

Sinon Corporation

**Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinon Corporation

Opinion

We have audited the accompanying financial statements of Sinon Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows:

Recognition of Revenue

The Company's operating revenue mainly comes from the production and sales of crop protection agents, in which export sales revenue from customers throughout Europe, America and Asia is significant to the overall operating revenue; therefore, we identified validity of the recognition of revenue as a key audit matter. For related accounting policies and detailed information on revenue recognition, refer to Notes 4 and 18.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and assessed the appropriateness of the design and implementation of relevant internal controls over revenue recognition.
2. We performed substantive analytical procedures by sample testing the export sales revenue in subsidiary ledger, and checked the sales receipts and shipping documents to confirm the validity of sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

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

SINON CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 714,500	6	\$ 496,063	4
Notes receivable (Notes 4, 8 and 18)	26,830	-	25,880	-
Trade receivables (Notes 4, 5, 8 and 18)	833,047	7	766,394	6
Receivables from related parties (Notes 18, 23, 24 and 25)	585,714	5	1,134,268	10
Other receivables (Notes 4 and 24)	38,423	1	59,966	1
Inventories (Notes 4 and 9)	1,192,296	11	1,232,074	10
Prepayments (Note 24)	146,424	1	184,698	2
Other current assets	<u>14,783</u>	-	<u>4,685</u>	-
Total current assets	<u>3,552,017</u>	<u>31</u>	<u>3,904,028</u>	<u>33</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 23)	-	-	23,253	-
Investments accounted for using the equity method (Notes 4 and 10)	3,208,818	28	3,024,199	26
Property, plant and equipment (Notes 4, 11 and 24)	4,328,030	38	4,566,295	38
Right-of-use assets (Notes 4 and 12)	37,539	-	15,613	-
Deferred tax assets (Notes 4 and 20)	101,475	1	50,996	1
Prepayments for equipment	22,765	-	12,226	-
Refundable deposits (Note 25)	21,135	-	23,383	-
Other non-current assets (Note 13)	<u>151,873</u>	<u>2</u>	<u>282,985</u>	<u>2</u>
Total non-current assets	<u>7,871,635</u>	<u>69</u>	<u>7,998,950</u>	<u>67</u>
TOTAL	<u>\$ 11,423,652</u>	<u>100</u>	<u>\$ 11,902,978</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14, 23, 24 and 25)	\$ 642,851	6	\$ 857,529	7
Short-term bills payable (Note 14)	-	-	20,000	-
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 23)	2,353	-	-	-
Contract liabilities - current (Notes 4 and 18)	47,612	-	4,312	-
Notes payable	7,953	-	7,000	-
Trade payables	738,631	7	670,895	6
Trade payables to related parties (Note 24)	38,176	-	12,343	-
Other payables (Note 15)	675,338	6	730,842	6
Current tax liabilities (Note 4 and 20)	85,054	1	73,752	1
Lease liabilities - current (Notes 4 and 12)	13,282	-	8,399	-
Current portion of long-term borrowings (Note 14)	660,000	6	682,203	6
Other current liabilities	<u>20,661</u>	-	<u>10,375</u>	-
Total current liabilities	<u>2,931,911</u>	<u>26</u>	<u>3,077,650</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	655,000	6	1,065,000	9
Deferred tax liabilities (Notes 4 and 20)	214,290	2	247,816	2
Lease liabilities - non-current (Notes 4 and 12)	24,785	-	7,366	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	457,103	4	253,566	2
Guarantee deposits	74,915	-	74,523	1
Investments accounted for using the equity method - credit balance (Notes 4 and 10)	3,335	-	134,647	1
Other non-current liabilities	<u>3,185</u>	-	<u>12,981</u>	-
Total non-current liabilities	<u>1,432,613</u>	<u>12</u>	<u>1,795,899</u>	<u>15</u>
Total liabilities	<u>4,364,524</u>	<u>38</u>	<u>4,873,549</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	4,204,926	37	4,204,926	35
Capital surplus	450,304	4	450,289	4
Retained earnings				
Legal reserve	824,492	7	762,674	6
Special reserve	335,172	3	291,972	3
Unappropriated earnings	1,534,033	14	1,654,740	14
Other equity	<u>(289,799)</u>	<u>(3)</u>	<u>(335,172)</u>	<u>(3)</u>
Total equity	<u>7,059,128</u>	<u>62</u>	<u>7,029,429</u>	<u>59</u>
TOTAL	<u>\$ 11,423,652</u>	<u>100</u>	<u>\$ 11,902,978</u>	<u>100</u>

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

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 24)	\$ 8,625,036	100	\$ 8,216,128	100
OPERATING COSTS (Notes 9, 19 and 24)	<u>6,561,362</u>	<u>76</u>	<u>6,275,741</u>	<u>76</u>
GROSS PROFIT	2,063,674	24	1,940,387	24
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	<u>(4,793)</u>	<u>-</u>	<u>38,713</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,058,881</u>	<u>24</u>	<u>1,979,100</u>	<u>24</u>
OPERATING EXPENSES (Notes 19 and 24)				
Selling and marketing expenses	1,078,593	13	1,006,944	12
General and administrative expenses	140,608	2	160,352	2
Research and development expenses	<u>109,672</u>	<u>1</u>	<u>104,967</u>	<u>1</u>
Total operating expenses	<u>1,328,873</u>	<u>16</u>	<u>1,272,263</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>730,008</u>	<u>8</u>	<u>706,837</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 24)	56,381	1	57,291	1
Other gains and losses (Note 19)	78,476	1	(25,238)	-
Finance costs (Note 19)	(33,622)	-	(43,295)	(1)
Share of profit or loss of subsidiaries and associates (Notes 4 and 10)	(35,520)	(1)	92,585	1
Interest income	<u>1,897</u>	<u>-</u>	<u>3,082</u>	<u>-</u>
Total non-operating expenses	<u>67,612</u>	<u>1</u>	<u>84,425</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	797,620	9	791,262	10
INCOME TAX EXPENSE (Notes 4 and 20)	<u>82,027</u>	<u>1</u>	<u>116,407</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>715,593</u>	<u>8</u>	<u>674,855</u>	<u>8</u>

(Continued)

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (221,901)	(3)	\$ (7,953)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(7,121)	-	(379)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	44,380	1	1,590	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	43,509	1	(44,877)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>1,864</u>	<u>-</u>	<u>1,677</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(139,269)</u>	<u>(1)</u>	<u>(49,942)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 576,324</u>	<u>7</u>	<u>\$ 624,913</u>	<u>8</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.70</u>		<u>\$ 1.60</u>	
Diluted	<u>\$ 1.70</u>		<u>\$ 1.60</u>	

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

(Concluded)

SINON CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Other Equity (Note 17)		Total Equity
			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	
BALANCE AT JANUARY 1, 2019	\$ 4,204,926	\$ 450,275	\$ 689,979	\$ 248,574	\$ 1,699,292	\$ (296,564)	\$ 4,592	\$ 7,001,074
Effect of retrospective application and retrospective restatement	-	-	-	-	(49,932)	-	-	(49,932)
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,204,926	450,275	689,979	248,574	1,649,360	(296,564)	4,592	6,951,142
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)
Other changes in capital surplus	-	14	-	-	-	-	-	14
Net profit for the year ended December 31, 2019	-	-	-	-	674,855	-	-	674,855
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(6,742)	(44,877)	1,677	(49,942)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	668,113	(44,877)	1,677	624,913
BALANCE AT DECEMBER 31, 2019	4,204,926	450,289	762,674	291,972	1,654,740	(341,441)	6,269	7,029,429
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)
Other changes in capital surplus	-	15	-	-	-	-	-	15
Net profit for the year ended December 31, 2020	-	-	-	-	715,593	-	-	715,593
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(184,642)	43,509	1,864	(139,269)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	530,951	43,509	1,864	576,324
BALANCE AT DECEMBER 31, 2020	<u>\$ 4,204,926</u>	<u>\$ 450,304</u>	<u>\$ 824,492</u>	<u>\$ 335,172</u>	<u>\$ 1,534,033</u>	<u>\$ (297,932)</u>	<u>\$ 8,133</u>	<u>\$ 7,059,128</u>

