp.	Shares							
	Shin Kong Textile Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	619,000	26,184	0.21	26,184	
	Mutual funds							
	Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	53,557	-	53,557	
	Schroder 2022 Emerging Market Sovereign Bond Fund	None	Financial assets at FVTPL - current	10,000	2,954	-	2,954	
					(US\$ 104)		(US\$ 104)	
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,220	-	50,220	
	Foreign corporate bonds							
	Standard Chartered	None	Financial assets at FVTPL - current	200,000	6,396	-	6,396	
					(US\$ 225)		(US\$ 225)	
	Goldman Sachs	None	Financial assets at FVTPL - current	300,000	8,530	-	8,530	
					(US\$ 300)		(US\$ 300)	
	BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	12,974	-	12,974	
					(US\$ 450)		(US\$ 450)	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	14,596	-	14,596	
					(US\$ 513)		(US\$ 513)	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	13,753	-	13,753	
					(US\$ 483)		(US\$ 483)	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	13,753	-	13,753	
					(US\$ 483)		(US\$ 483)	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	27,371	-	27,371	
					(US\$ 961)		(US\$ 961)	
	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party in substance	Financial assets at FVTOCI - non-current	2,000,000	84,700	-	84,700	
Hsinshin Asset management Co., Ltd.	Shares							
	Huaku Development Co., Ltd.	None	Financial assets at FVTOCI - current	181,560	15,941	-	15,941	
Hsin Lung Chemical Co., Ltd.	Shares							
	Wei Chuan Foods Corp.	None	Financial assets at FVTOCI - current	1,152	27	-	27	
	The Great Taipei Gas Corporation	Related party in substance	Financial assets at FVTOCI - current	48	1	-	1	
	Shares							
	Taiwan Shin Kong Security Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	1,160	43	-	43	
	Shin Kong Insurance Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	733,808	28,362	0.23	28,362	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hsin Lung Chemical Co., Ltd.	Shares							
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	976	\$ 8	-	\$ 8	
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	374,512	4,962	-	4,962	
	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	66,697	0.29	66,697	
	Shin Ching Investment Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,600,000	47,016	15.52	47,016	
	Mien Hao Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,970,000	137,512	19.80	137,512	
	Shin Yun Co., Ltd.	None	Financial assets at FVTOCI - non-current	990,000	32,403	19.80	32,403	
Shinkong Engineering Co., Ltd.	Shares							
	Shin Kong Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	15,667,142	138,027	0.12	138,027	
Pan Asian Plastics Corp.	Shares							
	Taishin Financial Holding Co., Ltd.	Related personnel with the Company's chairman	Financial assets at FVTOCI - non-current	1,021,428	13,534	0.01	13,534	
	Fuhbic International Corp.	None	Financial assets at FVTOCI - non-current	236,990	4,621	1.82	4,621	
	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	90	0.01	90	
Shin Kong International Leasing Corp.	Mutual funds							
	Cathay No. 2 Real Estate Investment Trust.	None	Financial assets at FVTPL - current	360,000	7,164	-	7,164	
	O-Bank No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	100,000	970	-	970	
	Millerfu No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	159,000	1,581	-	1,581	
	Fubon No. 1 Real Estate Investment Trust	None	Financial assets at FVTPL - current	75,000	1,378	-	1,378	
	Shares							
	Chailease Finance Co., Ltd. Preferred Stock A	None	Financial assets at FVTOCI - non-current	100,000	9,960	-	9,960	
Far Trust International Finance Co., Ltd.	Mutual funds							
	KGI Global Multi-Asset Income Fund	None	Financial assets at FVTPL - current	300,000	3,150	-	3,150	

(Concluded)

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, 2020
(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			
UBright Optronics Corp	Buildings	2020.02.20	\$ 160,680	\$ 160,680	Pan Asian Plastics Industry Corp.	Related party	(Note A)	(Note A)	(Note A)	(Note A)	\$ 160,680 (Note B)	Freehold	None

Note A: This buildings were self-constructed by Pan Asian Plastics Industry Corp., therefore, information on previous title transfer is not applicable.

