Grand Pacific Petrochemical Corporation and Its Subsidiaries

Consolidated Financial Statements for the Years Ended December 31,2019 and2018and Independent Auditors' Report

Declaration on the Consolidated Financial Statement of Associated Enterprises

The entities that should be included in the compiled Consolidated Financial Statements of the Associated Enterprises of Grand Pacific Petrochemical Corporation as of and for the year ended December 31, 2019 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of the Associates" are identical to those that should be compiled in the Consolidated Financial Statements of Parent Company and Subsidiaries in accordance with International Financial Reporting Standard (IFRS) 10 endorsed and issued to take effect by Financial Supervisory Commission (FSC) and all the information that should be disclosed in the Consolidated Financial Statements of the Associated Enterprises has been disclosed in the Consolidated Financial Statement of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statement of Associated Enterprises is not prepared separately.

Please take note of the above declaration

Name of Company:
Grand Pacific Petrochemical Corporation

Responsible person: Pin Cheng Yang

March 19, 2020

CPA Audit Report

To: the Board of Directors and Shareholders of Grand Pacific Petrochemical Corporation

Audit Opinions

We, as the CPAs, have completed the audit of the consolidated balance sheets dated December 31 of 2019 and 2018 and the consolidated comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statement from January 1 to December 31 of 2019 and 2018, including summaries of major accounting policies of Grand Pacific Petrochemical Corporation and its subsidiaries.

As CPAs, according to the audit results from us and those from other CPAs (please refer to the paragraph about other matters), the above-mentioned consolidated financial statement, in all major respects, was prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and hence are sufficient to show the consolidated financial standing of Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2019 and 2018 and the consolidated financial performance and consolidated cash flows between January 1 and December 31, 2019 and 2018.

Bases for the Audit Opinions

We followed the Rules Governing the Audit of Financial Statements by Certified Public Accountants and generally accepted auditing rules while performing the audit. The responsibilities of the CPAs under the said standards will be explained further in the section about responsibilities in auditing the consolidated financial statement. Independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have remained independent of the Grand Pacific Petrochemical Corporation and its subsidiaries and fulfilled other responsibilities under the said regulations. Based on the audit results from us and those from other CPAs, we believe that sufficient and adequate evidence has been obtained for the audit to serve as the basis for expressing the audit opinions.

Key Matters Being Audited

Key matters being audited refer to the most important matters based on the professional judgment of the CPAs to be included in the audit of the 2019 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries. Such matters were addressed throughout the audit of the consolidated financial statement and during the formation of audit opinions. The CPAs do not express separate opinions regarding these matters.

Key matters being audited of the 2019 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries are specified as follows:

<u>Recognition of Income</u>

Income is the basic operational activities for the sustainable management of an enterprise and concerns its operational performance and the management generally is faced with the pressure of fulfilling the expected financial or business performance goals. Therefore, it is pre-established that income recognition is associated with significant risk and we consider that the recognition of income from various types of transactions as one of the key matters being audited.

For the accounting policy on the recognition of income, please refer to Note 4 (33) of the consolidated financial statement. For information on accounting items for income, please refer to the disclosure in Note 6 (36) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Test the validity of income from various types of transactions and the internal control for the payment collection cycle in terms of its design and implementation and evaluate by random sampling if the recognition of income is adequate.
2. Understand the type of sale and items involved in the sale with Top 10 customers in respective transaction patterns and evaluate the legitimacy of the income and the number of days involved in the turnover of accounts receivable and analyze if there is any abnormal variation among the customers.
3. Select samples from transactions in the respective patterns that take place before and after the balance sheet date and verify them against related certificates in order to evaluate the accuracy of the timing when income is recognized.

Cash and cash equivalents

As of December 31, 2019, the book value of cash and cash equivalents and time deposits with the original expiration date more than three months away (under other financial assets - current in the statement) held by Grand Pacific Petrochemical Corporation and its subsidiaries totaled $7,072,611 thousand, accounting for around 22% of the consolidated total asset value. The value is significant for the overall consolidated financial statement. Due to the fact that congenital risk exists for cash and cash equivalents and time deposits and callable bonds with the original expiration date more than three months away, we list them as part of the key matters being audited.

For the accounting policy on cash and cash equivalents, please refer to Note 4 (6) of the consolidated financial statement. For information on the accounting items for cash and cash equivalents and time deposits with the original expiration date more than three months away, please refer to the disclosure in Note 6 (1) and (8) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate and test the validity of the internal control system for cash and cash equivalents and time deposits with the original expiration date more than three months away in terms of its design and implementation.
2. Randomly inspect and verify related transaction certificates for major income and payments in cash and review the adequacy of the approval power.
3. Obtain the statement of the balance of cash and cash equivalents and time deposits with the original expiration date more than three months away and verify against the bank reconciliation statement and related transaction certificates in order to confirm the presence. In addition, for external confirmations from current financial institutions, verify the value included in the confirmations and check if there are restrictions and they are adequately disclosed.

Impairment evaluation of real estate, plants, and equipment, right-of-use asset, investment-oriented property and intangible assets (including good will)

As of December 31, 2019, the book value of real estate, plants, and equipment, right-of-use asset, investment-oriented property and intangible assets owned by Grand Pacific Petrochemical Corporation and Its subsidiaries totaled $7,993,542 thousand, accounting for around 25% of the total consolidated asset value and the value is significant for the overall consolidated financial statement. In addition, the overall economic trends, market competition, and technical development can all affect the future operations of the company and accordingly affect the expected economic benefits and the recoverable amount that may be generated in the future by the cash generating units for the assets estimated and determined by the management in order to evaluate if impairment exists. Therefore, the evaluation of impairment of real estate, plants, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill) is listed by the CPAs as part of the key matters being audited.

For the accounting policy on the impairment of real estate, plants, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill), refer to Notes 4 (17), (18) (20), (21), and (23). For information on accounting items for real estate, plants, and equipment, right-of-use asset,_investment-oriented property and intangible assets (including goodwill), please refer to the disclosure in Note 6 (12), (13), (14) and (15) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Obtain the asset impairment assessment form for respective cash generating units that have been evaluated spontaneously by the Company.
2. Evaluate the legitimacy of impairment signs identified by the management and the assumption and sensitivity adopted, including whether the differentiation of cash-generating units, forecast of cash flows, and discount rate are appropriate or not.
3. Ask the management and review audit evidence obtained from the subsequent audit procedure for verification of absence of any matter related to impairment testing after the reporting date.

Valuation of investment balance adopting the equity method

The investment balance of Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2019 adopting the equity method totaled $6,597,733 thousand, accounted for around 21% of the total consolidated asset value. The net comprehensive income recognized with the equity method came to $1,118,302 thousand, accounting for around 66% of the total consolidated income. The impacted value is significant to the overall consolidated financial statement. Therefore, the CPAs include valuation of investment balance adopting the equity method as part of the key matters being audited.