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

SINON CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 797,620	\$ 791,262
Adjustments for:		
Depreciation expenses	376,399	383,131
Expected credit loss recognized (reversed) on trade receivables	1,660	(28,254)
Net loss on fair value changes of financial assets designated at fair value through profit or loss	2,353	-
Financial costs	33,622	43,295
Interest income	(1,897)	(3,082)
Dividend income	(581)	(388)
Share of profit of subsidiaries and associates	35,520	(92,585)
Gain on disposal of property, plant and equipment	3,145	(424)
Loss on disposal of other non-current assets	1,274	-
Write-downs of inventories	23,905	6,142
Gain on disposal of investments	(156,658)	-
Unrealized loss (gain) on transactions with subsidiaries and associates	4,793	(38,713)
Net loss on unrealized foreign currency exchange	13,589	28,345
Net gains on modification of leasing arrangement	(49)	(56)
Changes in operating assets and liabilities		
Notes receivable	(950)	9,542
Trade receivables	2,991	450,026
Other receivables	21,543	(23,022)
Inventories	15,873	100,528
Prepayments	38,274	(55,910)
Other current assets	(10,098)	(223)
Contract liabilities	43,300	(14,249)
Notes payable	953	3,010
Trade payables	96,896	(138,859)
Other payables	(54,431)	(13,182)
Other current liabilities	10,286	(288)
Net defined benefit liabilities	(18,364)	5,403
Cash generated from operations	1,280,968	1,411,449
Interest received	1,897	3,082
Dividends received	581	388
Interest paid	(36,561)	(46,103)
Income tax paid	(110,350)	(153,821)
Net cash generated from operating activities	<u>1,136,535</u>	<u>1,214,995</u>
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	(110,787)	(127,688)
Proceeds from disposal of property, plant and equipment	4,538	1,932
Decrease in refundable deposits	2,248	9,013

(Continued)

SINON CORPORATION

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

	2020	2019
Decrease in other non-current assets	\$ -	\$ 607
Increase in prepayments for equipment	(27,801)	(38,134)
Cash dividends received from subsidiaries	134,494	93,913
Proceeds from disposal of non-current assets	<u>129,838</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>315,488</u>	<u>(60,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(209,877)	(207,366)
Increase (decrease) in short-term bills payable	(20,000)	20,000
Proceeds from long-term borrowings	460,000	120,000
Repayments of long-term borrowings	(892,203)	(338,042)
Increase (decrease) in guarantee deposits received	392	2,416
Repayment of the principal portion of lease liabilities	(15,477)	(8,151)
Increase in non-current liabilities	(9,796)	163
Dividends paid to owners of the Company	<u>(546,625)</u>	<u>(546,626)</u>
Net cash used in financing activities	<u>(1,233,586)</u>	<u>(957,606)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	218,437	197,032
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>496,063</u>	<u>299,031</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 714,500</u>	<u>\$ 496,063</u>

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

(Concluded)

SINON CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

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.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 19, 2021.

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 Company’s accounting policies:

- b. The IFRSs endorsed by the FSC for application starting from 2021

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 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 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

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

f. Investments accounted for using the equity method

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

1) Investments in subsidiaries

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

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

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

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

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

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

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

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

2) Investment in associates

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

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

h. Impairment of property, plant and equipment and right-of-use asset

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

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

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

i. Financial instruments

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

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

Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 23.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

1) Subsequent measurement

Except for the financial liabilities classified as at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method.

The financial liabilities classified as at FVTPL are held for trading, with any gain or loss arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

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

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

j. Provisions

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

k. Revenue recognition

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

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

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods, such as when the goods are delivered to the customers' specified locations.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty-Estimated Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH

	December 31	
	2020	2019
Cash on hand	\$ 32,528	\$ 2,556
Checking accounts and demand deposits	660,159	493,507
Cash equivalents		
Time deposits	<u>21,813</u>	<u>-</u>
	<u>\$ 714,500</u>	<u>\$ 496,063</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2020	2019
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ -</u>	<u>\$ 23,253</u>

	December 31	
	2020	2019
<u>Financial liabilities-current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 2,353</u>	<u>\$ -</u>

The Company 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)
<u>December 31, 2020</u>		
Sell BRL/Buy USD	May 2021	BRL5,220/USD1,000
Sell BRL/Buy USD	June 2021	BRL2,690/USD500
Sell BRL/Buy USD	June 2021	BRL1,174/USD215
Sell BRL/Buy USD	September 2021	BRL5,250/USD1,000
Sell BRL/Buy USD	September 2021	BRL5,300/USD1,000
Sell BRL/Buy USD	November 2021	BRL5,430/USD1,000
Sell BRL/Buy USD	November 2021	BRL5,370/USD1,000
Sell BRL/Buy USD	November 2021	BRL1,183/USD217

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 26,830	\$ 25,880
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 26,830</u>	<u>\$ 25,880</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 836,500	\$ 768,187
Less: Allowance for impairment loss	<u>(3,453)</u>	<u>(1,793)</u>
	<u>\$ 833,047</u>	<u>\$ 766,394</u>

a. Notes receivable

In determining the recoverability of the notes receivable, the Company 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 Company 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.

Aging analysis of notes receivable

	December 31	
	2020	2019
Not past due		
Past due	\$ 26,830	\$ 25,880
	<u>-</u>	<u>-</u>
Total	<u>\$ 26,830</u>	<u>\$ 25,880</u>

b. Trade receivables

The Company 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 Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

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

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

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 180 Days	Total
<u>December 31, 2020</u>					
Expected credit loss rate	0.01%	0.15%	11%	100%	
Gross carrying amount	\$ 821,130	\$ 15,370	\$ -	\$ -	\$ 836,500
Loss allowance (Lifetime ECLs)	<u>(3,429)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(3,453)</u>
Amortized cost	<u>\$ 817,701</u>	<u>\$ 15,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,047</u>
<u>December 31, 2019</u>					
Expected credit loss rate	0.02%	0.29%	12%	100%	
Gross carrying amount	\$ 721,971	\$ 45,387	\$ -	\$ 829	\$ 768,187
Loss allowance (Lifetime ECLs)	<u>(834)</u>	<u>(130)</u>	<u>-</u>	<u>(829)</u>	<u>(1,793)</u>
Amortized cost	<u>\$ 721,137</u>	<u>\$ 45,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,394</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 1,793	\$ 30,047
Net remeasurement (reversal) of loss allowance	<u>1,660</u>	<u>(28,254)</u>
Balance at December 31	<u>\$ 3,453</u>	<u>\$ 1,793</u>

9. INVENTORIES

	December 31	
	2020	2019
Merchandise	\$ 105,642	\$ 131,294
Finished goods	263,485	295,289
Work in progress	298,021	336,412
Raw materials and supplies	522,544	457,607
Inventory in transit	<u>2,604</u>	<u>11,472</u>
	<u>\$ 1,192,296</u>	<u>\$ 1,232,074</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	\$ 6,537,457	\$ 6,269,599
Inventory write-downs	<u>23,905</u>	<u>6,142</u>
	<u>\$ 6,561,362</u>	<u>\$ 6,275,741</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31				Remark
	2020		2019		
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	
<u>Investment in subsidiaries - unlisted companies</u>					
Sinon Cayman Corporation ("Sinon Cayman")	\$ 1,463,942	100	\$ 1,454,713	100	
Yumei Biotec Co., Ltd. ("Yumei Biotec")	516,271	100	482,669	100	
Hsing Wei Corporation ("Hsing Wei")	462,794	100	436,427	100	

(Continued)