Note B: Transaction amount was determined based on bargaining and valuation report.

TABLE 12

SHINKONG SYNTHETIC FIBERS CORPORATION

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Shin Chiun Industrial Co., Ltd.	Freehold Land	2020.11.06	2019.05.13	\$ 942,620	\$ 1,200,089	\$ 1,200,089	\$ 257,469	Natural person	Related party	For the Company's benefit.	Transaction amount determined based on bargaining and valuation report.	None

TABLE 13**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, 2020**

(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	\$ (461,600)	(11.85)	Note	Note	Note	Accounts receivable	\$ 144,964	28.41	
Shinkong Polyester Film Corp., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	1,183,854	76.82	Note	Note	Note	Accounts payable	(467,184)	(93.13)	
									Other payable	(3,681)	(4.15)	
Pan Asian Plastics Corp.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	545,624	76.29	Note	Note	Note	Accounts payable	(120,045)	(87.68)	
									Other payable	(13,965)	(31.67)	
Shinpont Industry Inc.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	127,499	31.64	Note	Note	Note	Accounts payable	(37,700)	(71.07)	
									Other payable	(41,951)	(86.89)	
Shinkong Industry (Hangzhou) Co., Ltd.	Shinkong Synthetic Fibers Corporation	Investments accounted for using the equity method	Purchase	108,698	53.40	Note	Note	Note	Accounts payable	-	-	
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry	Sale	(951,342)	(94.49)	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	435,078	94.50	

Note: Refer to Table 19 to the consolidated financial statements.

TABLE 13

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, 2020
(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 \$144,964	1.80	\$ -	-	\$ 108,886	\$ -
Shinpont Industry Inc.	LYCRA Singapore	Affiliated company of Shinpont Industry Inc.	Accounts receivable from related parties \$435,078	3.11	-	-	205,792	-

TABLE 15

SHINKONG SYNTHETIC FIBERS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Hangzhou Huachun Chemical Fiber Co., Ltd.	Chemical fiber weaving, printing and dyeing	US\$ 20 million	Investments through subsidiary SSFC Investment Ltd.	\$ 1,642,757 (US\$ 51,080)	\$ -	\$ -	\$ 1,642,757 (US\$ 51,080)	\$ 1,767,433	92.11	\$ 1,697,578	\$ 3,018,103	\$ -	
Shinkong Industry (Hangzhou) Co., Ltd.	Manufacturing and sales of plastic, polyester film, and PET	US\$ 7.8 million	Investments through subsidiary SSFC Investment Ltd.	594,328 (US\$ 17,300)	-	288,684 (US\$ 10,000)	305,644 (US\$ 7,300)	143,615	100.00	143,615	407,239	326,702	
Shinkong Applied Materials (Jiangsu) Company Limited.	Sale of synthetic materials, fibers and manufacturing of plastic product	US\$ 7.4 million	(Note A)	-	-	-	-	(30,064)	100.00	(30,064)	182,497	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 1,948,401 (US\$ 58,380) (Note B)	\$ 2,703,121 (US\$ 91,530) (Note C)	\$ 18,993,548

Note A: Establishment by issuance of ordinary shares for cash, which from SSFC Investment Ltd.

Note B: Including US\$4,280 thousand premium of machinery equipment from SSFC Investment Ltd., which did not calculate authorized amounts, and cash remittance of US\$240 thousand only to Dayspring Ltd.

Note C: Including SSFC Investment Ltd.’s use of its own cash in capital and financing provided from related party to apply for US\$25,000 thousand investment amounts authorized.