For the accounting policy on investments adopting the equity method, please refer to Note 4 (16) of the consolidated financial statement. For information on accounting items for investments adopting the equity method, please refer to the disclosure in Note 6 (11) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate the accuracy of calculation during valuation adopting the equity method and the adopted accounting policy.
2. Read the financial statements of underlying entities and audit reports from other CPAs and review important findings and issues identified during audit to facilitate communication and understanding and accordingly evaluate the audit task performed by and audit results from other CPAs of underlying entities.
3. Evaluate the legitimacy of impairment signs of investments adopting the equity method as identified by the management and the assumption and sensitivity adopted, including whether or not the forecast of profitability of companies invested in it in the future or the discount rate is appropriate.

Other Matters－Mentioning Audits by other CPAs

As is stated in Note 4 (3)-2 and Note 6 (11) of the consolidated financial statement, some subsidiaries in the consolidated financial statement of the Grand Pacific Petrochemical Corporation and its subsidiaries are included - K.K. Chemical Company Limited and KK Enterprise (Malaysia) Sdn. Bhd. and investments adopting the equity method － We did not audit the financial statements of the Zhenjiang Chimei Chemical Company Limited and Zhangzhou Chimei Chemical Company Limited; they were audited by other CPAs. Among the opinions we expressed on the above-mentioned consolidated financial statement, the amount listed in the above-mentioned financial statement of the Company and the above-mentioned information about the Company in Note 13 of the consolidated financial statement are completed based on audit reports from other CPAs. The total asset values of the said subsidiaries mentioned above as of December 31, 2019 and 2018, were

$160,153 thousand and $153,815 thousand, accounting for 0.51% and 0.52% of the total consolidated asset value, respectively. The net worth of operating income from January 1 to December 31, 2019 and 2018, was $152,982 thousand and $172,584 thousand, accounting for 0.75% and 0.70% of the net worth of operating income, respectively. In addition, the related investment balance of invested companies adopting the equity method as mentioned above as of December 31, 2019 and 2018, was $6,597,733 thousand and $6,227,702 thousand, accounting for 20.95% and 20.86% of the total consolidated asset value, respectively. The net worth of comprehensive income from January 1 to December 31, 2019 and 2018, was $1,118,302 thousand and $639,422 thousand, accounting for 66.18% and 22.97% of the total consolidated comprehensive income, respectively.

Other Matters - Individual Financial Statement

Individual financial statements of 2019 and 2018 have been prepared by Grand Pacific Petrochemical Corporation and have been documented in the Audit Report without reservation in the opinions expressed issued by the CPAs; they are submitted for your reference.

Responsibilities of Management and Governance Unit for Consolidated Financial Statement

The management is responsible for preparing an adequately expressed consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and maintaining necessary internal control relevant to the compilation of the consolidated financial statement in order to ensure that no significant untruthful expressions caused by frauds or errors exist in the consolidated financial statement.

While preparing the consolidated financial statement, the management is responsible for also evaluating the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with the operation and disclosing related matters and adopting the accounting basis for continued operation, among others. Unless the management intends to liquidate Grand Pacific Petrochemical Corporation and its subsidiaries or discontinue operation or there are no other actually feasible solutions than liquidation or discontinued operation.

The governance unit (including the Audit Committee) of Grand Pacific Petrochemical Corporation and its subsidiaries is responsible for supervising the financial reporting process.

Responsibilities of CPAs in Inspecting Consolidated Financial Statement

We audit the consolidated financial statement in order to be reasonably convinced as to whether the consolidated financial statement as a whole contains major untruthful expressions due to frauds or errors and to issue the audit report. Reasonably convinced is highly convinced. There is no guarantee, however, that the existence of significant untruthful expressions in the consolidated financial statement will be detected according to generally accepted auditing standards. Untruthful expressions might have been caused by frauds or errors. If individual values or an overview of untruthful expressions can be reasonably expected to affect economic decisions made by users of the consolidated financial statement, they are considered significant.

We apply our professional judgment and keep our professional doubts while performing the audit according to generally accepted auditing standards. The CPAs also perform the following tasks:

1. Identify and evaluate the risk of significant untruthful expressions in the consolidated financial statement due to frauds or errors, design and enforce appropriate responsive policies for determined risks; and collect sufficient and adequate evidence from the audit in order to render audit opinions. Due to the fact that frauds might involve collusion, forgery, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated with

undetected significant untruthful expressions caused by frauds is higher than that caused by errors.

2. Obtain a necessary understanding of internal control concerning the audit in order to design appropriate audit procedures reflective of then-current situation. The purpose, however, is not to effectively express opinions on the internal control of Grand Pacific Petrochemical Corporation.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with operation exist or not according to the evidence obtained from the audit. In the event that it is determined that significant uncertainties exist with such events or conditions, on the other hand, the CPAs must remind users of the consolidated financial statement in their audit report that they should pay attention to related disclosures included in the statement or modify their audit opinions if such disclosures are inappropriate. Conclusions made by the CPAs are based on the evidence from the audit obtained as of the date of the audit report. Future events or conditions, however, are likely to result in Grand Pacific Petrochemical Corporation and its subsidiaries no longer capable of continuing with operation.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statement (including related notes) and whether or not the consolidated financial statement has fairly expressed related transactions and events.
6. Obtain sufficient and adequate evidence from the audit regarding the financial information of entities comprising Grand Pacific Petrochemical Corporation and its subsidiaries and express opinions about the consolidated financial statement. The CPAs are responsible for providing guidance on, supervising and implementing audits and for coming up with audit opinions for the Group.

Communications made by the CPAs with governance units include the planned scope and timing of the audit and significant audit findings (including significant deficiencies found with internal control during the audit).

The CPAs have also provided the governance units with the declaration on independence that independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have communicated with the governance units all relationships and other matters considered to be likely undermining the independence of CPAs (including related safeguard measures).

The CPAs, from the matters communicated with the governance units, decided key matters to be included in the 2019 consolidated financial statement audit of Grand Pacific Petrochemical Corporation and its subsidiaries. The CPAs specify such matters in the audit report unless it is disallowed by law to disclose to the public specific matters or under rare circumstances, the CPAs decide not to communicate specific matters in the audit report as it can be reasonably expected that negative impacts from such communication would be greater than the public interest that will be enhanced.