	December 31				Remark
	2020		2019		
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	
<u>Investment in subsidiaries - unlisted companies</u>					
Taiwan Fresh Supermarket Co., Ltd. (“TFS”)	\$ 342,783	88	\$ 334,540	88	
Syntai Chemicals Ltd. (“Syntai Chemicals”)	277,330	100	275,651	100	
Sinon Do Brazil Ltda. (“Sinon Brazil”)	94,484	100	(58,251)	100	(1)
Sinon Australia Pty Limited (“Sinon Australia”)	7,940	100	(69,745)	100	(1)
Sinon Eu GmbH (“Sinon Germany”)	1,142	100	1,195	100	(2)
Sinon Trading Co., Ltd. (“Sinon Trading”)	1,007	100	914	100	(2)
Sinon USA, Inc. (“Sinon USA”)	591	100	582	100	(2)
Pt Sinon Indonesia (“Sinon Indonesia”)	-	100	45	100	(2)(4)
Sinon (Thailand) Co., Ltd. (“Sinon Thailand”)	(3,335)	100	(6,651)	100	(2)(3)
	3,164,949		2,852,063		

Investment in associates - unlisted companies

Knowledge & Service Information Co., Ltd. ("K&S")	<u>40,534</u>	49	<u>37,489</u>	49	
	3,205,483		2,889,552		
Add: Investments accounted for using the equity method -credit balance	<u>3,335</u>		<u>134,647</u>		
	<u>\$ 3,208,818</u>		<u>\$ 3,024,199</u>		

(Concluded)

- 1) The Company's board of directors approved to increase the capital of Sinon Brazil and Sinon Australia by the transfer of accounts receivable totaling \$374,721 thousand and \$80,812 thousand in November 2020.
- 2) The financial statements of insignificant subsidiaries had not been audited. However, the Company believes that had those companies' financial statements been audited, any adjustments would have no material effect on the Company's financial statements.
- 3) 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.
- 4) PT Sinon Indonesia had been liquidated in September 2020. Therefore, the amount of \$3,047 thousand related to exchange differences on translating the financial statements of foreign operations was reclassified to loss on disposal of investments.

The summarized financial information in respect of the Company's associates is set out below:

	For the Year Ended December 31	
	2020	2019
The company's share of :		
Net profit for the year	\$ 5,506	\$ 4,310
Other comprehensive income	<u>1,326</u>	<u>1,541</u>
Total comprehensive income	<u>\$ 6,832</u>	<u>\$ 5,851</u>

See Table 6 and 7 for the nature of activities, principal place of business and country of incorporation of the associates.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Company	\$ 4,246,959	\$ 4,490,999
Assets leased under operating leases	<u>81,071</u>	<u>75,296</u>
	<u>\$ 4,328,030</u>	<u>\$ 4,566,295</u>

a. Assets used by the Company

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 2,861,778	\$ -	\$ (5,338)	\$ (6,953)	\$ 2,849,487
Buildings	1,020,518	14,769	(5,559)	132	1,029,860
Machinery and equipment	2,336,435	17,608	(49,819)	38,963	2,343,187
Transportation equipment	36,341	445	(973)	-	35,813
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,394,695	37,478	(202,663)	31,431	1,260,941
Property under construction	<u>126,748</u>	<u>40,487</u>	<u>-</u>	<u>(51,398)</u>	<u>115,837</u>
	<u>7,801,379</u>	<u>\$ 110,787</u>	<u>\$ (264,352)</u>	<u>\$ 12,175</u>	<u>7,659,989</u>
<u>Accumulated depreciation</u>					
Buildings	438,557	\$ 40,238	\$ (4,512)	\$ -	474,283
Machinery and equipment	1,797,574	184,610	(48,565)	-	1,933,619
Transportation equipment	29,568	2,611	(973)	-	31,206
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	<u>1,017,217</u>	<u>131,860</u>	<u>(202,619)</u>	<u>-</u>	<u>946,458</u>
	<u>3,307,780</u>	<u>\$ 359,319</u>	<u>\$ (256,669)</u>	<u>\$ -</u>	<u>3,410,430</u>
<u>Accumulated impairment</u>					
Buildings	<u>2,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,600</u>
	<u>\$ 4,490,999</u>				<u>\$ 4,246,959</u>

For the Year Ended December 31, 2019							
	Beginning Balance	Adjustments on Initial Application of IFRS 16	Beginning Balance (Restated)	Additions	Disposals	Reclassified	Ending Balance
<u>Cost</u>							
Land	\$ 2,900,929	\$ (40,164)	\$ 2,860,765	\$ 406	\$ -	\$ 607	\$ 2,861,778
Buildings	1,086,617	(65,835)	1,020,782	402	(5,300)	4,634	1,020,518
Machinery and equipment	2,281,938	-	2,281,938	28,680	(40,007)	65,824	2,336,435
Transportation equipment	35,875	-	35,875	1,361	(895)	-	36,341
Leasehold improvements	24,864	-	24,864	-	-	-	24,864
Other equipment	1,463,773	-	1,463,773	36,737	(144,745)	38,930	1,394,695
Property under construction	130,872	-	130,872	62,115	-	(66,239)	126,748
	<u>7,924,868</u>	<u>\$ (105,999)</u>	<u>7,818,869</u>	<u>\$ 129,701</u>	<u>\$ (190,947)</u>	<u>\$ 43,756</u>	<u>7,801,379</u>
<u>Accumulated depreciation</u>							
Buildings	433,115	\$ (29,525)	403,590	\$ 40,267	\$ (5,300)	\$ -	438,557
Machinery and equipment	1,644,566	-	1,644,566	192,768	(39,760)	-	1,797,574
Transportation equipment	27,353	-	27,353	3,110	(895)	-	29,568
Leasehold improvements	24,864	-	24,864	-	-	-	24,864
Other equipment	1,023,149	-	1,023,149	137,552	(143,484)	-	1,017,217
	<u>3,153,047</u>	<u>\$ (29,525)</u>	<u>3,123,522</u>	<u>\$ 373,697</u>	<u>\$ (189,439)</u>	<u>\$ -</u>	<u>3,307,780</u>
<u>Accumulated impairment</u>							
Buildings	2,600	\$ -	2,600	\$ -	\$ -	\$ -	2,600
	<u>\$ 4,769,221</u>		<u>\$ 4,692,747</u>				<u>\$ 4,490,999</u>

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

Buildings	
Main buildings	5-61 years
Mechanical and electrical facilities	8-21 years
Others	5-31 years
Machinery and equipment	3-18 years
Transportation equipment	4-8 years
Leasehold improvements	2-7 years
Other equipment	3-25 years

b. Assets leased under operating leases

For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Land	\$ 40,164	\$ -	\$ 6,953	\$ 47,117
Buildings	65,835	-	-	65,835
	<u>105,999</u>	<u>\$ -</u>	<u>\$ 6,953</u>	<u>112,952</u>
<u>Accumulated depreciation</u>				
Buildings	30,703	\$ 1,178	\$ -	31,881
	<u>\$ 75,296</u>			<u>\$ 81,071</u>

For the Year Ended December 31, 2019					
	Beginning Balance	Adjustments on Initial Application of IFRS 16	Beginning Balance (Restated)	Additions	Ending Balance
<u>Cost</u>					
Land	\$ -	\$ 40,164	\$ 40,164	\$ -	\$ 40,164
Buildings	-	65,835	65,835	-	65,835
	-	<u>\$ 105,999</u>	<u>\$ 105,999</u>	<u>-</u>	<u>\$ 105,999</u>
<u>Accumulated depreciation</u>					
Buildings	-	<u>\$ 29,525</u>	<u>\$ 29,525</u>	<u>\$ 1,178</u>	<u>30,703</u>
	<u>-</u>		<u>\$ 76,474</u>		<u>\$ 75,296</u>

Operating leases relate to lease of land and buildings 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:

	December 31	
	2020	2019
Year 1	\$ 2,095	\$ 2,077
Year 2	291	1,849
Year 3	-	135
	<u>\$ 2,386</u>	<u>\$ 4,061</u>

