Sinon Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2020 and 2019 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sinon Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Sinon Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019, and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements and the notes of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT$4,865,659 thousand and NT$5,161,134 thousand, respectively, representing 32% and 34%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$1,572,879 thousand and NT$1,376,172 thousand, respectively, representing 19% and 17%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT$45,950 thousand and NT$29,730 thousand, respectively, representing 14% and 16%, respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT$(107,769) thousand and NT$41,014 thousand, respectively, representing (28%) and 10%, respectively, of the consolidated total comprehensive income. As disclosed in Note 11, as of June 30, 2020 and 2019, the investment accounted for using the equity method amounted to NT$33,894 thousand and NT$34,784 thousand, respectively; for the three months ended June 30, 2020 and 2019 the share of profit of associates accounted for using the equity method amounted to NT$1,348 thousand and NT$120 thousand, respectively, and for the six months ended June 30, 2020 and 2019, the share of loss of associates accounted for using the equity method amounted to NT$641 thousand and NT$(446) thousand, respectively; and other relevant information as disclosed in the note were also based on these non-significant consolidated subsidiaries and associates' unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three monthe ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taichung, Taiwan
Republic of China

August 6, 2020

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the 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' review report and consolidated financial statements shall prevail.

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,900,371	13	$ 1,494,351	10	$ 1,456,950	10
Notes receivable (Note 8)	139,803	1	132,575	1	154,677	1
Trade receivables from unrelated parties (Notes 8 and 19)	1,705,810	11	1,892,045	12	1,777,351	12
Trade receivables from related parties (Note 25)	-	-	1,967	-	-	-
Other receivables (Note 25)	63,374	-	78,101	1	62,245	1
Inventories (Note 9)	2,577,508	17	2,760,593	18	2,635,082	17
Prepayments	391,416	3	436,960	3	351,416	2
Other current assets	23,570	-	7,693	-	26,968	-
Total current assets	6,801,852	45	6,804,285	45	6,464,689	43
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	23,253	-	23,253	-
Investments accounted for using the equity method (Note 11)	33,894	-	37,489	-	34,784	-
Property, plant and equipment (Notes 12, 25 and 26)	6,618,989	44	6,839,083	45	6,986,017	46
Right-of-use assets (Note 13)	1,030,819	7	993,418	6	1,010,652	7
Deferred tax assets (Notes 4 and 21)	123,032	1	113,454	1	140,169	1
Prepayments for equipment	15,422	-	17,445	-	36,564	-
Refundable deposits (Note 26)	108,871	1	93,734	1	110,652	1
Other non-current assets (Note 14)	335,305	2	342,698	2	351,288	2
Total non-current assets	8,266,332	55	8,460,574	55	8,693,379	57
TOTAL	$ 15,068,184	100	$ 15,264,859	100	$ 15,158,068	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 26)	$ 1,214,017	8	$ 1,100,766	7	$ 1,088,201	7
Short-term bills payable (Note 15)	-	-	20,000	-	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	7,423	-	-	-	-	-
Contract liabilities - current (Notes 19 and 25)	85,812	1	419,919	3	96,513	1
Notes payable	216,853	1	91,141	1	74,375	-
Trade payables	1,838,697	12	1,661,629	11	1,467,300	10
Trade payables to related parties (Note 25)	2,307	-	1,374	-	2,576	-
Dividends payable	4,348	-	-	-	546,644	4
Other payables (Note 16)	1,042,708	7	1,146,941	8	1,039,128	7
Current tax liabilities	125,295	1	94,913	1	113,291	1
Lease liabilities - current (Note 13)	225,250	2	214,438	1	208,446	1
Current portion of long-term borrowings (Notes 15 and 26)	760,000	5	682,203	4	212,024	1
Other current liabilities	35,650	-	27,398	-	75,273	1
Total current liabilities	5,558,360	37	5,460,722	36	4,923,771	33
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 26)	935,000	6	1,065,000	7	1,675,000	11
Deferred tax liabilities (Notes 4 and 21)	263,023	2	248,453	2	273,261	2
Lease liabilities - non-current (Note 13)	767,688	5	740,568	5	759,945	5
Net defined benefit liabilities - non-current (Notes 4 and 17)	460,937	3	492,501	3	480,478	3
Guarantee deposits	132,943	1	140,286	1	134,255	1
Other non-current liabilities	40,132	-	40,634	-	40,257	-
Total non-current liabilities	2,599,723	17	2,727,442	18	3,363,196	22
Total liabilities	8,158,083	54	8,188,164	54	8,286,967	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Ordinary shares	4,204,926	28	4,204,926	27	4,204,926	28
Capital surplus	450,304	3	450,289	3	450,275	3
Retained earnings						
Legal reserve	824,492	6	762,674	5	762,674	5
Special reserve	335,172	2	291,972	2	291,972	2
Unappropriated earnings	1,381,314	9	1,654,740	11	1,388,702	9
Other equity	(332,811)	(2)	(335,172)	(2)	(271,248)	(2)
Total equity attributable to owners of the Company	6,863,397	46	7,029,429	46	6,827,301	45
NON-CONTROLLING INTERESTS	46,704	-	47,266	-	43,800	-
Total equity	6,910,101	46	7,076,695	46	6,871,101	45
TOTAL	$ 15,068,184	100	$ 15,264,859	100	$ 15,158,068	100

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

(With Deloitte & Touche auditors' review report dated August 6, 2020)

SINON CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 19)	$ 4,411,429	100	$ 4,160,914	100	$ 9,098,107	100	$ 8,743,399	100
OPERATING COSTS (Notes 9, 20 and 25)	3,146,646	71	3,024,877	73	6,622,069	73	6,432,512	74
GROSS PROFIT	1,264,783	29	1,136,037	27	2,476,038	27	2,310,887	26
OPERATING EXPENSES (Notes 20 and 25)								
Selling and marketing expenses	852,154	19	827,432	20	1,653,403	18	1,665,396	19
General and administrative expenses	70,142	2	71,416	1	126,288	1	128,813	1
Research and development expenses	46,236	1	30,661	1	89,106	1	60,588	1
Total operating expenses	968,532	22	929,509	22	1,868,797	20	1,854,797	21
PROFIT FROM OPERATIONS	296,251	7	206,528	5	607,241	7	456,090	5
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 20 and 25)	18,611	-	23,755	1	33,289	-	44,522	1
Other gains and losses (Note 20)	143,323	3	(3,823)	-	139,477	1	(3,116)	-
Finance costs (Note 20)	(15,845)	-	(19,037)	(1)	(32,999)	-	(40,059)	-
Share of profit (loss) of associates accounted for using the equity method (Note 11)	1,348	-	120	-	641	-	(446)	-
Foreign exchange gain (loss), net	(19,045)	-	35,812	1	(267,114)	(3)	33,766	-
Total non-operating income and expenses	128,392	3	36,827	1	(126,706)	(2)	34,667	1
PROFIT BEFORE INCOME TAX	424,643	10	243,355	6	480,535	5	490,757	6
INCOME TAX EXPENSE (Notes 4 and 21)	66,261	2	40,163	1	98,521	1	86,228	1
NET PROFIT FOR THE PERIOD	358,382	8	203,192	5	382,014	4	404,529	5