Crowe Horwath International

CPA

Ying Chia Hsiao

CPA

Wu Chang Wang

Approval document number: FSC Review No. 10200032833

March 19, 2020

Notice to Readers

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

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

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
For the years ended December 31, 2019 and 2018

Expressed in Thousands of New Taiwan Dollars

Codes	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
11xx	Current assets	$11,627,999	37	$10,852,015	36
1100	Cash & cash equivalents	3,403,383	11	2,729,454	9
1110	Financial assets at fair value through profit or loss - current	172,216	1	39,020	-
1140	Contract assets - current	27,487	-	60,364	-
1150	Net notes receivable	361,582	1	394,217	1
1170	Net accounts receivable	2,059,672	7	2,606,345	9
1180	Accounts receivable - related parties	1,271	-	735	-
1200	Other receivables	63,705	-	81,641	-
1220	Current income tax assets	1,198	-	310	-
1310	Net inventories	1,673,157	5	1,980,783	7
1410	Prepayments	73,083	-	93,541	-
1476	Other financial assets - current	3,717,691	12	2,698,945	9
1479	Other current assets - other	73,554	-	166,660	1
15xx	Noncurrent assets	19,858,408	63	19,007,886	64
1517	Financial assets at fair value through other comprehensive income - noncurrent	4,488,921	14	4,220,226	14
1550	Investments accounted for using equity method	6,597,733	21	6,227,702	21
1600	Property, plant and equipment	6,807,341	22	7,427,473	25
1755	Right-of-use assets	433,249	1	-	-
1760	Investment property, net	78,882	-	79,843	-
1780	Intangible assets	674,070	2	674,070	3
1840	Deferred income tax assets	55,493	-	49,358	-
1920	Refundable deposits	16,444	-	16,664	-
1960	Advance payment for investment	478,169	2	-	-
1985	Long-term prepaid rent	-	-	9,130	-
1990	Other noncurrent assets - other	228,106	1	303,420	1
1xxx	Total assets	$31,486,407	100	$29,859,901	100

(Continued on the next page)

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
For the years ended December 31, 2019 and 2018

Expressed in Thousands of New Taiwan Dollars

Codes	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
21xx	Current liabilities	$2,519,453	8	$2,877,053	9
2100	Short-term loans	20,953	-	2,833	-
2130	Contract liabilities- current	43,718	-	43,819	-
2150	Notes payable	81,864	-	78,620	-
2170	Accounts payable	1,567,747	5	1,470,375	5
2200	Other receivables	490,583	2	669,260	2
2230	Current income tax liabilities	217,374	1	586,361	2
2250	Provisions - current	17,576	-	17,015	-
2280	Lease liabilities - current	73,386	-	-	-
2310	Advances receipts	155	-	152	-
2355	Rent payable - current	-	-	1,944	-
2399	Other current liabilities - other	6,097	-	6,674	-
25xx	Noncurrent liabilities	1,734,877	5	1,361,874	5
2550	Provisions - noncurrent	10,175	-	8,486	-
2570	Deferred income tax liabilities	1,255,837	4	1,249,285	5
2580	Lease liabilities - noncurrent	354,647	1	-	-
2613	Rent payable - noncurrent	-	-	991	-
2640	Net defined benefit liabilities - noncurrent	85,035	-	74,157	-
2645	Guarantee deposits received	5,643	-	4,962	-
2670	Other noncurrent liabilities - other	23,540	-	23,993	-
2xxx	Total liabilities	4,254,330	13	4,238,927	14
31xx	Equity attributable to owners of the parent company				
3100	Share capital	9,266,203	30	9,266,203	31
3110	Common shares capital	9,066,203	29	9,066,203	30
3120	Preferred shares capital	200,000	1	200,000	1
3200	Capital reserve	181,698	-	180,533	1
3300	Retained earnings	14,695,878	47	12,608,192	42
3310	Legal reserve	1,790,463	6	1,494,452	5
3320	Special reserve	1,640,828	5	1,640,828	5
3350	Unappropriated earnings	11,264,587	36	9,472,912	32
3400	Other equity	280,466	1	739,639	2
3410	Exchange differences on translating financial statements of foreign operations	(521,982)	(2)	(206,080)	(1)
3420	Unrealized gain/loss of financial assets at fair value through other comprehensive income	802,448	3	945,719	3
3400	Treasury stocks	(55,577)	-	(55,577)	-
31xx	Total equity attributable to owners of the parent company	24,368,668	78	22,738,990	76
36xx	Non-controlling interests	2,863,409	9	2,881,984	10
3xxx	Total equity	27,232,077	87	25,620,974	86
3x2x	Total liabilities and equity	$31,486,407	100	$29,859,901	100

(Please refer to the Notes to consolidated financial statement)

Chairman of Board: Pin Cheng Yang   Manager: Chia Hsiung Tseng   Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Year Ended December 31, 2019 Amount	%	Year Ended December 31, 2018 Amount	%
4000	Operating revenues	$20,468,229	100	$24,741,138	100
5000	Operating costs	(17,829,140)	(87)	(20,685,790)	(84)
5900	Gross operating profit	2,639,089	13	4,055,348	16
6000	Operating expenses	(1,268,878)	(6)	(1,316,510)	(5)
6100	Selling expenses	(304,316)	(1)	(302,890)	(1)
6200	Administrative expenses	(933,470)	(5)	(979,786)	(4)
6300	Research and development expenses	(32,968)	-	(38,935)	-
6450	Reversal gain of expected impairment in credit	1,876	-	5,101	-
6900	Net operating Income	1,370,211	7	2,738,838	11
	Non-operating revenues and expenses				
7010	Other revenues	196,159	1	268,869	1
7020	Other gains and losses	(41,971)	-	62,661	-
7050	Finance costs	(5,990)	-	(1,835)	-
7060	Share of profit or loss of associates & joint ventures accounted for using equity method	1,222,468	6	988,415	4
7000	Total non-operating revenues and expenses	1,370,666	7	1,318,110	5
7900	Net profit before tax from continuing operations unit	2,740,877	14	4,056,948	16
7950	Income tax expenses	(564,666)	(3)	(906,207)	(4)
8200	Net profit for the year	2,176,211	11	3,150,741	12
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized valuation gain/loss of investment in equity instrument at fair value through other comprehensive income	(146,408)	(1)	(280,712)	(1)
8311	Remeasurements of the defined benefit plan	(19,908)	-	1,822	-
8349	Income tax related to items that will not be reclassified subsequently	5,283	-	2,158	-
8310	Total Items that will not be reclassified subsequently to profit or loss	(161,033)	(1)	(276,732)	(1)
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating financial statements of foreign operations	(229,109)	(1)	223,298	1
8370	Share of other comprehensive income of associates & joint ventures accounted for using equity method - Items that may be reclassified to profit or loss	(104,166)	(1)	(348,993)	(1)
8399	Income tax related to items that may be reclassified subsequently	7,841	-	34,990	-
8360	Items that may be reclassified subsequently to profit or loss	(325,434)	(2)	(90,705)	-
8300	Current other comprehensive income(net after tax)	(486,467)	(3)	(367,437)	(1)
8500	Total amount of comprehensive income for the year	$1,689,744	8	$2,783,304	11
8600	Net income attributable to:				
8610	Owners of the parent company	$2,070,125	10	$2,960,106	12
8620	Non-controlling interests	106,086	1	190,635	-
		$2,176,211	11	$3,150,741	12
8700	Total amount of comprehensive income attributable to:				
8710	Owners of the parent company	$1,640,513	8	$2,633,570	11
8720	Non-controlling interests	49,231	-	149,734	-
		$1,689,744	8	$2,783,304	11
	Earnings per share in common shares: (NT$)				
9750	Basic earnings per share	$2.27		$3.26	
9850	Diluted earnings per share	$2.27		$3.25	