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

Buildings	
Main buildings	11-56 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 31,440	\$ 10,078
Buildings	-	371
Transportation equipment	<u>6,099</u>	<u>5,164</u>
	<u>\$ 37,539</u>	<u>\$ 15,613</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 38,903	\$ 15,240
Depreciation charge for right-of-use assets		
Land	\$ 11,920	\$ 4,202
Buildings	371	463
Transportation equipment	3,611	3,591
	\$ 15,902	\$ 8,256

Except for recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	\$ 13,282	\$ 8,399
Non-current	\$ 24,785	\$ 7,366

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2020	2019
Land	3.21%	3.21%
Buildings	3.21%	3.21%
Transportation equipment	3.08%-3.21%	3.21%

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants with lease terms of 2 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 15,911	\$ 25,490
Expenses relating to low-value asset leases	\$ -	\$ 8
Expenses relating to variable lease payments not included in measurement of lease liabilities	\$ 1,092	\$ 839
Total cash outflow for leases	\$ (33,844)	\$ (34,960)

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

13. NON-CURRENT ASSETS - OTHERS

Land is restricted to agricultural use and is registered in the name of another person. However, the Company retains control over the land. The land being used as roads was also reclassified as other assets.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ 548,349	\$ 773,002
Loans for purchasing raw material	83,336	84,527
Transferred receivables	<u>11,166</u>	<u>-</u>
	<u>\$ 642,851</u>	<u>\$ 857,529</u>
<u>Interest (%)</u>		
Unsecured borrowings	0.49-1.01	0.73-1.26
Loans for purchasing raw material	0.79-1.11	2.60-3.24
Transferred receivables	1.25	-

Refer to Notes 23, 24 and 25 for information relating to factoring receivables from related parties secured by the Company's accounts receivable.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ <u>-</u>	\$ <u>20,000</u>
Interest (%)	-	0.99

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ 1,315,000	\$ 1,747,203
Less: Current portion	<u>(660,000)</u>	<u>(682,203)</u>
Long-term borrowings	<u>\$ 655,000</u>	<u>\$ 1,065,000</u>
Interest rate (%)	0.93-1.15	1.30-1.55

15. OTHER PAYABLES

	December 31	
	2020	2019
Accrued salary and bonus	\$ 273,120	\$ 322,047
Bonus for employees and remuneration of directors and supervisors	33,234	50,506
Others	<u>368,984</u>	<u>358,289</u>
	<u>\$ 675,338</u>	<u>\$ 730,842</u>

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 779,618	\$ 588,592
Fair value of plan assets	<u>(322,515)</u>	<u>(335,026)</u>
Net defined benefit liabilities	<u>\$ 457,103</u>	<u>\$ 253,566</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	\$ 580,308	\$ (340,098)	\$ 240,210
Service cost			
Current service cost	7,471	-	7,471
Past service cost and loss (gain) on settlements	<u>5,733</u>	<u>(3,355)</u>	<u>2,378</u>
Recognized in profit or loss	<u>13,204</u>	<u>(3,355)</u>	<u>9,849</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,259)	(12,259)
Actuarial loss			
- changes in demographic assumptions	184	-	184
- experience adjustments	4,593	-	4,593
- changes in financial assumptions	<u>15,435</u>	<u>-</u>	<u>15,435</u>
Recognized in other comprehensive income	<u>20,212</u>	<u>(12,259)</u>	<u>7,953</u>
Contributions from the employer	-	(4,271)	(4,271)
Benefits paid	<u>(25,132)</u>	<u>24,957</u>	<u>(175)</u>
	<u>(25,132)</u>	<u>20,686</u>	<u>(4,446)</u>
Balance at December 31, 2019	<u>588,592</u>	<u>(335,026)</u>	<u>253,566</u>
Service cost			
Current service cost	6,825	-	6,825
Past service cost and loss (gain) on settlements	<u>4,345</u>	<u>(2,460)</u>	<u>1,885</u>
Recognized in profit or loss	<u>11,170</u>	<u>(2,460)</u>	<u>8,710</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,350)	(11,350)
Actuarial loss			
- changes in demographic assumptions	219	-	219
- experience adjustments	200,783	-	200,783
- changes in financial assumptions	<u>32,249</u>	<u>-</u>	<u>32,249</u>
Recognized in other comprehensive income	<u>233,251</u>	<u>(11,350)</u>	<u>221,901</u>
Contributions from the employer	-	(25,160)	(25,160)
Benefits paid	<u>(53,395)</u>	<u>51,481</u>	<u>(1,914)</u>
	<u>(53,395)</u>	<u>26,321</u>	<u>(27,074)</u>
Balance at December 31, 2020	<u>\$ 779,618</u>	<u>\$ (322,515)</u>	<u>\$ 457,103</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2020	2019
Discount rate(s)	0.35%	0.75%
Expected rate(s) of salary increase	3%	3%
Turnover rates(s)	0.44%	0.46%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	\$ (20,388)	\$ (15,443)
0.25% decrease	\$ 21,158	\$ 16,023
Expected rate(s) of salary increase		
0.25% increase	\$ 20,553	\$ 15,628
0.25% decrease	\$ (19,920)	\$ (15,147)
Turnover rate		
10% increase	\$ (108)	\$ (84)
10% decrease	\$ 108	\$ 85

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ 5,366	\$ 4,634
The average duration of the defined benefit obligation	10 years	10 years

17. EQUITY

a. Ordinary shares

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

b. Capital surplus

	December 31	
	2020	2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from conversion of bonds	\$ 394,097	\$ 394,097
Arising from treasury share transactions	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
<u>May only be used to offset a deficit</u>		
Others	958	943
	<u>\$ 450,304</u>	<u>\$ 450,289</u>

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of Sinon, 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, until the accumulated legal reserve equals the Company's paid-in capital, 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 dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholder's meeting.

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 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

The appropriations of earnings and dividends per share for 2020 were proposed by the Company's board of directors on March 19, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 53,095
Reverse special reserve	\$ (45,373)
Cash dividends	\$ 546,640
Cash dividends per share (NT\$)	\$ 1.3

The appropriation of earnings for 2020 is subject to resolution of the shareholders' meeting to be held on June 22, 2021.

18. REVENUE

	For the Year Ended December 31		
	2020	2019	
Revenue from contracts with customers			
Revenue from sale of goods	\$ 8,625,036	\$ 8,216,128	
a. Contract balances			
	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable and trade receivables	\$ 1,445,591	\$ 1,926,542	\$ 2,394,600
Contract liabilities - current			
Sale of goods	\$ 47,612	\$ 4,312	\$ 18,561

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

b. Disaggregation of revenue

Refer to Statement 10 for information about disaggregation of revenue.

19. COMPREHENSIVE INCOME FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	\$ 40,467	\$ 39,054
Dividends	581	388
Others	<u>15,333</u>	<u>17,849</u>
	<u>\$ 56,381</u>	<u>\$ 57,291</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of investments	\$ 156,658	\$ -
Net foreign exchange gain (loss)	(69,010)	(14,260)
Gain (loss) on disposal of property, plant and equipment	(3,145)	424
Net loss on financial liabilities at fair value through profit or loss	(2,353)	-
Loss on disposal of other non-current assets	(1,274)	-
Others	<u>(2,400)</u>	<u>(11,402)</u>
	<u>\$ 78,476</u>	<u>\$ (25,238)</u>