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, 2020
(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	\$ (1,297)	(0.01)	Note	Note	Note	Accounts receivable \$ -	-	\$ -	
	Property transaction	53,026	-	Note	Note	Note	Payables for purchase of equipment -	-	(28,267)	
Shinkong Industry (Hangzhou) Co., Ltd.	Sale	(108,698)	(0.70)	Note	Note	Note	Accounts receivable -	-	-	
Shinkong Applied Materials (Jiangsu) Company Limited.	Sale	(55,782)	(0.36)	Note	Note	Note	Accounts receivable 46,765	0.29	-	
Pan Asian Plastics Corp. Shinkong Industry (Hangzhou) Co., Ltd.	Sale	(15,928)	(1.24)	Note	Note	Note	Accounts receivable -	-	-	
Shinkong Industry (Hangzhou) Co., Ltd. Shinkong Applied Materials (Jiangsu) Company Limited.	Sale	(39,692) (RMB 9,270)	(11.62)	Note	Note	Note	Accounts receivable -	-	-	
Shinkong Applied Materials (Jiangsu) Company Limited. Shinkong Industry (Hangzhou) Co., Ltd.	Property transaction	13,716 (RMB 3,134)	-	Note	Note	Note	Payables for purchase of equipment -	-	12,300 (RMB 2,873)	

- Note: Refer to Table 19 to the consolidated financial statements.
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.

TABLE 17**SHINKONG SYNTHETIC FIBERS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shin Kong Life Insurance Co., Ltd.	93,964,029	5.80
Shin Kong Co., Ltd.	84,414,691	5.21

SHINKONG SYNTHETIC FIBERS CORPORATION

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SHINKONG SYNTHETIC FIBERS CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand	Petty cash	\$ 2,475
Checking account	Shin Kong Bank Co., Ltd., etc.	1,139,392
Cash deposits	Shin Kong Bank Co., Ltd., etc.	54,672
Foreign currency deposits	US\$40,891 thousand @ exchange rate of 28.48	<u>1,257,868</u>
	JPY14,710 thousand @ exchange rate of 0.2763	
	RMB6,923 thousand @ exchange rate of 4.377	
	EUR1,653 thousand @ exchange rate of 33.02	
	HKD279 thousand @ exchange rate of 3.673	
		<u>\$ 2,454,407</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (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	\$ -	\$ -	\$ -	39.85	\$ -
	China Steel Corporation	179,380	10	1,794	4,422	-	24.75	4,440
	The Great Taipei Gas Corporation	20,213,826	10	<u>202,138</u>	<u>491,196</u>	<u>-</u>	34.30	<u>693,334</u>
				<u>\$ 203,932</u>	<u>\$ 495,618</u>	<u>\$ -</u>		<u>\$ 697,774</u>

SHINKONG SYNTHETIC FIBERS CORPORATION**STATEMENT OF NOTES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
General clients		
Company A	Payment of goods	\$ 16,013
Company B	"	4,676
Company C	"	4,528
Company D	"	2,448
Others (Note)	"	<u>1,206</u>
		<u>\$ 28,871</u>

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, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
General clients		
Company A	Payment of goods	\$ 103,513
Company B	"	91,348
Company C	"	82,241
Company D	"	81,686
Company E	"	73,671
Other (Note)	"	997,087
Less: Allowance for impairment loss		<u>(32,994)</u>
		<u>1,396,552</u>
Related parties		
SPF	"	467,184
PAP	"	120,045
SKJS	"	46,765
SPI	"	37,700
TSI	"	20,031
Others	"	<u>3,274</u>
		<u>694,999</u>
		<u>\$ 2,091,551</u>

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

SHINKONG SYNTHETIC FIBERS CORPORATION**STATEMENT OF OTHER RECEIVABLES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Other receivables	Receivables from related parties	\$ 62,020
	Receivables from tax refunds	40,698
	Rental revenue	40,492
	Others	<u>4,795</u>
		<u>\$ 148,005</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF INVENTORIES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Items	Description	Amount	LCNRV	
			Cost	Fair Value
Finished good	POY, etc.	\$ 1,700,720	\$ 1,690,144	\$ 1,474,578
Work in process		333,466	333,466	316,447
Raw materials	EG, PTA, etc.	357,894	357,894	343,626
Materials		146,870	147,870	110,266
Supplies and spare parts		<u>13</u>	-	-
		2,538,963		
Less: Allowance for loss due to market price decline and obsolete and slow-moving inventories		<u>(283,457)</u>		
		<u>\$ 2,255,506</u>		