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SINON CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Share of the other comprehensive income (loss) of associates accounted for using the equity method	$ (634)	-	$ 2,162	-	$ (634)	-	$ 3,243	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(35,891)	(1)	(22,109)	(1)	2,995	-	17,481	-
Other comprehensive income (loss) for the period, net of income tax	(36,525)	(1)	(19,947)	(1)	2,361	-	20,724	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 321,857	7	$ 183,245	4	$ 384,375	4	$ 425,253	5
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 357,641	8	$ 201,768	5	$ 378,232	4	$ 402,075	5
Non-controlling interests	741	-	1,424	-	3,782	-	2,454	-
	$ 358,382	8	$ 203,192	5	$ 382,014	4	$ 404,529	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 321,116	7	$ 181,821	4	$ 380,593	4	$ 422,799	5
Non-controlling interests	741	-	1,424	-	3,782	-	2,454	-
	$ 321,857	7	$ 183,245	4	$ 384,375	4	$ 425,253	5
EARNINGS PER SHARE (Note 22)								
Basic	$ 0.85		$ 0.48		$ 0.90		$ 0.96	
Diluted	$ 0.85		$ 0.48		$ 0.90		$ 0.96	

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

(With Deloitte & Touche auditors' review report dated August 6, 2020) (Concluded)

SINON CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company									
			Retained Earnings (Note 18)			Other Equity (Note 18)				
	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,204,926	$ 450,275	$ 689,979	$ 248,574	$ 1,699,292	$ (296,564)	$ 4,592	$ 7,001,074	$ 51,030	$ 7,052,104
Effect of retrospective application of financial statements	-	-	-	-	(49,932)	-	-	(49,932)	(6,787)	(56,719)
BALANCE AT JANUARY 1, 2019 AS RESTATED	4,204,926	450,275	689,979	248,574	1,649,360	(296,564)	4,592	6,951,142	44,243	6,995,385
Appropriation of 2018 earnings										
Legal reserve	-	-	72,695	-	(72,695)	-	-	-	-	-
Special reserve	-	-	-	43,398	(43,398)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)	-	(546,640)
Net profit for the six months ended June 30, 2019	-	-	-	-	402,075	-	-	402,075	2,454	404,529
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	17,481	3,243	20,724	-	20,724
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	402,075	17,481	3,243	422,799	2,454	425,253
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(2,897)	(2,897)
BALANCE AT JUNE 30, 2019	$ 4,204,926	$ 450,275	$ 762,674	$ 291,972	$ 1,388,702	$ (279,083)	$ 7,835	$ 6,827,301	$ 43,800	$ 6,871,101
BALANCE AT JANUARY 1, 2020	$ 4,204,926	$ 450,289	$ 762,674	$ 291,972	$ 1,654,740	$ (341,441)	$ 6,269	$ 7,029,429	$ 47,266	$ 7,076,695
Appropriation of 2019 earnings										
Legal reserve	-	-	61,818	-	(61,818)	-	-	-	-	-
Special reserve	-	-	-	43,200	(43,200)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)	-	(546,640)
Other changes in capital surplus	-	15	-	-	-	-	-	15	-	15
Net profit for the six months ended June 30, 2020	-	-	-	-	378,232	-	-	378,232	3,782	382,014
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	2,995	(634)	2,361	-	2,361
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	378,232	2,995	(634)	380,593	3,782	384,375
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(4,344)	(4,344)
BALANCE AT JUNE 30, 2020	$ 4,204,926	$ 450,304	$ 824,492	$ 335,172	$ 1,381,314	$ (338,446)	$ 5,635	$ 6,863,397	$ 46,704	$ 6,910,101

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

(With Deloitte & Touche auditors' review report dated August 6, 2020)

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 480,535	$ 490,757
Adjustments for:		
Depreciation expenses	434,532	420,769
Expected credit loss reversed on trade receivables	-	(2,593)
Net loss (gain) on fair value changes on financial assets at fair value through profit or loss	4,241	(194)
Finance costs	32,999	40,059
Interest income	(5,178)	(7,473)
Dividend income	(581)	(299)
Share of loss (profit) of associates accounted for using the equity method	(641)	446
Gain on disposal of property, plant and equipment	(848)	(179)
Gain on disposal of investments	(159,705)	-
Impairment loss recognized on non-financial assets	11,980	-
Write-downs of inventories	859	17,776
Unrealized gain on foreign currency exchange	(38,766)	(4,122)
Gain on modification of lease arrangement	(336)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,182	1,378
Notes receivable	(7,228)	25,866
Trade receivables	83,520	470,500
Other receivables	14,728	(1,567)
Inventories	80,673	414,887
Prepayments	43,285	92,560
Other current assets	(27,751)	(10,286)
Notes payable	125,712	(40,714)
Trade payables	465,881	(523,426)
Other payables	(93,354)	(140,214)
Other current liabilities	(326,633)	(285,398)
Net defined benefit liabilities	(31,564)	(19,451)
Cash generated from operations	1,089,542	939,082
Interest received	5,178	7,473
Interest paid	(32,223)	(32,453)
Dividend received	4,368	388
Income tax paid	(63,194)	(112,973)
Net cash generated from operating activities	1,003,671	801,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	182,958	-
Payments for property, plant and equipment	(126,206)	(143,164)

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SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019
Proceeds from disposal of property, plant and equipment	$ 2,267	$ 2,240
Increase in refundable deposits	(15,137)	(6,086)
Increase in prepayments for equipment	(8,125)	(13,735)
Decrease in other non-current assets	7,393	682
Net cash generated from/(used in) investing activities	43,150	(160,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	117,876	(250,483)
Repayments of short-term bills payable	(20,000)	-
Proceeds from long-term borrowings	160,000	100,000
Repayments of long-term borrowings	(212,203)	(183,821)
Increase (decrease) in guarantee deposits received	(7,343)	2,365
Repayments of the principal portion of lease liabilities	(121,631)	(117,860)
Increase (decrease) in non-current liabilities	(502)	553
Dividends paid to owners of Company	(546,625)	-
Dividends paid to non-controlling interests	(4,344)	-
Net cash used in financing activities	(634,772)	(449,246)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(6,029)	(1,490)
NET INCREASE IN CASH AND CASH EQUIVALENTS	406,020	190,718
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,494,351	1,266,232
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,900,371	$ 1,456,950

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

(With Deloitte & Touche auditors' review report dated August 6, 2020) (Concluded)

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

1. GENERAL INFORMATION

Sinon Corporation (the “Company”) was incorporated in November 1963. It mainly manufactures and sells various chemicals and fertilizer.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 14, 1989.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 6, 2020.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 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 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 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the 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 the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 10, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	$ 52,302	$ 37,689	$ 59,790
Checking accounts and demand deposits	1,591,141	1,311,792	1,337,316
Cash equivalents			
Commercial paper	256,928	144,870	59,844
	$ 1,900,371	$ 1,494,351	$ 1,456,950

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	$ -	$ 23,253	$ 23,253
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 7,423	$ -	$ -

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

Outstanding foreign exchange forward contracts were as follows:

	Maturity Date	Notional Amount (In Thousands)
June 30, 2020		
Sell BRL/Buy USD	September 2020	BRL11,704/USD2,000
Sell BRL/ Buy USD	May 2021	BRL10,898/USD1,850