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 30,432	\$ 41,388
Interest on lease liabilities	1,364	472
Other finance costs	<u>1,826</u>	<u>1,435</u>
	<u>\$ 33,622</u>	<u>\$ 43,295</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	\$ 1,866	\$ 2,013
Capitalization rate	1.415%	1.4392%

d. Depreciation

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 305,006	\$ 314,795
Operating expenses	<u>71,393</u>	<u>68,336</u>
	<u>\$ 376,399</u>	<u>\$ 383,131</u>

e. Employee benefits expense

	Operating Costs	Operating Expenses	Total
<u>For the year ended December 31, 2020</u>			
Salary and wages	\$ 294,960	\$ 704,629	\$ 999,589
Labor and health insurance costs	27,117	56,187	83,304
Post-employment benefits			
Defined contribution plans	11,304	22,305	33,609
Defined benefit plans	2,684	6,026	8,710
Remuneration of directors	-	31,058	31,058
Other employee benefits	8,382	27,167	35,549
<u>For the year ended December 31, 2019</u>			
Salary and wages	283,725	648,146	931,871
Labor and health insurance costs	27,629	58,877	86,506
Post-employment benefits			
Defined contribution plans	11,138	21,170	32,308
Defined benefit plans	3,382	6,467	9,849
Remuneration of directors	-	47,730	47,730
Other employee benefits	7,141	24,985	32,126

For the years ended December 31, 2020 and 2019, the Company had an average of 1,375 and 1,379 employees, respectively, which included 7 non-employee directors in both years and the calculation basis is as same as average labor cost. Average labor cost for the years ended December 31, 2020 and 2019 was \$849 thousand and \$796 thousand, respectively, average salary and bonus were \$731 thousand and \$679 thousand, respectively. The average salary and bonus increased by 8% year over year.

The Company set up an audit committee to replace the supervisor. The Company's remuneration policies of directors and managers are mainly based on their participation in the Company's operations and contributions and are paid with reference to the level of the industry. The policy, structure and standard of remuneration have been reviewed and approved by the remuneration committee.

- 1) The payment of remuneration of directors is also based on the results of the director's performance evaluation for the year, including the degree of participation in the Company's operations, achievement of the Company's goals and tasks, and awareness of directors' responsibilities.
- 2) The payment of remuneration of managers shall be approved according to the personnel management and welfare regulations. The payment of remuneration was assessed every quarter regularly and is based on managers' contributions, such as the achievement of the business plan and the growth situation.

The Company's compensation policies of employees not only set reasonable remuneration standards based on the labor market, but also provide stability based on factors, such as rank and personal academic experience, professional skills, work performance, seniority, workload, etc. The salary adjustment policy does not involve gender differences. In addition, based on the Company's operating performance and assessment results of employees, performance bonuses will be issued to share operating results with employees.

f. Employees' compensation and remuneration of directors

The shareholders of the Company held their regular meeting on June, 2020 and in that meeting, resolved the amendments to the Articles. The amendments explicitly stipulate that the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendments, where the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors in March 2021 and 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	\$ 8,309	1%	\$ 8,418
Remuneration of directors	3%	24,925	5%	42,088

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

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

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

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 146,208	\$ 129,313
Adjustments for prior years	<u>(24,556)</u>	<u>(9,310)</u>
	<u>121,652</u>	<u>120,003</u>
Deferred tax		
In respect of the current year	(6,204)	(3,596)
Adjustments for prior years	<u>(33,421)</u>	<u>-</u>
	<u>(39,625)</u>	<u>(3,596)</u>
Income tax expense recognized in profit or loss	<u>\$ 82,027</u>	<u>\$ 116,407</u>

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

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	\$ 159,524	\$ 158,252
Nondeductible expenses in determining taxable income	1,378	89
Tax-exempt income	(74,636)	(35,875)
Investment tax credits	(2,076)	-
Land value incremental tax	5,190	-
Unrecognized loss deductible temporary differences	50,624	3,251
Adjustments for prior years' tax	<u>(57,977)</u>	<u>(9,310)</u>
Income tax expense recognized in profit or loss	<u>\$ 82,027</u>	<u>\$ 116,407</u>

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

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligation	\$ 29,210	\$ 3,291	\$ 44,380	\$ 76,881
Provisions for inventory write-downs	12,132	4,781	-	16,913
Unrealized gross profit	3,046	958	-	4,004
Unrealized exchange loss	5,669	(2,951)	-	2,718
Others	<u>939</u>	<u>20</u>	<u>-</u>	<u>959</u>
	<u>\$ 50,996</u>	<u>\$ 6,099</u>	<u>\$ 44,380</u>	<u>\$ 101,475</u>
Deferred Tax Liabilities				
Temporary differences				
Land appreciation tax	\$ 203,497	\$ (33,449)	\$ -	\$ 170,048
Foreign investment income	<u>44,319</u>	<u>(77)</u>	<u>-</u>	<u>44,242</u>
	<u>\$ 247,816</u>	<u>\$ (33,526)</u>	<u>\$ -</u>	<u>\$ 214,290</u>

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligation	\$ 17,182	\$ 10,438	\$ 1,590	\$ 29,210
Provisions for inventory write-downs	10,903	1,229	-	12,132
Unrealized exchange loss	-	5,669	-	5,669
Unrealized gross profit	10,644	(7,598)	-	3,046
Others	<u>2,285</u>	<u>(1,346)</u>	<u>-</u>	<u>939</u>
	<u>\$ 41,014</u>	<u>\$ 8,392</u>	<u>\$ 1,590</u>	<u>\$ 50,996</u>
Deferred Tax Liabilities				
Temporary differences				
Land appreciation tax	\$ 203,497	\$ -	\$ -	\$ 203,497
Foreign investment income	37,093	7,226	-	44,319
Others	<u>2,430</u>	<u>(2,430)</u>	<u>-</u>	<u>-</u>
	<u>\$ 243,020</u>	<u>\$ 4,796</u>	<u>\$ -</u>	<u>\$ 247,816</u>

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

	December 31	
	2020	2019
Deductible temporary differences	<u>\$ 220,070</u>	<u>\$ 169,446</u>

- d. Income tax examinations

Income tax returns through 2018 of the Company located in Taiwan have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Amounts (Numerator)	Number of Shares (Denominator) (In Thousands)	EPS (NT\$)
<u>For the year ended December 31, 2020</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 715,593	420,492	<u>\$ 1.70</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>504</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 715,593</u>	<u>420,996</u>	<u>\$ 1.70</u>
<u>For the year ended December 31, 2019</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 674,855	420,492	<u>\$ 1.60</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>558</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 674,855</u>	<u>421,050</u>	<u>\$ 1.60</u>

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company 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.

22. CAPITAL MANAGEMENT

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

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

Key management personnel of the Company 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 Company 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.

23. 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
<u>December 31, 2020</u>				
Financial liabilities at FVTPL				
Foreign exchange forward contractors	\$ -	\$ 2,353	\$ -	\$ 2,353
<u>December 31, 2019</u>				
Financial assets at FVTPL				
Shares not listed in the ROC	\$ -	\$ -	\$ 23,253	\$ 23,253

There were no transfers between Level 1 and Level 2 in 2020 and 2019.

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

	Equity Instruments Financial Assets at FVTPL	
	2020	2019
<u>For the Nine months Ended September 30, 2020</u>		
Balance at January 1, 2020	\$ 23,253	\$ 23,253
Recognized in profit or loss	159,705	-
Sales	(182,958)	-
Balance at December 31, 2020	\$ -	\$ 23,253

3) 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.

4) 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. Fair value of financial instruments not measured at fair value

Owing to the future value of cash and cash equivalents, financial assets at amortized cost, notes receivable and payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their book values. The fair values have been estimated based on the book value on the balance sheet date.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Amortized cost (1)	\$ 2,219,649	\$ 2,505,954
Financial assets at FVTPL	-	23,253
<u>Financial liabilities</u>		
Amortized cost (2)	3,492,864	4,120,335
Financial liabilities at FVTPL	2,353	-

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

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, borrowings and lease liabilities. The Company'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 Company 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 Company sought 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 Company'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 Company'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 Company'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 Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 27.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the USD against the relevant foreign currencies. A positive number below indicates an increase in pre-tax profit associated with the USD strengthening 1% against the relevant currency. For a 1% weakening of the USD against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

Functional Currency	For the Year Ended December 31	
	2020	2019
NTD	\$ 7,106	\$ 13,404

This was mainly attributable to the exposure of outstanding receivables and payables denominated in USD, which were not hedged at the end of the reporting period. The above table details the Company'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 Company is exposed to interest rate risk because the Company deposits and borrows funds at both fixed and floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period was as follows.