SHINKONG SYNTHETIC FIBERS CORPORATION

**STATEMENT OF PREPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Prepayments for goods	Prepaid purchase deposit and various fees	\$ 100,801
Prepaid other financial costs	Prepaid syndicated loan and cost of issuing bonds payable	12,772
Prepaid expense	Prepaid insurance fee, etc.	<u>3,408</u>
		<u>\$ 116,981</u>

SHINKONG SYNTHETIC FIBERS CORPORATION**STATEMENT OF OTHER CURRENT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Temporary payments	Temporary payments for traveling expenses, meal expenses, etc.	\$ 4,405
	Temporary payments for expansion project	<u>6,006</u>
		<u>\$ 10,411</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral (Number of Shares)
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value	
Limited partnership funds									
Renaissance Capital Limited Partnership	-	\$ <u>-</u>	-	\$ <u>500,000</u>	-	\$ <u>869</u>	-	\$ <u>49,131</u>	-

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral (Number of Shares)
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value	
Listed company share									
Taiwan Cement Corp.	11,246,971	\$ 491,493	562,352	\$ 18,670	-	\$ -	11,809,323	\$ 510,163	-
Shinkong Textile Co., Ltd.	28,378,958	1,183,402	-	17,028	-	-	28,378,958	1,200,430	14,100,000
Shin Kong Financial Holding Co., Ltd.	149,271,478	1,544,960	3,719,706	-	-	197,108	152,991,184	1,347,852	116,000,000
Taishin Financial Holding Co., Ltd.	135,407,910	1,963,415	3,132,637	-	-	127,753	138,540,547	1,835,662	75,000,000
O-Bank	25,762,308	201,203	-	-	-	22,670	25,762,308	178,533	-
Evergreen Steel Corporation	1,000,000	40,947	-	5,113	-	-	1,000,000	46,060	-
		<u>5,425,420</u>		<u>40,811</u>		<u>347,531</u>		<u>5,118,700</u>	
Shares of unlisted companies									
Century Development Corporation	12,334,854	156,615	-	-	-	25,449	12,334,854	131,166	-
Universal Venture Capital Investment Corporation	5,600,000	35,699	-	6,077	-	-	5,600,000	41,776	-
Shin Kong Mitsukoshi Department Store Co., Ltd.	24,401,636	738,136	-	40,276	-	-	24,401,636	778,412	13,970,000
Overseas Investment & Development Corp.	4,000,000	33,871	-	2,085	-	-	4,000,000	35,956	-
Li Yu Venture Capital Investment Corp.	174,455	1,441	-	-	-	163	174,455	1,278	-
Global Securities Finance Corporation	2,102,512	9,519	-	-	2,102,512	9,519	-	-	-
Shin Kong Chao Feng Ranch & Resort Corporation	200,000	31,182	-	2,047	-	-	200,000	33,229	-
PC Home Venture Fund Corp.	78,540	1,253	-	21	-	-	78,540	1,274	-
Great Taipei Broadband Co., Ltd	2,500,000	6,340	-	835	-	-	2,500,000	7,175	-
Zacros Taiwan Co., Ltd.	10,000,000	64,717	-	11,922	-	-	10,000,000	76,639	-
Wave-In Communication Inc.	1,306,906	2,800	469,373	9,101	-	-	1,776,279	11,901	-
Shinkong iEcofun Corporation	1,327,736	10,692	-	-	-	641	1,327,736	10,051	-
IIH Biomedical Venture Fund I Co., Ltd.	1,500,000	11,535	-	-	-	524	1,500,000	11,011	-
		<u>1,103,800</u>		<u>72,364</u>		<u>36,296</u>		<u>1,139,868</u>	
Foreign investments									
Budworth Investment Limited	45,500	18	-	-	-	5		13	-
		<u>\$ 6,529,238</u>		<u>\$ 113,175</u>		<u>\$ 383,832</u>		<u>\$ 6,258,581</u>	