(Please refer to the Notes to consolidated financial statement)

Chairman of Board: Pin Cheng Yang　　Manager: Chia Hsiung Tseng　　Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Share capital			Retained earnings			Other equity						
		Common shares capital	Preferred shares capital	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating financial statements of foreign operations	Unrealized gain/loss of financial assets at fair value through other comprehensive income	Unrealized gain/loss on available-for-sale Financial Assets	Treasury stocks	Equity attributable to owners of the parent	Non-controlling interests	Total equity
A1	Balance at January 1, 2018	$9,066,203	$200,000	$147,446	$1,165,588	$1,658,208	$7,715,000	($119,538)	$ -	$1,007,410	($122,170)	$20,718,147	$2,765,917	$23,484,064
A3	Effects of retrospective application and retrospective reclassification	-	-	-	-	-	42,398	-	1,191,225	(1,007,410)	-	226,213	12,745	238,958
	Appropriation & distribution of earnings for fiscal year 2017:													
B1	Provision of legal reserve	-	-	-	328,864	-	(328,864)	-	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	-	(17,380)	17,380	-	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(906,620)	-	-	-	-	(906,620)	(46,416)	(953,036)
B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(32,000)	-	-	-	-	(32,000)	-	(32,000)
C17	Dividend unclaimed within the term by shareholders	-	-	1,725	-	-	-	-	-	-	-	1,725	-	1,725
L7	Parent company's stocks disposed of by a subsidiary deemed as transaction in treasury stocks	-	-	28,266	-	-	-	-	-	-	66,593	94,859	-	94,859
M1	Adjustment to capital surplus for distribution of dividends to subsidiaries	-	-	3,089	-	-	-	-	-	-	-	3,089	-	3,089
M7	Changes in the share of equities of subsidiaries	-	-	7	-	-	-	-	-	-	-	7	4	11
D1	Net profit for the year ended December 31, 2018	-	-	-	-	-	2,960,106	-	-	-	-	2,960,106	190,635	3,150,741
D3	Other comprehensive income after tax for the year ended December 31, 2018	-	-	-	-	-	5,512	(86,542)	(245,506)	-	-	(326,536)	(40,901)	(367,437)
Z1	Balance at December 31, 2018	$9,066,203	$200,000	$180,533	$1,494,452	$1,640,828	$9,472,912	($206,080)	$945,719	$ -	($55,577)	$22,738,990	$2,881,984	$25,620,974
A1	Balance at January 1, 2019	$9,066,203	$200,000	$180,533	$1,494,452	$1,640,828	$9,472,912	($206,080)	$945,719	$ -	($55,577)	$22,738,990	$2,881,984	$25,620,974
	Appropriation & distribution of earnings for fiscal year 2018:													

B1	Provision of legal reserve	-	-	-	296,011	-	(296,011)	-	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	-	-	-	-	-	-	(53,924)	(53,924)
B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(12,000)	-	-	-	-	(12,000)	-	(12,000)
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	1,066	-	-	-	-	-	-	-	1,066	-	1,066
M7	Change in equity to subsidiaries	-	-	99	-	-	-	-	-	-	-	99	(99)	-
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	2,070,125	-	-	-	-	2,070,125	106,086	2,176,211
D3	Other comprehensive income after tax for the year ended December 31, 2019	-	-	-	-	-	(15,783)	(315,902)	(97,927)	-	-	(429,612)	(56,855)	(486,467)
Q1	Disposal of subsidiaries under equity instrument at fair value through other comprehensive income	-	-	-	-	-	45,344	-	(45,344)	-	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(13,783)	(13,783)
Z1	Balance at December 31, 2019	$9,066,203	$200,000	$181,698	$1,790,463	$1,640,828	$11,264,587	($521,982)	$802,448	$ -	($55,577)	$24,368,668	$2,863,409	$27,232,077

(Please refer to the Notes to consolidated financial statement)

Chairman of Board: Pin Cheng Yang   Manager: Chia Hsiung Tseng   Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Year ended December 31, 2019	Year ended December 31, 2018
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit before tax from continuing operations unit	$2,740,877	$4,056,948
A20000	Adjustments:		
A20010	Gain and expense loss not result influence on cash flows:		
A20100	Depreciation expenses (including depreciations in provision of right-of-use assets and investment property)	948,344	856,561
A20200	Amortization expenses	731,652	741,235
A20400	Net gain on financial assets at fair value through profit or loss	(214)	(20)
A20900	Interest expenses	5,990	1,835
A21200	Interest income	(102,121)	(67,249)
A21300	Dividend revenue	(62,747)	(156,062)
A22300	Share of gains of associates & joint ventures accounted for using equity method	(1,222,468)	(988,415)
A22500	Net loss (gain) on disposal and retirement of property and equipment	(429)	943
A22600	Property, plant and equipment transferred to expenses	17,451	46,031
A23100	Gain on disposal of investment	(1,399)	(94)
A23700	Impairment loss on non-financial assets	8,496	10,007
A20010	Total gain and expense loss not result influence on cash flows	322,555	444,772
A30000	Changes in assets/liabilities relating to operation activities		
A31115	Net increase of financial assets mandatorily measured at fair value through profit or loss	(131,583)	(38,906)
A31125	Decrease (increase) in contract assets	32,877	(60,364)
A31130	Decrease (increase) in notes receivable	32,635	(1,969)
A31150	Decrease in accounts receivable	546,673	253,314
A31160	Increase in accounts receivable - related parties	(536)	(735)
A31180	Decrease (increase) in other receivables	11,354	(13,447)
A31200	Decrease in inventories	307,626	42,383
A31230	Decrease (increase) in prepayments	20,468	(5,843)
A31240	Decrease in other current assets - other	-	66
A32125	Decrease in contract liabilities	(101)	(111)
A32130	Increase in notes payable	3,244	3,759
A32150	Increase (decrease) in accounts payable	97,372	(399,282)
A32180	Increase (decrease) in other payables	(163,826)	36,627
A32200	Increase in provisions	2,250	1,485
A32210	Increase in advance receipts	3	28
A32230	Decrease in other current liabilities - other	(577)	(41,137)
A32240	Decrease in net defined benefit liabilities	(9,030)	(11,824)
A30000	Total net changes in assets/liabilities relating to operating activities	748,849	(235,956)
A33000	Cash provided generated from operations	3,812,281	4,265,764
A33100	Interest received	108,703	52,480
A33200	Dividend received	62,747	964,327
A33300	Interest paid	(5,976)	(1,835)
A33500	Income tax paid	(920,977)	(704,381)
AAAA	Net cash provided in operating activities	3,056,778	4,576,355