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 21,813	\$ 45,846
Financial liabilities	532,569	649,597
Cash flow interest rate risk		
Financial assets	625,592	447,661
Financial liabilities	1,463,349	1,990,900

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period.

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been changed and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$2,094 thousand and \$3,858 thousand, respectively.

2) Credit risk

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

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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 Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities in the amounts of \$3,889,450 thousand and \$3,345,980 thousand, respectively.

The following table details the Company'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 Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1+Year
<u>December 31, 2020</u>			
Non-interest bearing liabilities	\$ 1,460,098	\$ -	\$ -
Lease liabilities	4,904	9,350	25,851
Variable interest rate liabilities	282,663	825,686	355,000
Fixed interest rate liabilities	<u>40,153</u>	<u>154,349</u>	<u>300,000</u>
	<u>\$ 1,787,818</u>	<u>\$ 989,385</u>	<u>\$ 680,851</u>

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1+Year
<u>December 31, 2019</u>			
Non-interest bearing liabilities	\$ 1,421,080	\$ -	\$ -
Lease liabilities	3,926	4,804	7,510
Variable interest rate liabilities	421,393	604,508	965,000
Fixed interest rate liabilities	<u>135,076</u>	<u>398,756</u>	<u>100,000</u>
	<u>\$ 1,981,475</u>	<u>\$ 1,008,068</u>	<u>\$ 1,072,510</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
<u>December 31, 2020</u>		
Lease liabilities	<u>\$ 14,254</u>	<u>\$ 25,851</u>
<u>December 31, 2019</u>		
Lease liabilities	<u>\$ 8,730</u>	<u>\$ 7,510</u>

d. Transfers of financial assets

The Company signed a contract for accounts receivable factoring in the amounts of \$13,958 thousand at a price of \$11,166 thousand. The contract stipulates that if the accounts receivable cannot be collected, the factor has the right to request the Company to pay the outstanding balance. Thus, the Company did not transfer the significant risks and rewards of the accounts receivable and continues to recognize the collateral of borrowings; refer to Notes 14, 24 and 25.

As of December 31, 2020, factoring accounts receivable with recourse from related parties amounted to \$13,958 thousand and related liabilities amounted to \$11,166 thousand.

24. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and categories

Related Party Names	Related Party Categories
TFS	Subsidiary
Feng Nien Corporation (“Feng Nien”)	Subsidiary
Weightstone Vineyard Estate & Winery Co., Ltd. (“Weightstone”)	Subsidiary
Syntai Chemicals	Subsidiary
Hsing Wei	Subsidiary
Sinon Trading	Subsidiary

(Continued)

Related Party Names	Related Party Categories
Yumei Biotec	Subsidiary
Taiwan Agriculture and Food Health Testing Co., Ltd. ("TAFHT")	Associate (disposed in December 2019)
K&S	Associate
Sinon Brazil	Subsidiary
Sinon Australia	Subsidiary
Sinon Thailand	Subsidiary
Sinon USA	Subsidiary
Zhongshan Sinon Daily Products Co., Ltd. ("Sinon Zhongshan")	Subsidiary
Sinon Chemical (China) Co., Ltd. ("Sinon China")	Subsidiary
Poise Packing Co., Ltd. ("Poise Packing")	Subsidiary
Sinon Chemical (Nantong) Co. Ltd. ("Sinon Nantong")	Subsidiary
	(Concluded)

b. Sales

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Sinon Brazil	\$ 532,193	\$ 730,665
Others	<u>236,950</u>	<u>258,769</u>
	<u>\$ 769,143</u>	<u>\$ 989,434</u>

There was no material difference in sales prices and terms between related and third parties. The general credit term was T/T 180 to 360 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Sinon China	\$ 698,358	\$ 500,203
Others	<u>107,924</u>	<u>103,543</u>
	<u>\$ 806,282</u>	<u>\$ 603,746</u>

There was no significant difference between related and third parties. The term on purchases of goods was 30-60 days after the transaction date.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries		
Sinon Brazil	\$ 493,688	\$ 967,324
Sinon Australia	13,451	99,403
Others	<u>78,575</u>	<u>67,541</u>
	<u>\$ 585,714</u>	<u>\$ 1,134,268</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December, 31 2020 and 2019, no impairment losses were recognized for receivables from related parties. For the amount of the Company's trade receivables factoring and the related information of collateral, refer to Notes 14, 23 and 25.

e. Payables to related parties (excluding loans from related parties)

Related Party Categories	December 31	
	2020	2019
Subsidiaries	\$ 36,823	\$ 12,081
Associates	<u>1,353</u>	<u>262</u>
	<u>\$ 38,176</u>	<u>\$ 12,343</u>

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

f. Other receivables

Related Party Categories	December 31	
	2020	2019
Subsidiaries	\$ 2,454	\$ 5,686
Associates	<u>189</u>	<u>189</u>
	<u>\$ 2,643</u>	<u>\$ 5,875</u>

g. Prepayments

Related Party Categories	December 31	
	2020	2019
Associates	<u>\$ -</u>	<u>\$ 336</u>

h. Acquisitions of property, plant and equipment

Related Party Categories	Purchase Price For the Year Ended December 31	
	2020	2019
Associates	<u>\$ -</u>	<u>\$ 595</u>

i. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	Related Party Categories	December 31	
		2020	2019
	Subsidiaries	\$ <u>-</u>	\$ <u>87,307</u>
j. Others			
		For the Year Ended December 31	
		2020	2019
1) Manufacturing and operating expenses			
	Subsidiaries	\$ 103,285	\$ 91,008
	Associates	<u>2,979</u>	<u>6,293</u>
		\$ <u>106,264</u>	\$ <u>97,301</u>
2) Rental income			
	Subsidiaries	\$ 34,885	\$ 34,315
	Associates	<u>1,680</u>	<u>1,703</u>
		\$ <u>36,565</u>	\$ <u>36,018</u>
3) Other income			
	Subsidiaries	\$ <u>1,978</u>	\$ <u>5,363</u>
k. Compensation of key management personnel			

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 19,459	\$ 17,595
Post-employment benefits	<u>249</u>	<u>249</u>
	\$ <u>19,708</u>	\$ <u>17,844</u>

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for commercial paper and bank borrowings:

	December 31	
	2020	2019
Trade receivables from related parties	\$ 13,958	\$ -
Refundable deposits	<u>13,800</u>	<u>13,800</u>
	\$ <u>27,758</u>	\$ <u>13,800</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$18,201 thousand and \$24,590 thousand, respectively.

b. Unrecognized commitments

	December 31	
	2020	2019
Acquisition of property, plant and equipment	<u>\$ 85,604</u>	<u>\$ 73,988</u>

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company 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:

	December 31, 2020			December 31, 2019		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD (USD/NTD)	\$ 49,245	28.508	\$ 1,403,873	\$ 62,830	30.106	\$ 1,891,575
AUD (AUD/NTD)	637	21.952	13,978	5,291	21.112	111,703
JPY (JPY/NTD)	363,489	0.276	100,250	272,321	0.277	75,433
<u>Non-monetary items</u>						
Investments accounted for using the equity method						
USD (USD/NTD)	51,373	28.508	1,464,533	48,339	30.106	1,455,295
BRL (BRL/NTD)	17,185	5.498	94,484	-	-	-
	December 31, 2020			December 31, 2019		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>						
Monetary items						
USD (USD/NTD)	\$ 24,317	28.508	\$ 693,236	\$ 18,308	30.106	\$ 551,193
JPY (JPY/NTD)	18,924	0.276	5,219	15,942	0.277	4,416
Investments accounted for using the equity method						
BRL (BRL/NTD)	-	-	-	5,918	7.492	44,335

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	For the Year Ended December 31			
	2020		2019	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.564 (USD:NTD)	\$ (71,601)	30.924 (USD:NTD)	\$ (15,760)

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held: Table 3
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: Note 7
- 10) Information on investees: 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: Table 4

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4
 - 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 of the period, 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)

TABLE 1

SINON CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 17,522 (RMB 4,000)	\$ 17,450 (RMB 4,000)	\$ 17,450 (RMB 4,000)	4.786	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 283,019 (RMB 64,874)	\$ 566,037 (RMB 129,748)
		Poise Packing	Other receivables	Yes	52,566 (RMB 12,000)	52,351 (RMB 12,000)	-	4.568	Short-term financing	-	Operation	-	-	-	283,019 (RMB 64,874)	566,037 (RMB 129,748)

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 shareholders’ equity of subsidiaries.