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable			
At amortized cost			
Gross carrying amount	$ 139,803	$ 132,575	$ 154,677
Trade receivables			
At amortized cost			
Gross carrying amount	$ 1,790,660	$ 2,001,492	$ 1,925,954
Less: Allowance for impairment loss	(84,850)	(109,447)	(148,603)
	$ 1,705,810	$ 1,892,045	$ 1,777,351

a. Notes receivable

In determining the recoverability of the notes receivable, the Group considered any change in the credit quality of the notes receivable since the date credit was initially granted to the end of the reporting period. The Group continuously accessed and monitored the reference to past default experience of its counterparties and the analysis of their current financial position to access if the credit risk increase after the initial recognition.

b. Trade receivables

The Group determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms. No interest was charged on trade receivables. When determining the recoverability of trade receivable, the Group considers any change in the receivables from the original credit date to the credit quality of the balance sheet. Allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

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 Group 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. For account receivables before 2019 that are past due 150 days without collaterals or guarantees, the Company recognized loss allowance at full amount. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group 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. For trade receivables that have been written off, the Group 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 Group's provision matrix.

June 30, 2020

	Not Past Due	**1 to 90 Days**	**91 to 180 Days**	**Over 180 Days**	**Total**
Expected credit loss rate	0%-2%	0%-13%	0%-47%	100%	
Gross carrying amount	$ 1,633,620	$ 74,400	$ 5,906	$ 76,734	$ 1,790,660
Loss allowance (Lifetime ECLs)	(3,935)	(3,134)	(1,047)	(76,734)	(84,850)
Amortized cost	$ 1,629,685	$ 71,266	$ 4,859	$ -	$ 1,705,810

December 31, 2019

	Not Past Due	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-1%	0%-28%	0%-47%	100%	
Gross carrying amount	$ 1,771,586	$ 119,175	$ 7,032	$ 103,699	$ 2,001,492
Loss allowance (Lifetime ECLs)	(871)	(3,058)	(1,819)	(103,699)	(109,447)
Amortized cost	$ 1,770,715	$ 116,117	$ 5,213	$ -	$ 1,892,045

June 30, 2019

	Not Past Due	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-1%	0%-16%	0%-47%	100%	
Gross carrying amount	$ 1,689,690	$ 95,997	$ 5,590	$ 134,677	$ 1,925,954
Loss allowance (Lifetime ECLs)	(10,252)	(2,827)	(847)	(134,677)	(148,603)
Amortized cost	$ 1,679,438	$ 93,170	$ 4,743	$ -	$ 1,777,351

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 109,447	$ 149,574
Less: Net remeasurement of loss allowance	-	(2,593)
Foreign exchange gains and losses	(24,597)	1,622
Balance at June 30	$ 84,850	$ 148,603

9. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Finished goods	$ 721,852	$ 798,918	$ 909,008
Work in process	277,047	405,848	286,513
Raw materials and supplies	846,621	754,456	683,442
Merchandise	718,475	787,914	744,190
Inventory in transit	13,513	13,457	11,929
	$ 2,577,508	$ 2,760,593	$ 2,635,082

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019 were NT$3,146,646 thousand, NT$3,024,877 thousand, NT$6,622,069 thousand and NT$6,432,512 thousand, respectively.

The cost of goods sold included inventory write-downs (reversed) of NT$(119) thousand and NT$859 thousand for the three months ended June 30, 2020 and for the six months ended June 30, 2020, respectively. The cost of goods sold included reversals of inventory write-downs of NT$12,407 thousand and NT$17,776 thousand for the three months ended June 30, 2019 and for the six months ended June 30, 2019, respectively. Previous write-downs were reversed as a result of depleted inventories, as well the related costs also being reflected in operating costs.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

			% of Ownership			
Investor	**Investee**	**Functional Currencies**	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Remark**
Sinon Corporation	Syntai Chemicals Ltd. (“Syntai Chemicals”)	TWD	100	100	100	
	Hsing Wei Corporation (“Hsing Wei”)	TWD	100	100	100	
	Taiwan Fresh Supermarket Co., Ltd. (“TFS”)	TWD	88	88	88	
	Yumei Biotech Co., Ltd. (“Yumei”)	TWD	100	100	100	
	Sinon Trading Co., Ltd. (“Sinon Trading”)	TWD	100	100	100	
	Sinon Cayman Corporation (“Sinon Cayman”)	USD	100	100	100	
	Sinon Do Brazil Ltda. (“Sinon Brazil”)	BRL	100	100	100	
	Sinon Australia Pty Limited (“Sinon Australia”)	AUD	100	100	100	
	Sinon (Thailand) Co., Ltd. (“Sinon Thailand”)	THB	100	100	100	1
	Sinon USA, Inc. (“Sinon USA”)	USD	100	100	100	
	Sinon Eu GmbH (“Sinon Germany”)	EUR	100	100	100	
	Pt Sinon Indonesia (“Sinon Indonesia”)	IDR	-	100	100	3
TFS	Feng Nien Corporation (“Feng Nien”)	TWD	100	100	100	
Feng Nien	Weightstone Vineyard Estate & Winery Co., Ltd. (“Weightstone”)	TWD	100	100	100	
Sinon Cayman	Zhongshan Sinon Daily Products Co., Ltd. (“Sinon Zhongshan”)	CNY	92	92	70	2
	Zhongshan Synjia Daily Products Co., Ltd. (“Synjia Zhongshan”)	CNY	-	-	100	2
	Sinon Hong Kong Co., Ltd. (“Sinon Hong Kong”)	USD	100	100	100	
Sinon Hong Kong	Sinon Chemical (China) Co., Ltd. (“Sinon China”)	CNY	100	100	100	
	Sinon Chemical (Nantong) Co., Ltd. (“Sinon Nantong”)	CNY	100	100	100	
Sinon China	Poise Packing Co., Ltd. (“Poise Packing”)	CNY	100	100	100	
	Sinon Zhongshan	CNY	8	8	30	

Remarks:

1) Due to certain restrictions to foreign investors in Thailand, 51% of the shares of Sinon Thailand are held by the local investors. However, the Company has effective control over Sinon Thailand.

2) Sinon Zhongshan gained control of Syjia Zhongshan from Sinon Cayman through a share swap arrangement in September 2019. Syjia Zhongshan was merged with Sinon Zhongshan. Sinon Zhongshan was the surviving company.

3) Pt Sinon Indonesia completed its liquidation procedures.

Except the financial statements of TFS for the six months ended June 30, 2020 and 2019 which were reviewed by the independent auditors, all the financial statements of insignificant subsidiaries were unreviewed.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2020	December 31, 2019	June 30, 2019
Knowledge & Service Information Co., Ltd. (K&S)	$ 33,894	$ 37,489	$ 34,600
Taiwan Agriculture and Food Health Testing Co., Ltd. (TAFHT)	-	-	184
	$ 33,894	$ 37,489	$ 34,784

Name of Associate	Proportion of Ownership and Voting Rights June 30, 2020	December 31, 2019	June 30, 2019
K&S	49%	49%	49%
TAFHT	-	-	30%

See Table 6 for the nature of activities, principal place of business and country of incorporation of the associates.