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(621,497)	(236,237)
B00020	Disposal of financial assets at fair value through other comprehensive income	124,560	-
B00030	Capital allocation of financial assets at fair value through other comprehensive income	74,041	9,585
B01800	Acquisition of investment accounted for using equity method	-	(716,901)
B02200	Acquisition of net cash inflow from subsidiaries	4,840	-
B02700	Acquisition of property, plants and equipment	(294,393)	(535,792)
B02800	Disposal of property, plant and equipment	2,666	241
B03800	Decrease in refundable deposits	220	425
B06500	Increase in other financial assets	(1,018,746)	(1,022,925)
B07100	Increase in prepayment of equipment	-	-
B06700	Increase in other noncurrent assets	(568,081)	(570,697)
BBBB	Net cash used in investing activities	(2,296,390)	(3,072,301)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00200	Increase (decrease) in short-term loans	18,120	(34,748)
C03000	Increase in guarantee deposits received	681	3,542
C04000	Decrease in rent payable	-	(2,776)
C04020	Repayment of principal of lease liabilities	(72,487)	-
C04500	Payout of cash dividends	(12,000)	(938,620)
C05000	Disposal of treasury stocks	-	94,859
C09900	Return of dividend unclaimed within the term back to capital reserve	-	1,736
C09900	Cash dividends obtained by subsidiaries from the parent company	1,066	3,089
C09900	Cash dividend distributed by a subsidiary toward non-controlling interests	(53,924)	(46,416)
C09900	Capital decrease sum paid by a subsidiary in cash toward non-controlling interests	(63,656)	(17,626)
C09900	Subscription in non-control interests of the subsidiaries through capital increase in cash	45,000	-
CCCC	Net cash used in financing activities	(137,200)	(936,960)
DDDD	Effect of exchange rate changes on cash and cash equivalents	50,741	39,607
EEEE	Net increase in cash and cash equivalents for the year	673,929	606,701
E00100	Cash and cash equivalents, beginning of year	2,729,454	2,122,753
E00200	Cash and cash equivalents, end of year	$3,403,383	$2,729,454
E00210	Cash & cash equivalents recorded in consolidated balance sheets	$3,403,383	$2,729,454

(Please refer to the Notes to consolidated financial statement)

Chairman of Board: Pin Cheng Yang Manager: Chia Hsiung Tseng Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company history

Grand Pacific Petrochemical Corporation (hereinafter referred to as the Company) was officially incorporated on September 25, 1973 in accordance with the Company Act and other laws and ordinances concerned and was formerly known as Delta Petrochemical Corporation until rechristened Grand Pacific Petrochemical Corporation in 1985. The Company primarily engages in the business lines as below:

(1) Petrochemical Manufacturing

(2) Synthetic Resin & Plastic Manufacturing

(3) Other Chemical Products Manufacturing

(4) Steam and Electricity Paragenesis, Heat Energy Supplying and international trade

(5) All business items that are not prohibited or restricted by law, except those that are subject to special approval

The Company's plants are located in Da-She District, Kaohsiung City, Taiwan.

The Company's stocks were officially listed on Taiwan Stock Exchange Corporation (TWEC) starting from December 21, 1988.

The Company is free of the ultimate parent company.

The Company takes New Taiwan Dollars as its functional currency. While the Company is a public company listed in Taiwan, the consolidated financial statements are expressed in New Taiwan Dollars to bring added comparison and consistency.

Except for otherwise specified, the Company and all subsidiaries covered within these consolidated financial statements are collectively referred to as the Group hereinafter.

2. The date of authorization for issuance of financial statements and procedures for authorization

These financial statements were authorized for issuance by the Board of Directors on March 19, 2020.

3. Application of New Issuance, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC):

As required by the Financial Supervisory Commission under Decrees Jin-Guan-Cheng-Shen-Zi 1070324857 dated July 17, 2018 and Jin-Guan-Cheng-Shen-Zi 1070324155 dated July 13, 2018, the Group should, starting from Year 2019, adopt the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations as endorsed by FSC under the issuance of International Accounting Standards Board (IASB) applicable from 2019 (hereinafter collectively referred to as IFRSs) and the relevant Regulations Governing the Amendment of Preparation of Financial Reports by Securities Issuers to prepare financial statements.

Those assembled under the Table below are the new issuance, revised and amended standards and interpretations applicable to IFRSs as endorsed by FSC in 2019:

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
IFRS 16 “Leases”	January 1, 2019
IFRI 23 “Uncertainty in income tax treatment”	January 1, 2019
Amendment to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendment to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Amendment to IAS 19 “Amendment, curtailment or settlement of a plan”	January 1, 2019
Annual Improvements to 2015-2017 Cycle	January 1, 2019

Except for the description below, the Group's assesses that the application of the aforementioned standards and explanations would not have a significant impact upon the consolidated financial conditions and consolidated financial performance of the Company:

IFRS 16, ‘Leases’

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and IFRIC Interpretations, and SIC Interpretations. The standard requires lessees to recognize right-of-use assets and lease liabilities (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to choose not to re-compile the comparison period in accordance with the transitional requirements of IFRS 16 (hereinafter referred to as "Modified Retrospective Adjustment"), and would recognize the conversion difference applicable retrospectively in retained earnings as of January 1, 2019.

Currently in accordance with IAS 17 on the grounds of agreement on operating lease treatment, on January 1, 2019, the Group would take the lease liabilities to measure the surplus lease payment, with the incremental loan interest rate discounted of the lessee on that day. The entire right-of-use assets would be taken with the amount of the lease liabilities as of that day to adjust the prepaid or payable amounts of the rents as to be recognized.

Toward the measurement of the right-of-use assets and lease liabilities as of January 1, 2019, the Group is subject to the following expedients:

1) The Group did not reassess whether the contracts were (or including) lease. Previously those contracts had been subject to IAS 17 and IFRI 4 while such contracts were identified as subject to provisions set forth under IFRS 16.

2) Those lease compositions with rational and similar characteristics, the Group would use single discount rate to measure the lease liabilities.

3) In case of lease which had been closed before December 31, 2019 during the lease, the Group adopted the method of short-term lease.

4) Except rent payment, the Group did not count the additional costs yielded from the lease so earned into the measurement of the right-of-use assets as of January 1, 2019.

5) Amidst the proceedings of the measurement for the lease liabilities, toward the decision on the lease terms (e.g., duration of the lease), the Group would measure it based on the expectancy as of January 1, 2019.

Besides, the accounting handling by the Group toward the lessors would not cast a significant impact.

While the Group applied initially IFRS 16, the lease contract attribute to the lessee to recognize the lease liabilities as of January 1, 2019, the interest rate range applicable to the incremental loan was 0.63% - 4.30%.