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Name	Description	Beginning Balance		Increase in the Current Year		Decrease in the Current Year		Ending Balance		Provided as Guarantee or Pledged as Collateral	Note
		Number of Shares	Book Value	Number of Shares	Book Value	Number of Shares	Book Value	Number of Shares	Book Value		
Tac Bright 2017 third term private unsecured ordinary corporate bonds	-	15	\$ 150,000		\$ -	15	\$ 150,000	-	\$ -	-	-
Tac Bright 2018 first term private unsecured ordinary corporate bonds	-	10	100,000		-	10	100,000	-	-	-	-
Tac Bright 2018 second term private unsecured ordinary corporate bonds	-	15	150,000		-	15	150,000	-	-	-	-
Tac Bright 2018 third term private unsecured ordinary corporate bonds	-	20	200,000		-	-	-	20	200,000	-	Current
Tac Bright 2019 first term private unsecured ordinary corporate bonds	-	5	50,000		-	5	50,000	-	-	-	-
Tac Bright 2019 second term private unsecured ordinary corporate bonds	-	15	150,000		-	15	150,000	-	-	-	-
Tac Bright 2019 third term private unsecured ordinary corporate bonds	-	-	<u>-</u>	15	<u>150,000</u>	15	<u>150,000</u>	-	<u>-</u>	-	-
			<u>\$ 800,000</u>		<u>\$ 150,000</u>		<u>\$ 750,000</u>		<u>\$ 200,000</u>		