Investments accounted for using equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2020	December 31, 2019	June 30, 2019
Assets used by the Group	$ 6,499,546	$ 6,724,415	$ 6,869,086
Assets leased under operating leases	119,443	114,668	116,931
	$ 6,618,989	$ 6,839,083	$ 6,986,017

a. Assets used by the Group

	For the Six Months Ended June 30, 2020 Beginning Balance	Additions	Reclassified Amount	Disposals	Effect of Foreign Currency Exchange Differences	Ending Balance
Cost						
Land	$ 3,206,821	$ -	$ (6,953)	$ -	$ -	$ 3,199,868
Buildings	2,108,972	4,732	-	-	(23,173)	2,090,531
Machinery and equipment	2,936,454	33,780	15,193	(28,577)	(9,258)	2,947,592
Transportation equipment	119,145	1,293	-	(28)	(516)	119,894
Leasehold improvements	927,177	5,352	-	-	-	932,529
Other equipment	2,793,092	54,734	8,529	(276,930)	(10,099)	2,569,326
Property under construction	160,460	26,315	(13,574)	-	-	173,201
	12,252,121	$ 126,206	$ 3,195	$ (305,535)	$ (43,046)	12,032,941
Accumulated depreciation						
Buildings	652,023	$ 44,312	$ -	$ -	$ (3,316)	693,019
Machinery and equipment	2,079,691	118,374	-	(27,333)	(3,333)	2,167,399
Transportation equipment	91,414	3,761	-	(26)	(327)	94,822
Leasehold improvements	751,053	13,701	-	-	-	764,754
Other equipment	1,950,925	132,323	-	(276,757)	(5,269)	1,801,222
	5,525,106	$ 312,471	$ -	$ (304,116)	$ (12,245)	5,521,216

(Continued)

	For the Six Months Ended June 30, 2020					
	Beginning Balance	Additions	Reclassified Amount	Disposals	Effect of Foreign Currency Exchange Differences	Ending Balance
Accumulated impairment						
Buildings	$ 2,600	$ -	$ -	$ -	$ -	$ 2,600
Leasehold improvements	-	7,106	-	-	-	7,106
Other equipment	-	2,473	-	-	-	2,473
	2,600	$ 9,579	$ -	$ -	$ -	12,179
	$ 6,724,415					$ 6,499,546

(Concluded)

The decision of the land lease litigation case between Shen Geng Industrial Co., Ltd. and TAIWAN SUGAR Co., Ltd. was announced and resulted in the closure of TFS's Zhongke store. The estimated future cash flows expected to arise from the related equipment and prepayments decreased. TFS assessed the related equipment and determined that its carrying amount exceeded the recoverable amount. The impairment loss of $11,980 thousand was recognized on June 30, 2020.

	For the Six months Ended June 30, 2019							
	Beginning Balance	Adjustments on Initial Application of IFRS 16	Beginning Balance (Restated)	Additions	Reclassified Amount	Disposals	Effect of Foreign Currency Exchange Differences	Ending Balance
Cost								
Land	$ 3,246,173	$ (40,164)	$ 3,206,009	$ -	$ 1,990	$ (77)	$ -	$ 3,207,922
Buildings	1,692,829	(110,277)	1,582,552	366	10,892	(5,300)	3,635	1,592,145
Machinery and equipment	2,816,515	(10,300)	2,806,215	16,034	81,630	(11,792)	2,520	2,894,607
Transportation equipment	118,733	-	118,733	476	102	-	228	119,539
Leasehold improvements	932,104	-	932,104	7,513	(12,439)	-	-	927,178
Other equipment	2,899,627	(9,752)	2,889,875	63,897	9,686	(210,743)	2,895	2,755,610
Property under construction	723,342	-	723,342	54,878	(91,838)	-	7,921	694,303
	12,429,323	$ (170,493)	12,258,830	$ 143,164	$ 23	$ (227,912)	$ 17,199	12,191,304
Accumulated depreciation								
Buildings	623,207	$ (40,260)	582,947	$ 33,421	$ -	$ (5,300)	$ 1,005	612,073
Machinery and equipment	1,890,495	(5,187)	1,885,308	119,060	-	(11,721)	1,052	1,993,699
Transportation equipment	87,874	-	87,874	3,842	-	-	123	91,839
Leasehold improvements	722,220	-	722,220	14,453	-	-	-	736,673
Other equipment	1,955,629	(5,851)	1,949,778	142,663	-	(208,830)	1,723	1,885,334
	5,279,425	$ (51,298)	5,228,127	$ 313,439	$ -	$ (225,851)	$ 3,903	5,319,618
Accumulated impairment								
Buildings	2,600	$ -	2,600	$ -	$ -	$ -	$ -	2,600
	$ 7,147,298		$ 7,028,103					$ 6,869,086

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

Buildings	
Main buildings	4-61 years
Mechanical and electrical facilities	8-21 years
Others	4-31 years
Machinery and equipment	3-25 years
Transportation equipment	4-21 years
Leasehold improvements	2-30 years
Other equipment	2-30 years

The amount of property, plant and equipment pledged as collateral for bank borrowings are set out in Note 26.

b. Assets leased under operating leases

	For the Six Months Ended June 30, 2020				
	Beginning Balance	Additions	Reclassification	Disposals	Ending Balance
Cost					
Land	$ 40,164	$ -	$ 6,953	$ -	$ 47,117
Buildings	110,277	-	-	-	110,277
Machinery and equipment	10,300	-	-	-	10,300
Other equipment	9,752	-	-	(170)	9,582
	170,493	$ -	$ 6,953	$ (170)	177,276
Accumulated depreciation					
Buildings	43,227	$ 1,484	$ -	$ -	44,711
Machinery and equipment	5,965	383	-	-	6,348
Other equipment	6,633	311	-	(170)	6,774
	55,825	$ 2,178	$ -	$ (170)	57,833
	$ 114,668				$ 119,443

	For the Six Months Ended June 30, 2019					
	Beginning Balance	Adjustments on Initial Application of IFRS 16	Beginning Balance (Restated)	Additions	Disposals	Ending Balance
Cost						
Land	$ -	$ 40,164	$ 40,164	$ -	$ -	$ 40,164
Buildings	-	110,277	110,277	-	-	110,277
Machinery and equipment	-	10,300	10,300	-	-	10,300
Other equipment	-	9,752	9,752	-	-	9,752
	-	$ 170,493	170,493	$ -	$ -	170,493
Accumulated depreciation						
Buildings	-	$ 40,260	40,260	$ 1,484	$ -	41,744
Machinery and equipment	-	5,187	5,187	389	-	5,576
Other equipment	-	5,851	5,851	391	-	6,242
	-	$ 51,298	51,298	$ 2,264	$ -	53,562
	$ -		$ 119,195			$ 116,931

Operating leases relate to lease of land, buildings, machinery and equipment, and other equipment with lease terms between 2019 and 2022. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Year 1	$ 6,841	$ 6,727	$ 1,133
Year 2	5,857	6,499	137
Year 3	2,403	4,785	47
	$ 15,101	$ 18,011	$ 1,317