As the Group disclosed the amount of commitment for operating lease under IAS 17, the present value of incremental loan interest rate discounted at the initial application date used by the Group and lease liabilities recognized on January 1, 2019 are adjusted as follows:

Business leasehold commitment with disclosure under IAS 17 as of December 31, 2018	$	206,270
Plus: Total rent payable under finance lease recognized under IAS 17 as of December 31, 2018		2,997
Less: Short-term lease applied to exemption	(	1,021)
Plus: Rational expected evaluation toward lease option with the adjustment		294,778
Total lease liabilities recognizable under IFRS 16 as of January 1, 2019	$	503,024
The incremental loan interest rate upon the initial application date of the Group		0.63% - 4.30%
Present value of lease liabilities recognized under IFRS 16 as of January 1, 2019		$484,675

The initial application of IFRS 16 toward the adjustment of assets, liabilities and equity items as of January 1, 2019 is follows:

Items	Amount before reclassification as of January 1, 2019		Adjustment with initial application		Amount after reclassification as of January 1, 2019	
Property, plant and equipment	$	7,427,473	($	2,917)	$	7,424,556
Right-of-use assets		-		493,787		493,787
Long-term rent paid in advance		9,130	(	9,130)		-
Effects of assets	$	7,436,603	$	481,740	$	7,918,343
Lease liabilities - current	$	-	$	69,917		69,917
Rent payable - current		1,944	(	1,944)		-
Lease liabilities - noncurrent		-		414,758		414,758
Rent payable - noncurrent		991	(	991)		-
Effect in liabilities	$	2,935	$	481,740	$	484,675
Effect in equity	$	-	$	-	$	-

(2) The impact upon the International Financial Reporting Standards (IFRSs) by the new issuance, amendment without endorsed by FSC:

Under Decree Jin-Guan-Cheng-Shen-Zi 1080323028 of FSC as of July 29, 2019, the Group should adopt the IFRSs issued by International Accounting Standards Board (IASB) and the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers to prepare financial statements starting from 2020..

The following Table assembles the new issuance, revised and amended standards and interpretations endorsed by FSC as applicable to IFRSs starting from 2020:

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
Amendment to IFRS 3 “Definition of business”	January 1, 2020
Amendment to IAS 1 and IAS 8 “Definition of significance”	January 1, 2020
Amendment to IFRS 9, IAS 39 and IFRS 7 “Revolution of interest rate indicators”	January 1, 2020

As of the date on which the Group’s financial statements were authorized and issued, the relevant standards adopted by the Group for evaluation, amendment to interpretations would not have a significant impact upon the consolidated financial conditions and the consolidated financial performance.

(3) The impact brought by IFRS having been issued by IASB but have not been endorsed by the FSC:

The Group has not adopted the following IFRSs which have been issued by IASB but have not been endorsed by the FSC. The actual effective date applied shall be pursuant to provision of FSC.

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
IFRS 17 “insurance contracts”	January 1, 2021
Amendment to IAS 1 “To classify liabilities into current or noncurrent ”	January 1, 2022
Amendment to IFRS 10 and IAS 28 “Sales or investment of assets between investors and associates or joint ventures”	Pending for resolution by the International Accounting Standards Board (IASB)

The preliminary evaluation result indicates that the aforementioned standards and interpretations would not cast a significant impact upon the Group’s consolidated financial conditions and the consolidated financial performance. The Group will continually evaluate the amounts with the relevant impact which would be disclosed in full upon completion of the evaluation process.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are explained below. Unless otherwise specified, these policies have been consistently applied to all the periods presented.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed, issued to take effect by FSC.

(2) Basis of preparation

1) Except for the following significant items, the consolidated financial statements have been prepared under the historical cost convention:

   1) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss measured based on the fair value.

   2) Financial assets at fair values through other comprehensive income measured based on the fair value.

   3) The liabilities on the shares-based payment agreement with cash settlement measured based on the fair value.

   4) Defined benefit liabilities recognized based on the net amount of pension

fund assets less present value of defined benefit obligation.

2) The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, please refer to Note 5.

3) The Group became subject to IFRS 16 for the first time on January 1, 2019 with a choice not to reclassify the financial statements and the notes with comparison period for Year 2018 and to recognize the difference in conversion into the e retained earnings as of January 1, 2019. The financial statements and notes with comparison period for Year 2018 were prepared in accordance with IAS 17 and the IFRIC Interpretations, and SIC Interpretations.

(3) Consolidated base

1) Basis for preparation of consolidated financial statements:

A. All subsidiaries are included as the entities in the preparation of the consolidated financial statements by the Group. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries included in the consolidated financial statements begin from the date the Group obtains control of the subsidiaries and ceases consolidation starting from the date of forfeiture of control.

B. Inter-company transactions, balances and unrealized gains or losses within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. The difference between fair value and carrying amount is recognized in current profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on other comprehensive income as previously recognized, its accounting treatment is on the same basis as would be required if the related assets or liabilities were disposed directly by the Group. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Attributes of business lines	Shares held or capital attribution (%)	
			December 31, 2019	December 31, 2018
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	Production and sale of impact-resistant and flame-resistant polystyrene	100.00%	100.00%
Grand Pacific Petrochemical Corporation	GPPC Investment Corp.	General investment business	81.60%	81.60%
Grand Pacific Petrochemical Corporation	GPPC Development Co., Ltd.	General hotel business	38.46%	-
Grand Pacific Petrochemical Corporation	Land & Sea Capital Corp.	Investment business	100.00%	100.00%
Grand Pacific Petrochemical Corporation	Goldenpacific Equities Ltd.	Investment business	100.00%	100.00%
Grand Pacific Petrochemical Corporation	Videoland Inc.	General import and export trade, radio and television program production, domestic and foreign film copying, domestic film production, distribution, trading and other services	62.29%	62.29%
Grand Pacific Petrochemical Corporation	KK Enterprise Co., Ltd.	Engaging in manufacturing and sales, wholesale, packaging materials, various stationery and paper products	15.73%	15.73%
GPPC Investment Corp.	GPPC Hospitality And Leisure Inc.	Catering service business	100.00%	100.00%
Videoland Inc.	KK Enterprise Co., Ltd.	Engaging in manufacturing and sales, wholesale, packaging materials, various stationery and paper products	33.79%	33.79%
Videoland Inc.	GPPC Investment Corp.	General investment business	18.40%	18.40%
Videoland Inc.	GPPC Development Co., Ltd.	General hotel business	23.08%	-
Videoland Inc.	Videoland Holding Limited	Investment business	-	-
KK Enterprise Co., Ltd.	K.K. Chemical Company Limited	Trademark paper, glue paper and such business	49.90%	49.90%
KK Enterprise Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Trademark paper, glue paper and such business	50.00%	50.00%
KK Enterprise Co., Ltd.	KK Enterprise (Kunshan) Co., Ltd.	Trademark paper, glue paper and such business	100.00%	100.00%
KK Enterprise Co., Ltd.	Dragon King Inc.	Outward Investment business	100.00%	100.00%
KK Enterprise Co., Ltd.	KK Enterprise (Malaysia) Sdn. Bhd.	Trademark paper, glue paper and such business	70.00%	70.00%

Note: (1) Where the Company's direct and indirect shareholdings in subsidiaries are more than 50% or have substantial control capabilities, these companies are included in the consolidated financial statements.

(2) Among the aforementioned consolidated entities, the financial statements of K.K. Chemical Company Limited and KK Enterprise (Malaysia) Sdn. Bhd. had been audited and endorsed by other certified public accountants.