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name of Investee Company	Balance, January 1, 2020		Increase in the Current Year		Decrease in the Current Year		Gain (Loss) on Equity Investment	Balance, December 31, 2020			Market Price or Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	%	Amount		
Pan Asian Plastics Corp.	50,569,938	\$ 1,390,831	-	\$ -	-	\$ (234,627)	\$ 172,923	50,569,938	100.00	\$ 1,329,127	\$ 1,216,962	None
Hsingshing Investment Co., Ltd.	152,100,000	1,658,460	-	-	-	(6,104)	31,680	152,100,000	100.00	1,684,036	1,694,759	"
Shinkong Engineering Co., Ltd.	38,543,818	565,316	-	-	-	(24,061)	22,014	38,543,818	100.00	563,269	495,353	"
Shinpont Industry Inc.	25,245,000	487,629	-	-	-	(104,902)	74,734	25,245,000	49.99	457,461	455,571	"
Shin Chiun Industrial Co., Ltd.	71,500,000	697,436	-	471	-	-	176,724	71,500,000	100.00	874,571	874,373	"
Maxima Pacific Ltd.	1	2,983,805	43,078,054	140,937	(16,000,000)	(460,800)	139,709	27,078,055	100.00	2,803,651	2,803,802	"
SSFC Investment Ltd.	1	2,109,020	52,191,471	84,145	(10,000,000)	(288,684)	1,773,697	42,191,472	100.00	3,678,178	3,665,279	"
UBright Optroics Corp.	38,695,828	1,426,458	1,120,000	29,352	-	-	98,641	39,815,828	50.11	1,554,451	1,576,318	"
Shinkong Polyester Film Corp., Ltd.	68,856,874	702,353	4,249,673	52,396	-	-	107,334	73,106,547	85.02	862,083	833,698	"
Shinkong International Securities Co., Ltd.	114,633,265	2,515,663	-	-	-	(257,285)	622,327	114,633,265	77.98	2,880,705	2,864,052	"
Tai Jin Investment Co., Ltd.	1,111,315	6,011	-	48	-	-	90	1,111,315	48.57	6,149	6,915	"
Pan Asian Plastics Industry Corp.	20,000,000	20,446	-	-	-	-	14,255	20,000,000	100.00	34,701	39,650	"
Tac Bright Optronics Corporation	263,586,455	1,261,541	-	2	-	-	10,139	263,586,455	56.86	1,271,682	1,354,006	"
Shinkong Technologies Corp.	3,000,000	33,345	263,250	-	-	-	4,746	3,263,250	100.00	38,091	38,091	"
Taipei Star Bank	84,968,278	1,419,925	-	-	-	(47,192)	58,388	84,968,278	27.07	1,431,121	1,514,699	"
Chi Jian Human-Resource & Management Co., Ltd. (Note)	-	5,454	-	-	-	-	180	-	-	5,634	5,634	"
Hsinshin Asset Management Co., Ltd.	5,370,000	59,644	-	-	-	(2,206)	1,156	5,370,000	100.00	58,594	58,594	"
Shin Kong International Leasing Corp.	50,000,000	546,018	20,000,000	163,697	-	-	52,519	70,000,000	100.00	762,234	762,234	"
OTOBUY Co., Ltd.	-	-	600,000	6,000	-	-	(297)	600,000	60.00	5,703	9,505	"
Shin Kong Applied Materials Co., Ltd.	-	-	1,200,000	12,000	(100,000)	(988)	(734)	1,100,000	73.33	10,278	10,278	"
Topbottle Resources Technology Corporation	-	-	1,200,000	15,000	-	-	797	1,200,000	20.00	15,797	9,034	"
Far Trust International Finance Co., Ltd.	-	-	28,500,000	393,737	-	-	7,611	28,500,000	30.97	401,348	362,458	"
Ecofun Lab Corporation	-	-	1,000,000	10,000	-	-	(748)	1,000,000	33.33	9,252	9,252	"
VSK GLOBAL, LLC.	-	-	5,800,000	165,184	-	-	-	5,800,000	100.00	165,184	165,184	"
		17,889,355		1,072,909		\$ (1,426,849)	\$ 3,367,885			20,903,300	\$ 20,825,701	
Less: Transfer to Treasury Stock		(34,773)		(5,365)						(40,138)		
		\$ 17,854,582		\$ 1,067,544						\$ 20,863,162		

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, 2020
(In Thousands of New Taiwan Dollars)

Item	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Total	Remark
<u>Cost</u>						
Balance at January 1, 2020	\$ 28,169	\$ 2,168	\$ 3,857	\$ 3,182	\$ 37,376	
Additions	28,275	2,701	3,753	356	35,085	
Decrease	<u>-</u>	<u>(1,566)</u>	<u>(3,857)</u>	<u>(59)</u>	<u>(5,482)</u>	
Balance at December 31, 2020	<u>\$ 56,444</u>	<u>\$ 3,303</u>	<u>\$ 3,753</u>	<u>\$ 3,479</u>	<u>\$ 66,979</u>	
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 14,085	\$ 954	\$ 2,579	\$ 591	\$ 18,209	
Additions	14,084	1,161	1,869	637	17,751	
Decrease	<u>-</u>	<u>(1,566)</u>	<u>(3,857)</u>	<u>(59)</u>	<u>(5,482)</u>	
Balance at December 31, 2020	<u>\$ 28,169</u>	<u>\$ 549</u>	<u>\$ 591</u>	<u>\$ 1,169</u>	<u>\$ 30,478</u>	
Carrying amount at December 31, 2020	<u>\$ 28,275</u>	<u>\$ 2,754</u>	<u>\$ 3,162</u>	<u>\$ 2,310</u>	<u>\$ 36,501</u>	