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 shareholders’ equity of subsidiaries.

TABLE 2

SINON CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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										
0	Sinon Corporation	Yumei Sinon China	(Note 1) (Note 1)	\$ 1,411,826 2,117,738	\$ 501,650 333,630	\$ - -	\$ - -	None None	- -	\$ 2,823,651 2,823,651	Yes Yes	No No	No Yes

Note 1: Please refer to Note 10.

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.

TABLE 3

SINON CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			
				Shares	Carrying Value	Percentage of Ownership	Fair Value (Note 1)
Sinon Nantong	<u>Structured deposits</u> Bank of Communications Co., Ltd. - Yun Tong Fortune 7 days structured deposits	None	Financial assets at FVTPL - non-current	-	\$ 6,554	-	\$ 6,554
Sinon China	<u>Structured deposits</u> China Merchants Bank - Chao Jhao Jin financial plan	None	Financial assets at FVTPL - non-current	-	2,184	-	2,184

TABLE 4

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 YEAR ENDED DECEMBER 31, 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	\$ 698,358	18	30-60 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	\$ (15,000)	(2)	
	Syntai Chemicals	Subsidiary	Purchase	105,067	3	30-60 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	(21,240)	(3)	
	Sinon Brazil	Subsidiary	Sale	(532,193)	(6)	T/T 360 days after the transaction date	There is no significant difference between third parties and related parties	(Note)	493,688	34	

Note: The collection terms of Sinon Brazil depend on operation considerations.

SINON CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 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	\$ 493,688	0.73	\$ -	Strengthen collection	\$ -	\$ -

TABLE 6

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and U.S. Dollars/ In Thousands of Shares)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 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	100	\$ 277,330	\$ 11,264	\$ 11,264	Subsidiary
	Hsing Wei	Taichung, ROC	Manufacture and sale of cement	25,609	25,609	33,000	100	462,794	52,796	52,918	Subsidiary
	TFS	Taichung, ROC	Supermarket	264,793	264,793	26,380	88	342,783	49,093	43,882	Subsidiary
	Yumei	Taichung, ROC	Houseware, catering services and retail of agricultural products	400,167	400,167	20,030	100	516,271	99,006	99,229	Subsidiary
	Sinon Trading	Taichung, ROC	Trading	1,001	1,001	100	100	1,007	93	93	Subsidiary
	Sinon Cayman	British Cayman Islands	Holding company	1,394,195	1,394,195	44,280	100	1,463,942	(298)	(298)	Subsidiary
	Sinon Brazil	Alegre, Brazil	Manufacture and import and export of medical and chemical products	885,100	510,379	101,748	100	94,484	(246,371)	(246,371)	Subsidiary
	Sinon Australia	Sydney, Australia	Import and export of chemical products	255,360	174,548	10,000	100	7,940	(4,795)	(4,795)	Subsidiary
	Sinon Thailand	Bangkok, Thailand	Import and export of chemical products	17,109	17,109	20	100	(3,335)	3,139	3,139	Subsidiary
	Sinon USA	California, USA	Import and export of chemical products	1,689	1,689	50	100	591	41	41	Subsidiary
	Sinon Germany	Hamburger, Germany	Import and export of chemical products	1,049	1,049	25	100	1,142	(87)	(87)	Subsidiary
	Sinon Indonesia	Jakarta, Indonesia	Import and export of chemical products	-	106,555	(Note 2)	(Note 2)	(Note 2)	(41)	(41)	Subsidiary
	K&S	Taichung, ROC	Design and sale of software	18,086	18,086	1,952	49	40,534	11,284	5,506	Investments accounted for using the equity method
TFS	Feng Nien	Taichung, ROC	Supermarket	47,271	47,271	1,420	100	34,034	9,395	9,395	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	100	32,613	710	710	Indirectly owned subsidiary
Sinon Cayman	Sinon Hong Kong	Wanchai, Hong Kong	Holding company	1,194,827	1,194,827	-	100	1,384,572	(823)	(823)	Indirectly owned subsidiary
K&S	K3 Systems Sdn Bhd	Malaysia	Software design and information security maintenance	(USD 37,980) 2,856	(USD 37,980) 2,856	338	45	(USD 48,569) 4,007	(USD 28) 1,198	(USD 28) 539	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 for Sinon Indonesia, , sinon Germany, Sinon Trading, Weighstone and K3 Systems Sdn Bhd. However, the Company believes that had those companies’ financial statements been audited, any adjustments would have no material effect on the Company’s financial statements.

Note 2: PT Sinon Indonesia had been liquidated in 2020.

TABLE 7

SINON CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 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)	\$ 63,222	100%	\$ 63,222	\$ 566,873	\$ -
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)	(64,879)	100%	(64,879)	832,399	-
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	-	-	-	-	8,081	100%	8,081	74,537	-
Sinon Zhongshan	Manufacture and sale of grocery, pesticide and plastics	113,083 (US\$ 3,700)	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)	-	-	105,354 (US\$ 3,400)	835	100% (Note 3)	835	(14,670)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 1,300,181	US\$ 41,380	No limit (Note 4)

Note 1: The Company recognized its investment gain (loss) based on the audited financial statements as of and for the year ended December 31, 2020.

Note 2: Synjia Zhongshan was merged with Sinon Zhongshan in September 2019. Refer to Note 11.

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 regarding the establishment of the Company’s operating headquarters.

SINON CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 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 preference 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.

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SINON CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Foreign Currency	Exchange Rate	Amount
Cash on hand			\$ <u>32,528</u>
Cash in banks			
Checking accounts			34,567
Demand deposits			320,941
Foreign currency deposits			
USD	8,095	28.508	230,784
JPY	94,103	0.276	25,954
RMB	5,122	4.363	22,346
EUR	549	34.792	19,087
GBP	156	38.936	6,061
AUD	19	21.951	<u>419</u>
			<u>660,159</u>
Cash equivalents			
Foreign currency time deposits (Note)			
RMB	5,000	4.363	<u>21,813</u>
			\$ <u>714,500</u>

Note: Expires in January 2021.

SINON CORPORATION

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
A Company	\$ 4,359
B Company	4,253
C Company	2,577
D Company	2,170
E Company	1,756
F Company	1,510
G Company	1,496
H Company	1,392
Others (Note)	<u>7,317</u>
	<u>\$ 26,830</u>

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

SINON CORPORATION**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Non-related parties	
I Company	\$ 157,561
J Company	65,614
K Company	49,577
L Company	46,882
M Company	45,463
Others (Note)	<u>471,403</u>
	836,500
Less: Allowance for impairment loss	<u>(3,453)</u>
	<u>\$ 833,047</u>

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

SINON CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note 1)
Merchandise	\$ 105,642	\$ 171,326
Finished goods	263,485	519,578
Work in process	298,021	377,027
Raw materials and supplies	522,544	574,767
Inventory in transit	<u>2,604</u>	<u>2,604</u>
	<u>\$ 1,192,296</u>	<u>\$ 1,645,302</u>

Note 1: Net realizable value is used in the valuation of inventories.

Note 2: Inventories have not been provided as a collateral.