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Land	$ 167,382	$ 147,228	$ 157,747
Buildings	843,385	827,690	829,507
Transportation equipment	20,052	18,500	23,398
	$ 1,030,819	$ 993,418	$ 1,010,652

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Additions to right-of-use assets	$ 126,772	$ 18,769	$ 193,735	$ 115,690
Depreciation charge for right-of-use assets				
Land	$ 8,811	$ 6,626	$ 17,675	$ 13,200
Buildings	48,893	43,528	96,977	86,754
Transportation equipment	2,596	2,590	5,231	5,112
	$ 60,300	$ 52,744	$ 119,883	$ 105,066

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	$ 225,250	$ 214,438	$ 208,446
Non-current	$ 767,688	$ 740,568	$ 759,945

Range of discount rate for lease liabilities was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.43%-3.3%	1.43%-3.3%	1.51%-3.27%
Buildings	1.43%-3.3%	1.43%-3.3%	1.49%-3.29%
Transportation equipment	0.9%-3.3%	0.9%-3.3%	0.9%-3.3%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and retail stores with lease terms of 2 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

The Company has the right to land use rights, income transfer rights, lease rights and mortgage rights for assets which are located in mainland China. All acquired lots are used for building factories and office buildings. The period of the land use rights is 50 years. The rights were acquired by Sinon China in 2001 and Sinon Nantong in 2013. Before the end of the lease period, the Group may renew the contract, unless it has to be withdrawn due to violation of regulations or due to national public interest.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	$ 4,651	$ 13,354	$ 7,694	$ 29,145
Expenses relating to low-value asset leases	$ 65	$ 1,620	$ 129	$ 3,252
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 6,240	$ 2,019	$ 8,675	$ 3,797
Total cash outflow for leases			$ (146,679)	$ (168,321)

The Group’s lease arrangements were already committed but had not yet begun. On June 30, 2019, the undiscounted lease liabilities were NT$39,838 thousand.

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

14. OTHER ASSETS - NON-CURRENT

	June 30, 2020	December 31, 2019	June 30, 2019
Land	$ 315,005	$ 315,005	$ 313,622
Long-term receivables	20,098	27,693	36,473
Others	202	-	1,193
	$ 335,305	$ 342,698	$ 351,288

The above-mentioned land, which is restricted to agricultural use, is registered in the name of another person. However, the Group retains control over the land. The land being used as roads was also reclassified as other assets.

15. BORROWINGS

a. Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Loans for purchasing raw material	$ 52,113	$ 108,080	$ 98,936
Secured borrowings	-	49,643	197,115
Unsecured borrowings	1,161,904	943,043	781,331
Export billing loans	-	-	10,819
	$ 1,214,017	$ 1,100,766	$ 1,088,201
Interest (%)			
Loans for purchasing raw material	0.90-2.31	1.55-3.24	1.55-3.61
Secured borrowings	-	4.57-4.79	4.35-4.79
Unsecured borrowings	0.49-4.35	0.73-4.35	0.72-5.00
Export billing loans	-	-	3.44-3.47

b. Short-term bills payable

Short-term bills payable were commercial paper due within one year. These instruments were issued with a range of annual interest rates of 0.990% on December 31, 2019.

c. Long-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings	$ 1,695,000	$ 1,747,203	$ 1,887,024
Less: Current portion	(760,000)	(682,203)	(212,024)
Long-term borrowings	$ 935,000	$ 1,065,000	$ 1,675,000
Interest rate (%)			
Unsecured borrowings	0.93-1.55	1.30-1.55	1.30-1.55

16. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Accrued salary and bonus	$ 379,647	$ 470,794	$ 346,586
Bonus for employees and remuneration of directors and supervisors	21,506	52,555	33,574
Others	641,555	623,592	658,968
	$ 1,042,708	$ 1,146,941	$ 1,039,128

17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Company's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Operating costs	$ 843	$ 1,090	$ 1,676	$ 2,171
Selling and marketing expenses	2,355	2,615	4,725	5,243
General and administrative expenses	92	95	179	188
Research and development expenses	58	156	117	310
	$ 3,348	$ 3,956	$ 6,697	$ 7,912

18. EQUITY

a. Ordinary shares

	June 30, 2020	December 31, 2019	June 30, 2019
Number of shares authorized (in thousands)	500,000	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	420,492	420,492	420,492
Shares issued	$ 4,204,926	$ 4,204,926	$ 4,204,926

A holder of issued ordinary share with par value of NT$10 is entitled to vote and receive dividends.

b. Capital surplus

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Arising from conversion of bonds	$ 394,097	$ 394,097	$ 394,097
Arising from treasury share transactions	51,819	51,819	51,819
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,430	3,430	3,430

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
May only be used to offset a deficit			
Others	$ 958	$ 943	$ 929
	$ 450,304	$ 450,289	$ 450,275

(Concluded)

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Articles also provide that, in line with the Company's continuing growth, cash dividends payable may not be lower than 30% of the total dividends distributed. If total dividends to be distributed are under NT$100,000 thousand, the limitation can be waived.

The 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 a 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, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 which were have been approved in the shareholders' meetings in June 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 61,818	$ 72,695
Special reserve	43,200	43,398
Cash dividends	546,640	546,640
Cash dividends per share (NT$)	1.3	1.3

19. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue from contracts with customers				
Revenue from sale of goods	$ 4,411,429	$ 4,160,914	$ 9,098,107	$ 8,743,399

a. Contact balances

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Trade receivables (Note 8)	$ 1,705,810	$ 1,894,012	$ 1,777,351	$ 2,137,085
Contract liabilities				
Sale of goods	$ 85,812	$ 419,919	$ 96,513	$ 409,808

The changes in the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment.

b. Disaggregation of revenue

Refer to Note 31 for information about disaggregation of revenue.

20. COMPREHENSIVE INCOME FOR THE PERIOD

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Rental income	$ 1,726	$ 1,378	$ 3,718	$ 3,156
Interest income	2,392	5,021	5,178	7,473
Others	14,493	17,356	24,393	33,893
	$ 18,611	$ 23,755	$ 33,289	$ 44,522

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Gain (loss) on disposal of property, plant and equipment	$ (158)	$ (42)	$ 848	$ 179
Gain on disposal of investments	159,705	-	159,705	-
Impairment loss (Note 12)	(11,980)	-	(11,980)	-
Gain (loss) on financial assets at fair value through profit or loss	(7,584)	(1,160)	(4,241)	194
Others	3,340	(2,621)	(4,855)	(3,489)
	$ 143,323	$ (3,823)	$ 139,477	$ (3,116)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest on bank overdrafts and loans	$ 11,051	$ 14,424	$ 23,769	$ 30,725
Interest on lease liabilities	4,443	3,985	8,550	8,150
Other finance costs	351	628	680	1,184
	$ 15,845	$ 19,037	$ 32,999	$ 40,059

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Capitalized interest	$ 464	$ 498	$ 907	$ 980
Capitalization rate	1.415%	1.439%	1,415%	1.439%

d. Depreciation

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
An analysis of depreciation by function				
Operating costs	$ 96,321	$ 100,177	$ 201,969	$ 203,437
Operating expenses	117,573	104,555	232,563	217,332
	$ 213,894	$ 204,732	$ 434,532	$ 420,769