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Creditor	Amount	Contract Period	Range of Interest Rate (%)	Collateral
Bangkok Bank	\$ 100,000	2020.10.01-2021.10.15	0.5157-1.0200	None
The Export-Import Bank of the ROC	500,000	2020.06.18-2021.06.18	0.5157-1.0200	None
Land Bank of Taiwan	200,000	2020.03.24-2021.03.24	0.5157-1.0200	None
HSBC Bank	200,000	2020.06.02-2021.06.01	0.5157-1.0200	None
Hwatai Bank	150,000	2020.03.09-2021.03.09	0.5157-1.0200	None
Hua Nan Bank	580,000	2020.01.03-2021.01.03	0.5157-1.0200	Property
Cathay United Bank	374,800	2020.03.31-2021.03.31	0.5157-1.0200	None
DBS Bank	113,920	2020.08.03-2021.08.03	0.5157-1.0200	None
Shanghai Commercial & Savings Bank	56,960	2020.06.24-2021.06.24	0.5157-1.0200	None
MUFG Bank	<u>162,336</u>	2020.12.13-2021.12.12	0.5157-1.0200	None
	<u>\$ 2,438,016</u>			

SHINKONG SYNTHETIC FIBERS CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Payable for goods	\$ 314,933
Company B	"	130,764
Company C	"	86,988
Company D	"	69,906
Company E	"	54,802
Company F	"	50,584
Others (Note)	"	<u>282,874</u>
		<u>990,851</u>
Accounts payable to related parties		
TSI	"	144,964
Others	"	<u>7,522</u>
		<u>152,486</u>
		<u>\$ 1,143,337</u>

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

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Trustee	Period	Interest Payment Date	Interest Rate (%)	Principal Issued	Amount Repaid	Outstanding Amount	Unamortized Discount (Premium)	Ending Balance	Secured	Repayment	Remark
2020 first secured domestic bonds	Hua Nan Bank	2020.11.19- 2025.11.19	Single interest calculation once a year	0.58	<u>\$1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,500,000</u>	Secured by Bank	Paid on the maturity date	—

SHINKONG SYNTHETIC FIBERS CORPORATION
STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	0.82	\$ 28,275	
Machinery equipment	For operating uses	3 years	0.82-1.18	2,840	
Transportation equipment	For operating uses	2 to 3 years	0.82-1.15	3,178	
Office equipment	For operating uses	5 to 7 years	1.15-1.18	<u>2,338</u>	
				36,631	
Less: Current portion				<u>(17,481)</u>	
Lease liabilities - non-current				<u>\$ 19,150</u>	

SHINKONG SYNTHETIC FIBERS CORPORATION**STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Sales revenue		\$ 15,593,136
Less: Sales returns		(31,434)
Sales allowances		<u>(4,441)</u>
		<u>\$ 15,557,261</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF COST OF GOODS SOLD
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Amount
1. Raw materials	
Balance, beginning of the year	\$ 428,839
Add: Raw materials purchased	9,398,459
Less: Raw materials, end of the year	<u>(357,894)</u>
Total raw materials used for the year	<u>9,469,404</u>
2. Materials	
Balance, beginning of the year	125,157
Add: Materials purchased	1,443,612
Less: Transferred to other accounts	(28,007)
Materials, end of the year	<u>(146,870)</u>
Total materials used for the year	<u>1,393,892</u>
3. Direct labor	595,935
4. Manufacturing expenses	<u>2,401,101</u>
5. Manufacturing cost	13,860,332
6. Add: Work in process, beginning of the year	320,544
Work in process purchased	46,456
Less: Work in process, end of the year	(333,466)
Transferred to other accounts	<u>(742,936)</u>
7. Cost of finished goods	13,150,930
8. Add: Finished goods, beginning of the year	2,056,695
Finished goods purchased	575,337
Less: Transferred to other accounts	(10,938)
Finished goods, end of the year	<u>(1,700,733)</u>
9. Temporary differences in material prices	(11,836)
10. Loss on work stoppages	352,375
11. Loss due to market price decline and obsolete and slow-moving inventories	61,636
12. Revenue from sale of scraps	(14,150)
13. Impairment on property, plant and equipment	<u>709,887</u>
	<u>\$ 15,169,203</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (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	\$ 41,819	\$ 157,337	\$ 53,565	\$ -	\$ 252,721
Rental expense	679	2,680	-	-	3,359
Stationery expense	54	1,277	37	-	1,368
Traveling expense	1,007	3,477	82	-	4,566
Shipping expense	346,247	579	765	-	347,591
Postage expenses	1,436	6,341	10	-	7,787
Repair and maintenance expense	7	676	3,936	-	4,619
Advertisement expense	6,251	2,787	-	-	9,038
Utilities expense	-	612	-	-	612
Insurance expense	6,479	12,747	5,058	-	24,284
Entertainment expense	881	13,808	9	-	14,698
Donation expense	-	133	-	-	133
Taxes	-	-	311	-	311
Depreciation expense	105	19,895	6,232	-	26,232
Meal expenses	880	2,165	1,466	-	4,511
Employee benefits	380	962	678	-	2,020
Consumables expense	-	501	576	-	1,077
Professional service fees	1,030	21,921	301	-	23,252
Commission expense	26,484	163	-	-	26,647
Export expense	33,524	48	-	-	33,572
Training expense	6	7,323	34	-	7,363
Research expense	-	-	25,020	-	25,020
Information fee	712	13,406	452	-	14,570
Other expense	4,906	24,528	5,532	-	34,966
Expected credit losses	-	-	-	2,526	2,526
	<u>\$ 472,887</u>	<u>\$ 293,366</u>	<u>\$ 104,064</u>	<u>\$ 2,526</u>	<u>\$ 872,843</u>