SINON CORPORATION

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayment for purchases	\$ 112,436
Prepaid expenses	<u>33,988</u>
	<u>\$ 146,424</u>

SINON CORPORATION

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

Investees	Balance, January 1, 2020			Additions (Decrease) in Investments		Cash Dividends	Share of Profit of Associates Accounted for Using the Equity Method	Exchange Differences on Translating the Financial Statements of Foreign Operations	Others (Note)	Realized (Unrealized) Gain on Sale	Balance, December 31, 2020			Net Assets Value
	Shares	Ownership %	Amount	Shares	Amount						Shares	Ownership %	Amount	
Investment in subsidiaries														
Sinon Cayman	44,280,000	100	\$ 1,454,713	-	\$ -	\$ -	\$ (298)	\$ 9,527	\$ -	\$ -	44,280,000	100	\$ 1,463,942	\$ 1,463,942
Yumei Biotec	20,030,000	100	482,669	-	-	(63,814)	99,229	-	(1,813)	-	20,030,000	100	516,271	515,620
Hsing Wei	33,000,000	100	436,427	-	-	(25,936)	52,918	-	(615)	-	33,000,000	100	462,794	462,105
TFS	26,379,500	88	334,540	-	-	(31,655)	43,882	-	(3,984)	-	26,379,500	88	342,783	351,856
Syntai Chemicals	33,000,000	100	275,625	-	-	(9,302)	11,264	-	(257)	-	33,000,000	100	277,330	380,591
Sinon Brazil	32,316,471	100	(58,251)	69,431,396	374,721	-	(246,371)	29,008	-	(4,623)	101,747,867	100	94,484	113,022
Sinon Australia	6,100,000	100	(69,745)	3,900,000	80,812	-	(4,795)	1,668	-	-	10,000,000	100	7,940	7,940
Sinon Germany	25,000	100	1,195	-	-	-	(87)	34	-	-	25,000	100	1,142	1,142
Sinon Trading	100,000	100	914	-	-	-	93	-	-	-	100,000	100	1,007	1,007
Sinon USA	50,000	100	582	-	-	-	41	(32)	-	-	50,000	100	591	591
Sinon Indonesia	3,500,000	100	45	(3,500,000)	-	-	(41)	(4)	-	-	-	100	-	-
Sinon Thailand	20,000	100	(6,651)	-	-	-	3,139	347	-	(170)	20,000	100	(3,335)	(1,851)
			2,852,063		455,533	(130,707)	(41,026)	40,548	(6,669)	(4,793)			3,164,949	<u>\$ 3,295,965</u>
Investment in associates														
K&S	1,951,900	49	37,489	-	-	(3,787)	5,506	(86)	1,412	-	1,951,900	49	40,534	
			2,889,552		455,533	(134,494)	(35,520)	40,462	(5,257)	(4,793)			3,205,483	
Add: Investments accounted for using the equity method-credit balance			134,647		-	-	-	-	(131,312)	-			3,335	
			<u>\$ 3,024,199</u>		<u>\$ 455,533</u>	<u>\$ (134,494)</u>	<u>\$ (35,520)</u>	<u>\$ 40,462</u>	<u>\$ (136,569)</u>	<u>\$ (4,793)</u>			<u>\$ 3,208,818</u>	

Note: The Company recognized the unrealized gain and loss on financial assets and the remeasurement of the defined benefit plans based on the share of equity of investees attributable to the Company.

SINON CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSET
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 16,208	\$ 33,282	\$ -	\$ 49,490
Buildings	1,894	-	(1,894)	-
Machinery and equipment	<u>9,692</u>	<u>5,621</u>	<u>(6,066)</u>	<u>9,247</u>
	<u>27,794</u>	<u>\$ 38,903</u>	<u>\$ (7,960)</u>	<u>58,737</u>
<u>Accumulated depreciation</u>				
Land	6,130	\$ 11,920	\$ -	18,050
Buildings	1,523	371	(1,894)	-
Machinery and equipment	<u>4,528</u>	<u>3,611</u>	<u>(4,991)</u>	<u>3,148</u>
	<u>12,181</u>	<u>\$ 15,902</u>	<u>\$ (6,885)</u>	<u>21,198</u>
Net right-of-use asset	<u>\$ 15,613</u>			<u>\$ 37,539</u>

SINON CORPORATION**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Non-related parties	
N Company	\$ 130,649
O Company	70,755
Others (Note)	<u>537,227</u>
	<u>\$ 738,631</u>

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

SINON CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Borrowing Types and Banks	Maturity Date	Repayment Method	Interest Rates (%)	Current Portion	Long-term Borrowing	Total
Mizuho Bank	2020.11-2023.08	Principal is paid in full upon maturity.	(Note)	\$ -	\$ 300,000	\$ 300,000
KGI Commercial Bank	2020.10-2022.10	Can be repaid prior to maturity, borrowing can be used as revolving credit prior to the maturity date.	(Note)	-	220,000	220,000
Taishin International Bank	2018.08-2021.04	Can be repaid prior to maturity, borrowing cannot be used as revolving credit prior to the maturity date.	(Note)	200,000	-	200,000
Hua Nan Commercial Bank	2018.09-2023.09	Principal amount of NT\$15 million will be paid off quarterly.	(Note)	60,000	105,000	165,000
HSBC (Taiwan) Bank	2018.08-2021.08	Can be repaid prior to maturity, borrowing can be used as revolving credit prior to the maturity date.	(Note)	150,000	-	150,000
Mega International Commercial Bank	2018.09-2021.08	Can be repaid prior to maturity, borrowing can be used as revolving credit prior to the maturity date.	(Note)	100,000	-	100,000
O-Bank	2020.02-2021.12	Can be repaid prior to maturity, borrowing can be used as revolving credit prior to the maturity date.	(Note)	100,000	-	100,000
Yuanta Commercial Bank	2019.01-2021.12	Can be repaid in full prior to maturity.	(Note)	50,000	-	50,000
Taipei fubon Commercial Bank	2020.06-2023.05	Can be repaid prior to maturity, borrowing can be used as revolving credit prior to the maturity date.	(Note)	-	30,000	30,000
				<u>\$ 660,000</u>	<u>\$ 655,000</u>	<u>\$ 1,315,000</u>

Note: The annual interest rate is between 0.93% and 1.48%.

SINON CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Crop protection	\$ 8,346,130
Others	<u>460,395</u>
Gross sales	8,806,525
Less: Sales returns	(7,102)
Sales discounts and allowances	<u>(174,387)</u>
Net sales	<u>\$ 8,625,036</u>

SINON CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material and supplies, beginning of year	\$ 497,459
Raw material and supplies purchased	3,039,798
Raw material and supplies, end of year	(593,121)
Other adjustments	<u>(308,211)</u>
Raw material and supplies used	2,635,925
Direct labor	243,573
Manufacturing expenses	<u>973,376</u>
Manufacturing cost	3,852,874
Work in process, beginning of year	356,152
Work in process purchased	6,164
Work in process, end of year	(310,522)
Other adjustments	<u>17,125</u>
Cost of finished goods	3,921,793
Finished goods, beginning of year	297,617
Finished goods purchased	1,881
Finished goods, end of year	(264,885)
Other adjustments	<u>(29,784)</u>
Cost of finished goods	3,926,622
Merchandise, beginning of year	141,506
Merchandise purchased	800,109
Cost of triangular trade	1,503,264
Merchandise, end of year	<u>(108,332)</u>
Cost of merchandise	6,263,169
Other adjustments	<u>298,193</u>
Cost of operating costs	<u>\$ 6,561,362</u>

SINON CORPORATION

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

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and annual bonus	\$ 624,790	\$ 26,192	\$ 53,647
Shipping expense	100,741	-	1
Insurance expense	62,172	4,621	6,882
Depreciation expense	21,225	34,640	15,528
Others	<u>269,665</u>	<u>75,155</u>	<u>33,614</u>
	<u>\$ 1,078,593</u>	<u>\$ 140,608</u>	<u>\$ 109,672</u>