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term benefits	$ 566,368	$ 510,954	$ 1,074,673	$ 1,015,973
Post-employment benefits				
Defined contribution plans	19,364	19,082	38,339	38,009
Defined benefit plans	3,348	3,956	6,697	7,912
Other employee benefits	88,756	93,543	180,869	188,156
Total employee benefits expense	$ 677,836	$ 627,535	$ 1,300,578	$ 1,250,050
An analysis of employee benefits expense by function				
Operating costs	$ 163,610	$ 157,975	$ 317,187	$ 305,681
Operating expenses	514,226	469,560	983,391	944,369
	$ 677,836	$ 627,535	$ 1,300,578	$ 1,250,050

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors for the three months and six months ended June 30, 2020 and 2019, the employees' compensation and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2020	**2019**
Employees' compensation	1%	1%
Remuneration of directors	3%	5%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Employees' compensation	$ 4,269	$ 2,461	$ 4,706	$ 4,919
Remuneration of directors	$ 12,807	$ 12,306	$ 14,118	$ 24,595

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

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which have been approved by the Company's board of directors in March 2020 and March 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	$ 8,418	$ 9,036
Remuneration of directors and supervisors	$ 42,088	$ 45,178

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019 and 2018.

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

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	$ 48,101	$ 55,858	$ 98,659	$ 96,719
Income tax on unappropriated earnings	-	-	-	6,039
Adjustment for prior years	5,870	(12,704)	(5,130)	(12,704)
Deferred tax				
In respect of the current period	12,290	(2,991)	4,992	(3,826)
Income tax expense recognized in profit or loss	$ 66,261	$ 40,163	$ 98,521	$ 86,228

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

b. Income tax assessments

Income tax returns through 2017 of the Company and TFS and income tax returns through 2018 of the Group's subsidiaries located in Taiwan have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Shares (NT$)
For the Three Months Ended June 30, 2020			
Basic earnings per share			
Net income available to ordinary shareholders of the parent	$ 357,641	420,492	$0.85
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	260	
Diluted earnings per share			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 357,641	420,752	$0.85

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Shares (NT$)
For the Three Months Ended June 30, 2019			
Basic earnings per share			
Net income available to ordinary shareholders of the parent	$ 201,768	420,493	$0.48
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	233	
Diluted earnings per share			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 201,768	420,726	$0.48
For the Six Months Ended June 30, 2020			
Basic earnings per share			
Net income available to ordinary shareholders of the parent	$ 378,232	420,492	$0.90
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	495	
Diluted earnings per share			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 378,232	420,987	$0.90
For the Six Months Ended June 30, 2019			
Basic earnings per share			
Net income available to ordinary shareholders of the parent	$ 402,075	420,493	$0.96
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	464	
Diluted earnings per share			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 402,075	420,957	$0.96

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus 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.

23. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising share capital, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly 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 Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
June 30, 2020				
Financial assets at FVTPL				
Foreign exchange forward contractors	$ -	$ 7,423	$ -	$ 7,423
December 31, 2019				
Financial assets at FVTPL				
Shares not listed in the ROC	$ -	$ -	$ 23,253	$ 23,253
June 30, 2019				
Financial assets at FVTPL				
Shares not listed in the ROC	$ -	$ -	$ 23,253	$ 23,253

There were no transfers between Level 1 and Level 2 for the six months ended June 30 in 2020 and 2019.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

The fair values of unlisted equity securities in the ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Categories of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
Mandatorily classified as at FVTPL	$ -	$ 23,253	$ 23,253
Financial assets at amortized cost (1)	3,918,229	3,692,773	3,561,875
Financial liabilities			
Financial liabilities at FVTPL			
Held for trading	7,423	-	-
Amortized cost (2)	6,142,525	5,909,340	5,692,859

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (include related party), other receivables and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, short-term bills payable, notes payable, trade payables (include related party), other payables and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Company's board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

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

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 29.

Sensitivity analysis

For a 1% weakening of U.S. dollars against the functional currency, there would be opposite impact on pre-tax profit as follows:

Functional Currency	For the Six Months Ended June 30 2020	2019
NTD	$ 13,370	$ 14,818
BRL	(7,600)	(8,505)
CNY	1,268	1,802

This was mainly attributable to the exposure of outstanding receivables and payables denominated in U.S. dollars, which were not hedged at the end of the reporting period. The above table details the Group's sensitivity to a 1% increase and decrease in U.S. dollars against the relevant functional currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at floating interest rates.

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

	June 30, 2020	December 31, 2019	June 30, 2019
Fair value interest rate risk			
Financial assets	$ 135,673	$ 160,337	$ -
Financial liabilities	1,897,331	1,785,090	1,926,831
Cash flow interest rate risk			
Financial assets	1,314,641	1,103,349	1,277,743
Financial liabilities	2,004,624	2,037,885	2,016,785

Sensitivity analysis

For financial assets and liabilities, assuming all other variables were held constant, a hypothetical increase in interest rates of 25 basis point (0.25%) would have resulted in an decrease in the interest expense before tax by approximately NT$1,015 thousand and NT$1,389 thousand for the six months ended June 30, 2020 and 2019, respectively. A sensitivity rate of 0.25% increase or decrease was used when reporting interest rate risk internally to the directors and represents the directors' assessment of the reasonably possible change in interest rates.

2) Credit risk

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

The Group's concentration of credit risk by geographical location was in Brazil, which accounted for 10%, 30% and 14% of the total trade receivables as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short-, medium- and long-term funding and liquidity management requirements. The Group 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. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had available unutilized bank loan facilities in the amounts of NT$4,915,733 thousand, NT$5,033,020 thousand and NT$4,684,696 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group 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 repayment dates.

Non-derivative Financial Liabilities	**Less Than 3 Months**	**3 Months to 1 Year**	**1+Year**
June 30, 2020			
Non-interest bearing liabilities	$ 3,100,565	$ -	$ -
Lease liabilities	61,103	179,324	806,416
Variable interest rate liabilities	478,700	640,924	885,000
Fixed interest rate liabilities	198,616	655,777	50,000
	$ 3,838,984	$ 1,476,025	$ 1,741,416
December 31, 2019			
Non-interest bearing liabilities	$ 2,901,085	$ -	$ -
Lease liabilities	63,625	164,580	772,029
Variable interest rate liabilities	421,393	651,492	965,000
Fixed interest rate liabilities	281,127	448,957	100,000
	$ 3,667,230	$ 1,265,029	$ 1,837,029

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1+Year
June 30, 2019			
Non-interest bearing liabilities	$ 2,583,379	$ -	$ -
Lease liabilities	55,958	166,392	793,954
Variable interest rate liabilities	329,761	312,024	1,375,000
Fixed interest rate liabilities	411,362	247,078	300,000
	$ 3,380,460	$ 725,494	$ 2,468,954

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
June 30, 2020				
Lease liabilities	$ 240,427	$ 586,195	$ 187,156	$ 33,065
December 31, 2019				
Lease liabilities	$ 228,205	$ 577,260	$ 179,966	$ 14,803
June 30, 2019				
Lease liabilities	$ 222,350	$ 571,025	$ 196,693	$ 26,236

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed follows.