3) Increase/decrease changes of the companies included in the entities within the consolidated financial statements for the current year:

A. The Group and Videoland Inc. outward-invested in GPPC Development Co., Ltd. during August to October 2019. Where the Group has been in direct and indirect holding ratios of control capabilities, starting from the date of acquisition of control capabilities, the Group began compiling those companies' income and expenses into the consolidated financial statements.

B. GPPC Investment Corp. outwardly invested and incorporated a subsidiary GPPC Hospitality and Leisure Inc. in October 2018. Where the Group has been in direct and indirect holding ratios of control capabilities, starting from the date of acquisition of control capabilities, the Group began compiling those companies' gains and expenses into the consolidated financial statements.

C. In an attempt to streamline the investment structure, Videoland Inc. revoked its investment in Videoland Holding Limited and repatriated all remaining property in August 2018. Therefore, starting from the date of forfeiture of control, the Company ceased counting that company's gains and expenses into the consolidated financial statements.

4) Subsidiaries not included in the consolidated financial statements: Nil

5) Adjustments and processing method for subsidiaries with different balance sheet date: Nil

6) Where the subsidiary's ability to transfer funds to its parent company is subject to significant restrictions, the nature and extent of the restriction:

The cash and bank deposits amounting to NT$142,103 thousand and NT$132,048 thousand for the years ended December 31, 1019 and 2018 were deposited in China and subject to local foreign exchange controls. Such foreign exchange controls restrict the remittance of funds out of China (Except normal dividends).

7) Subsidiaries with significant non-controlling interests over the Group:

The total of non-controlling interests of the Group for the years ended December 31, 2019 and 2018 amounted to NT$2,863,409 thousand and NT$2,881,984 thousand, respectively. The following information is significant non-controlling interests over the Group and subsidiaries:

A. December 31, 2019 and the year ended December 31, 2019:

Name of subsidiary	Non-controlling shareholding ratio	Non- controlling interests	Profit/loss distributed to non-controlling interests
Videoland Inc.	37.71%	$ 2,276,761	$ 80,565
KK Enterprise Co., Ltd. and subsidiaries	50.48%	537,117	25,707
GPPC Development Co., Ltd.	38.46%	49,531	(186)
Total		$ 2,863,409	$ 106,086

B. December 31, 2018 and the year ended December 31, 2018:

Name of subsidiary	Non-controlling shareholding ratio	Non- controlling interest	Profit/loss distributed to non-controlling interest
Videoland Inc.	37.71%	$ 2,266,152	$ 151,505
KK Enterprise Co., Ltd. and subsidiaries	50.48%	615,832	39,130
Total		$ 2,881,984	$ 190,635

C. For more details regarding the major business premises of the aforementioned subsidiaries and the countries where the subsidiaries had been registered, please refer to Note 13(1) (2)-10.

D. Summary financial information of subsidiaries:

① Balance sheets

	Videoland Inc.	
Items	December 31, 2019	December 31, 2018
Current assets	$ 2,053,068	$ 2,105,054
Noncurrent assets	4,754,548	4,369,200
Current liabilities	(441,612)	(441,635)
Noncurrent liabilities	(328,451)	(23,199)
Equity	$ 6,037,553	$ 6,009,420

	KK Enterprise Co., Ltd. and Subsidiaries	
Items	December 31, 2019	December 31, 2018
Current assets	$ 878,328	$ 961,061
Noncurrent assets	541,762	571,528
Current liabilities	(323,449)	(292,366)
Noncurrent liabilities	(122,690)	(114,243)
Equity	$ 973,951	$ 1,125,980

	GPPC Development Co., Ltd.	
Items	December 31, 2019	December 31, 2018
Current assets	$ 128,580	$ 9,887
Noncurrent assets	256	23
Current liabilities	(50)	-
Noncurrent liabilities	-	-
Equity	$ 128,786	$ 9,910

② Statements of comprehensive income

	Videoland Inc.	
Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating revenues	$ 2,148,879	$ 2,299,327
Net profit for the year	213,644	401,764
Other comprehensive income	(128,604)	(96,266)
Total comprehensive income	$ 85,040	$ 305,498
Total comprehensive income attributable to non-controlling interests	$ 32,068	$ 115,203
Dividend paid to non-controlling interests	$ 21,519	$ 21,519

Items	KK Enterprise Co., Ltd. and Subsidiaries	
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating revenues	$ 1,574,696	$ 1,775,236
Net profit for the year	42,283	66,230
Other comprehensive income	(13,944)	(7,593)
Total comprehensive income	$ 28,339	$ 58,637
Total comprehensive income attributable to non-controlling interests	$ 17,349	$ 34,531
Dividend paid to non-controlling interests	$ 32,405	$ 24,897

Items	GPPC Development Co., Ltd.	
	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating revenues	$ -	$ -
Net profit for the year	(1,123)	(90)
Other comprehensive income	-	-
Total comprehensive income	($ 1,123)	($ 90)
Total comprehensive income attributable to non-controlling interests	($ 186)	$ -
Dividend paid to non-controlling interests	$ -	$ -

③ Statements of Cash Flows

Items	Videoland Inc.	
	Year Ended December 31, 2019	Year Ended December 31, 2018
Net cash provided in operating activities	$ 1,101,943	$ 1,297,585
Net cash used in investing activities	(1,278,958)	(1,038,520)
Net cash used in financing activities	(104,713)	(57,054)
Effect of exchange rate changes	-	-
Increase (decrease) in cash & cash equivalents for the year	(281,728)	202,011
Cash & cash equivalents , beginning of year	874,449	672,438
Cash & cash equivalents, end of year	$ 592,721	$ 874,449

Items	KK Enterprise Co., Ltd. and Subsidiaries	
	Year Ended December 31, 2019	Year Ended December 31, 2018
Net cash provided in operating activities	$ 155,541	$ 88,236
Net cash used in investing activities	(17,640)	(23,201)
Net cash used in financing activities	(170,045)	(81,500)
Effect of exchange rate changes	(11,509)	(4,115)
Increase (decrease) in cash & cash equivalents for the year	(43,653)	(20,580)
Cash & cash equivalents , beginning of year	224,234	244,814
Cash & cash equivalents, end of year	$ 180,581	$ 224,234

Items	GPPC Development Co., Ltd. Year Ended December 31, 2019		GPPC Development Co., Ltd. Year Ended December 31, 2018	
Net cash used in operating activities	($	1,381)	($	116)
Net cash used in investing activities	(	128,000)		-
Net cash provided in financing activities		120,000		10,000
Effect of exchange rate changes		-		-
Increase (decrease) in cash & cash equivalents for the year	(	9,381)		9,884
Cash & cash equivalents , beginning of year		9,884		-
Cash & cash equivalents, end of year	$	503	$	9,884

(4) Foreign currency translation

1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

2) When preparing financial statements for each entity using currencies other than the entity's functional currency (foreign currency) converted into functional currency at the spot exchange rate on the transaction day or measurement date, and the exchange difference resulting from the translation of these transactions was recognized as current profit and loss. At the end of the financial statement period, the balance of foreign currency monetary assets and liabilities were evaluated and adjusted at the spot exchange rate on the balance sheet date, and translation differences arising from the adjustment were recognized as current profit and loss. In case of foreign currency non-monetary assets and liabilities, the balance was evaluated and adjusted at the spot exchange rate quoted on the balance sheet date as measured at fair value through profit or loss, and the exchange difference arising from the adjustment was recognized as current profit and loss as measured at fair value through comprehensive income. The resulting exchange differences resulting from the adjustment were recognized in other comprehensive income items; where they were not measured at fair value, they were measured at the historical exchange rate on the initial trading day. All gains and losses on exchange were reported according to the attribute of the transaction and other gains and losses in the comprehensive income.