SHINKONG SYNTHETIC FIBERS CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (In Thousands of New Taiwan Dollars)

Classified By Function Classified By Nature	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	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	\$ 896,899	\$ 218,839	\$ 1,115,738	\$ 889,662	\$ 221,956	\$ 1,111,618
Labor and health insurance	94,554	19,812	114,366	94,173	22,741	116,914
Pension	34,725	11,222	45,947	36,043	11,939	47,982
Board compensation	-	7,880	7,880	-	8,313	8,313
Others	38,793	13,894	52,687	38,927	10,427	49,354
Depreciation expense	<u>519,526</u>	<u>26,232</u>	<u>545,758</u>	<u>521,481</u>	<u>23,264</u>	<u>544,745</u>
	<u>\$ 1,584,497</u>	<u>\$ 297,879</u>	<u>\$ 1,882,376</u>	<u>\$ 1,580,286</u>	<u>\$ 298,640</u>	<u>\$ 1,878,926</u>

- Note: 1. For the years ended December 31, 2020 and 2019, the Company had an average of 1,741 and 1,701 employees, which included 11 and 10 non-employee directors, respectively.
2. Average labor cost for the years ended December 31, 2020 and 2019 was NT\$768 thousand and NT\$784 thousand, respectively.
3. Average salary and bonus for the years ended December 31, 2020 and 2019 was NT\$645 thousand and NT\$657 thousand, respectively.
4. Average salaries and bonuses decreased by 1.83% year over year.

The Company's remuneration policies:

- According to the Articles of Incorporation of the Company, the board of directors is authorized to determine the remuneration of president and directors, in accordance with their participation in the Company's operations and contributions, and taking into account the standards of the industry within the R.O.C. and overseas. The Articles of Incorporation of the Company also provide that the remuneration of directors shall be no more than 5% of annual profits.
- The total compensation paid to the executive officers is decided based on their job responsibility, contribution, performance and projected future risks of the Company. It is reviewed by the compensation committee and then submitted to the board of directors for approval.
- The compensation of employees is based on the principle of internal fairness and external competitiveness, including fixed salary, variable salary, and a profit sharing bonus for attracting, motivating, and retaining talents. The Articles of Incorporation of the Company also provide that the compensation of employees shall be no less than 1% of annual profits.
- Employees' personal compensation is based on their qualifications, professional knowledge, years of experience and job responsibilities. Bonuses and compensation of employees are rewards for personal performance and contributions.