a. Related party names and categories

Related Party Names	Related Party Category
K&S	Associate
TAFHT	Associate (disposed at December, 2019)

b. Receivables from related parties

Related Party Categories	June 30, 2020	December 31, 2019	June 30, 2019
Associates	$ -	$ 1,967	$ -

c. Payables to related parties

Related Party Categories	June 30, 2020	December 31, 2019	June 30, 2019
Associates	$ 2,307	$ 1,374	$ 2,576

The outstanding trade payables to related parties are unsecured and settled by cash.

d. Contract liabilities

Related Party Categories	June 30, 2020	December 31, 2019	June 30, 2019
Associates	$ 1,080	$ -	$ 1,091

e. Acquisitions of property, plant and equipment

Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Associates	$ 420	$ 254	$ 1,470	$ 1,366

f. Others

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
1) Manufacturing and operating expenses				
Associates	$ 2,596	$ 2,923	$ 3,299	$ 3,382
2) Rental income				
Associates	$ 420	$ 431	$ 840	$ 851
3) Other income				
Associates	$ 540	$ 120	$ 1,080	$ 240

	June 30, 2020	December 31, 2019	June 30, 2019
4) Other receivables			
Associates	$ 1,323	$ 189	$ 1,323

g. Compensation of key management personnel

The Compensation to directors and other key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Short-term employee benefits	$ 5,986	$ 5,712	$ 12,366	$ 11,828
Post-employment benefits	62	89	124	178
	$ 6,048	$ 5,801	$ 12,490	$ 12,006

The compensation to directors and other key management personnel were determined by the compensation committee having regard to the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees and bank borrowings:

	June 30, 2020	December 31, 2019	June 30, 2019
Property, plant and equipment	$ 85,297	$ 90,579	$ 298,176
Refundable deposits	13,800	13,800	13,800
	$ 99,097	$ 104,379	$ 311,976

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) As of June 30, 2020, December 31, 2019 and June 30, 2019, unused letters of credit for purchases of raw materials and machinery and equipment amounted to NT$28,435 thousand, NT$24,590 thousand and NT$26,818 thousand, respectively.

2) TFS issued coupons and performance guarantees to banks in the amounts of NT$25,214 thousand, NT$31,850 thousand and NT$34,361 thousand as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

b. Unrecognized commitments

	June 30, 2020	December 31, 2019	June 30, 2019
Acquisition of property, plant and equipment	$ 1,148	$ 3,988	$ 46,003

28. SIGNIFCANT EVENTS AFTER THE REPORTING PERIOP

The Company's board of directors approved the disposal of land of Xinguang Section and XinFu Section in Taiping district. In June 2020, the land mentioned above was not impaired.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	June 30, 2020			December 31, 2019		
	Foreign Currencies (In Thousands)	**Exchange Rate**	**Carrying Amount**	**Foreign Currencies (In Thousands)**	**Exchange Rate**	**Carrying Amount**
Financial assets						
Monetary items						
USD (USD/NTD)	$ 72,801	29.66	$ 2,159,290	$ 64,267	30.1060	$ 1,934,830
USD (USD/CNY)	4,967	7.065	147,319	788	6.9610	23,732
AUD (AUD/NTD)	5,533	20.4443	113,122	5,291	21.1123	111,703
GBP (GBP/NTD)	610	36.7244	22,401	878	39.8230	34,977
JPY (JPY/NTD)	376,016	0.2745	103,216	276,141	0.2770	76,491
Financial liabilities						
Monetary items						
USD (USD/NTD)	27,724	29.66	822,296	19,104	30.1060	574,623
USD (USD/CNY)	692	7.065	20,524	-	-	-
USD (USD/BRL)	25,624	5.4553	760,015	32,131	4.0187	967,324
USD (USD/THB)	2,367	30.87	70,196	1,679	29.7100	50,555
JPY (JPY/NTD)	-	-	-	100,971	0.2770	27,969

	June 30, 2019		
	Foreign Currencies (In Thousands)	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD (USD/NTD)	$ 64,543	31.072	$ 2,005,493
USD (USD/CNY)	6,481	6.865	201,369
AUD (AUD/NTD)	8,015	21.808	174,785
JPY (JPY/NTD)	344,202	0.288	99,165
GBP (GBP/NTD)	1,894	39.437	74,681
Financial liabilities			
Monetary items			
USD (USD/NTD)	16,854	31.072	523,699
USD (USD/BRL)	27,371	3.844	850,463
USD (USD/THB)	2,515	30.67	78,160
JPY (JPY/NTD)	191,407	0.288	55,144

The Group is mainly exposed to USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Three Months Ended June 30, 2020		For the Three Months Ended June 30, 2019	
Foreign Currencies	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
NTD	1 (NTD:NTD)	$ (16,576)	1 (NTD:NTD)	$ 19,892
BRL	5.38 (BRL:NTD)	(5,779)	7.95 (BRL:NTD)	12,164
CNY	4.22 (CNY:NTD)	(511)	4.56 (CNY:NTD)	2,189

	For the Six Months Ended June 30, 2020		For the Six Months Ended June 30, 2019	
Foreign Currencies	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
NTD	1 (NTD:NTD)	$ (19,744)	1 (NTD:NTD)	$ 30,711
BRL	6.11 (BRL:NTD)	(248,453)	8.07 (BRL:NTD)	(619)
CNY	4.27 (CNY:NTD)	971	4.56 (CNY:NTD)	(21)

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (None)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

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 7)

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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

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 8)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group’s reportable segments are therefore as follows:

a. Crop protection - manufacturing chemicals and fertilizer

b. Supermarket - supermarket and general retail industry

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Six Months Ended June 30			
	Segment Revenue		Segment Profit	
	2020	2019	2020	2019
Crop protection	$ 5,371,121	$ 5,387,467	$ 460,950	$ 424,880
Supermarket	2,330,594	2,171,663	55,182	31,474
Others	1,396,392	1,184,269	104,443	54,735
Total from continuing operations	$ 9,098,107	$ 8,743,399	620,575	511,089
Share of loss of associates			641	(446)
Finance costs			(32,999)	(40,059)
Gain on disposal of investment			159,705	-
Unallocated			(267,387)	20,173
Profit before tax			$ 480,535	$ 490,757

Segment profit represented the profit before tax generated by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain on disposal of investment, foreign exchange gain or loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

SINON CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sinon China	Sinon Zhongshan	Other receivables	Yes	$ 17,434 (RMB 4,000)	$ 16,778 (RMB 4,000)	$ 16,778 (RMB 4,000)	4.786	Short-term financing	$ -	Operation	$ -	-	$ -	$ 241,173 (RMB 57,497)	$ 482,347 (RMB 114,995)
		Poise Packing	Other receivables	Yes	52,302 (RMB 12,000)	50,334 (RMB 12,000)	8,389 (RMB 2,000)	4.786	Short-term financing	-	Operation	-	-	-	241,173 (RMB 57,497)	482,347 (RMB 114,995)

Note 1: The financing amount of the Company should not exceed 10% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 2: The financing amount of the Company should not exceed 20% of the Company's shareholders' equity; that of subsidiaries should not exceed 100% of the subsidiaries' shareholders' equity.

SINON CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsed/Guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	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
		Name	Nature of Relationship (Note 1)										
0	Sinon Corporation	Yumei	1.	(Note 2)	$ 501,650	$ 498,300	$ -	None	7.26	$ 2,745,359	Yes	No	No
		Sinon China	2.	(Note 2)	333,630	326,260	-	None	4.75	2,745,359	Yes	No	Yes

Note 1: The relationship between guarantor and guaranteed party:

1. Subsidiary which is directly or indirectly held over 50% of the issued share capital.

2. The parent company and the subsidiary hold more than 50% of ordinary shares of the investee.

Note 2: Domestic subsidiary is based on 20% of issued capital of the guarantor; overseas subsidiary is based on 30% of issued capital of the guarantor; total guarantee is based on 40% of issued capital of guarantor.

SINON CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
Sinon Corporation	Sinon China	Subsidiary	Purchase	$ 303,122	15	30-60 days after the transaction date	$ -	-	$ (63,386)	(7)	
	Sinon Brazil	Subsidiary	Sale	(222,840)	(5)	T/T 360 days after the transaction date	-	-	756,177	41	

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 4

SINON CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF PAID-IN CAPITAL
JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
Sinon Corporation	Sinon Brazil	Subsidiary	$ 756,177	0.52	$ -	-	$ 26,937	$ -

Note: Significant intercompany accounts and transactions have been eliminated.

SINON CORPORATION AND SUBSIDIARIES

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

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	Sinon Corporation	Sinon Brazil	1	Sales	$ 222,840	T/T 360 days after the transaction date	2
		Sinon Brazil	1	Accounts receivable	756,177	T/T 360 days after the transaction date	5
		Sinon China	1	Purchases	303,122	30-60 days after the transaction date	3

Note 1: Relationships with counterparties: (1) parent company to subsidiary; (2) subsidiary to parent company; and (3) subsidiary to subsidiary.

Note 2: The criteria of the disclosures above are: (a) for the assets and liabilities, at least 1% of the consolidated total assets; and (b) for the income and expenses, at least 1% of the consolidated gross sales. The significant intercompany accounts and transactions have been eliminated.

TABLE 6

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Sinon Corporation	Syntai Chemicals	Taichung, ROC	Pharmaceuticals	$ 269,095	$ 269,095	33,000,000	100	$ 253,368	$ (12,956)	$ (12,956)	Subsidiary
	Hsing Wei	Taichung, ROC	Manufacture and sale of cement	25,609	25,609	33,000,000	100	432,438	21,872	21,946	Subsidiary
	TFS	Taichung, ROC	Supermarket	264,793	264,793	26,379,500	88	330,865	31,334	27,980	Subsidiary
	Yumei	Taichung, ROC	Houseware, catering services and retail of agricultural products	400,167	400,167	20,030,000	100	480,286	61,295	61,431	Subsidiary
	Sinon Trading	Taichung, ROC	Trading	1,001	1,001	100,000	100	903	(11)	(11)	Subsidiary
	Sinon Cayman	British Cayman Islands	Holding company	1,394,195	1,394,195	44,280,000	100	1,478,686	66,571	66,571	Subsidiary
	Sinon Brazil	Alegre, Brazil	Manufacture and import and export of medical and chemical products	510,379	510,379	32,316,471	100	(297,466)	(280,612)	(280,612)	Subsidiary
	Sinon Australia	Sydney, Australia	Import and export of chemical products	174,548	174,548	6,100,000	100	(69,895)	(2,277)	(2,277)	Subsidiary
	Sinon Thailand	Bangkok, Thailand	Import and export of chemical products	17,109	17,109	20,000	100	(7,514)	(30)	(30)	Subsidiary
	Sinon USA	California, USA	Import and export of chemical products	1,689	1,689	50,000	100	277	(300)	(300)	Subsidiary
	Sinon Germany	Hamburger, Germany	Import and export of chemical products	1,049	1,049	25,000	100	1,087	(91)	(91)	Subsidiary
	Sinon Indonesia	Jakarta, Indonesia	Import and export of chemical products	-	106,555	-	-	-	(43)	(43)	Subsidiary
	K&S	Taichung, ROC	Design and sale of software	18,086	18,086	1,951,900	49	33,894	1,313	641	Investments accounted for using the equity method
TFS	Feng Nien	Taichung, ROC	Supermarket	47,271	47,271	1,420,000	100	32,623	7,984	7,984	Indirectly owned subsidiary
Feng Nien	Weightstone	Taichung, ROC	Food and special crops; Retail sale of tobacco and alcoholic drinks	30,000	30,000	1,200,000	100	34,398	2,495	2,495	Indirectly owned subsidiary
Sinon Cayman	Sinon Hong Kong	Wanchai, Hong Kong	Holding company	1,126,487 (USD 37,980)	1,143,426 (USD 37,980)	-	100	1,410,511 (USD 47,556)	65,489 (USD 2,180)	65,489 (USD 2,180)	Indirectly owned subsidiary
K&S	K3 Systems Sdn Bhd	Malaysia	Software design and information security maintenance	2,856	2,856	337,500	45	3,687	(952)	(428)	Investments accounted for using the equity method

Note 1: The equity-method investees' financial statements, which were used to determine the carrying amount of the Company's investments, have not been reviewed, except TFS.

Note 2: Except K&S, significant intercompany accounts and transactions have been eliminated.

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2020	Accumulated Repatriation of Investment Income as of June 30, 2020
					Outward	Inward						
Sinon China	Manufacture and sale of various chemicals	$ 271,113 (US$ 8,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	$ 271,113 (US$ 8,000)	$ -	$ -	$ 271,113 (US$ 8,000)	$ 101,687	100%	$ 101,687	$ 582,684	$ -
Sinon Nantong	Manufacture and sale of various chemicals	1,216,938 (RMB 255,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	923,714 (US$ 29,980)	-	-	923,714 (US$ 29,980)	(36,191)	100%	(36,191)	827,840	-
Poise Packing	Import and export of plastic products	50,426 (RMB 11,000)	The investment was made by the subsidiary located in mainland China directly	-	-	-	-	7,725	100%	7,725	71,297	-
Sinon Zhongshan	Manufacture and sale of grocery, pesticide and plastics	113,083 (US$ 3,700) (Note 2)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	105,354 (US$ 3,400) (Note 2)	-	-	105,354 (US$ 3,400) (Note 2)	1,193	100% (Note 3)	1,193	(13,743)	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA
The Company	$ 1,300,181	US$ 41,380	No limit (Note 4)

Note 1: The Group recognized its investment gain (loss) based on the unreviewed financial statements as of and for the six months ended June 30, 2020.

Note 2: Synjia Zhongshan was merged with Sinon Zhongshan in September 2019. Refer to Note 10.

Note 3: The ownership of Sinon Cayman and Sinon China was 92% and 8%, respectively.

Note 4: According to the “Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, there is no limit on the investment in mainland China since Sinon Corporation acquired the approval from the Industrial Development Bureau the establishment of the Company’s operating headquarters in Taiwan.

Note 5: Significant intercompany accounts and transactions have been eliminated.

SINON CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
YunSung Investment Ltd.	35,008,000	8.32%

Note: The information of major shareholders is provided by the Taiwan Depository & Clearing Corporation, and based on the number of ordinary shares and special shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company on the last business date of current quarter. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.