3) When preparing the consolidated financial statements, assets and liabilities of the foreign operations of the companies in merger (including the subsidiaries, associates, joint ventures or branches of the Company in the countries of business operation or those using different currencies) were translated into New Taiwan Dollars at the spot exchange rate quoted on the balance sheet date. The income and expense items were translated using the exchange rates average in that period. All exchange differences arising from the translation were recognized as other comprehensive income.

4) When the foreign operations were disposed of and constituting a loss of control, joint control or significant influence on the foreign operations, all and the relevant interests of the foreign operations would be reclassified into profit or loss. In some cases where the disposal of subsidiaries in foreign operations did not constitute a loss of control of the subsidiary, the cumulative exchange difference recognized

in other comprehensive income was calculated into the equity transaction on a *pro rata* basis, but it was not recognized as profit or loss. In some cases where the interests of the disposal of associates or joint venture in foreign operations did not constitute a significant impact of loss on the associates or joint venture or joint control in interests, the cumulative exchange difference recognized in other comprehensive income was reclassified into profit or loss based on the disposal ratio.

(5) Criteria of classification of current and noncurrent assets and liabilities

1) Assets that meet one of the following criteria are classified as current assets:

A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

B. Assets arising mainly from trading activities;

C. Assets that are expected to be realized within twelve months from the balance sheet date;

D. Cash & cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the balance sheet date.

The Group classifies the assets that do not satisfy the above conditions as noncurrent.

2) Liabilities that meet one of the following criteria are classified as current liabilities:

A. Liabilities that are expected to be paid off within the normal operating cycle;

B. Liabilities arising mainly from trading activities;

C. Liabilities that are to be paid off within twelve months from the balance sheet date;

D. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the balance sheet date. 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.

The Group classifies the liabilities that do not satisfy the above conditions as noncurrent.

(6) Cash & cash equivalents

Cash & cash equivalents include cash on hand, bank deposits, and short-term and highly liquidity investments that could be converted into cash in fixed amounts at any time with little change in value risk. Time deposits that meet the aforementioned definitions and are held for short-term operations cash promise are classified as cash equivalent.

(7) Financial instruments

Financial assets and financial liabilities should be recognized when the Group became a party to the terms of the financial instruments contract.

When financial assets and financial liabilities were initially recognized, they were measured at the fair value. At the time of initial recognition, the transaction costs acquired or issued directly attributable to financial assets and financial liabilities (unless classified as financial assets and financial liabilities at fair value through profit or loss), shall be added or subtracted from the fair value of the financial assets or financial liabilities. The transaction costs directly attributable to financial assets and financial liabilities at fair value through profit or loss should be recognized immediately as profit or loss.

(8) Financial assets at fair value through profit or loss

1) Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and designation as financial assets at fair value through profit or loss. The financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that the Group does not specify at fair value through other comprehensive income, and investments in debt instruments that did not qualify as being measured at amortized cost or at fair value through other comprehensive income.

2) In a case carried at amortized costs or financial assets at fair values through other comprehensive income, when measurement or recognition inconsistency could be eliminated or significantly reduced, the Group designated the case as financial assets at fair value through profit or loss at the time of initial recognition.

3) The Group adopts transaction day accounting for financial assets at fair value through profit or loss consistent with transaction customs.

4) The Group measured at fair value at the time of initial recognition, and recognized related transaction costs in profit or loss and subsequently measured at fair value and the gains or losses were recognized in profit or loss.

5) When the right to receive dividends was ascertained and the economic benefits related to dividends were likely to flow inward while the amount of dividends could be reliably measured, the Group recognized the dividend income in profit or loss.

(9) Financial assets at fair values through other comprehensive income

1) Referring to an irrevocable option at the time of initial recognition to report changes in the fair value of investments in equity instruments that were not held for trading in other comprehensive income; or the investment in debt instrument simultaneously met the following conditions:

A. The financial asset held under the business model of collecting cash flows under contracts and for the purposes of selling.

B. The cash flow generated on a specific date under the contract terms for the financial assets were completely intended to pay off the principal and the interest of the outstanding principals.

2) The Group adopts transaction day accounting for financial assets at fair value through comprehensive income consistent with transaction customs.

3) The Group measured at fair value plus transaction costs at initial recognition, and subsequently at fair value:

A. Changes in the fair value of equity instruments were recognized in other comprehensive income. When derecognized, the cumulative gains or losses previously recognized in other comprehensive income would not be reclassified to profit or loss and would be transferred to retained earnings instead. When the right to receive dividends was ascertained and the economic benefits related to dividends were likely to flow inward while the amount of dividends could be reliably measured, the Group recognized the dividend income in profit or loss.

B. Changes in the fair value of debt instruments were recognized in other comprehensive income, impairment losses before derecognition, interest income and gains and losses in foreign currency exchange were recognized in profit or loss, and at the time of derecognition, the cumulative gains or losses previously recognized in other comprehensive income were reclassified from the equity into profit or loss.

(10) Financial assets carried at amortized cost

1) Referring to the events that conform with the conditions as below simultaneously:

A. The financial assets held under the business model for the purposes of collecting cash flows under contracts.

B. The cash flow generated on a specific date under the contract terms for the financial assets were completely intended to pay off the principal and the interest of the outstanding principals.

2) The Group adopts transaction day accounting for financial assets carried at amortized cost consistent with transaction customs.

3) The Group measured at fair value plus transaction costs at initial recognition, and subsequently used the effective interest method to recognize interest income during the circulation period based on the amortization process, and recognized impairment losses, and when derecognized, the gains or losses were recognized in profit or loss.

4) The Group held time deposits that were not eligible for cash equivalent. As the holding period was short, the effect of discounting was insignificant, which was measured by the amount of investment.

(11) Accounts & notes receivable

Referring to the contract which had been received unconditionally for the accounts and notes for the right to consideration exchanged due to the transfer of products or labor services. As short-term accounts & notes receivable were paid without bearing interest, the impact of the discounting was insignificant, therefore, the Group measured at the initial amount.

(12) Impairment of financial assets

For investment in debt instruments at fair value through other comprehensive income, and financial assets carried at amortized cost and accounts receivable or contract assets that contain significant financial components, rent receivables, lending commitments and financial guarantee contracts, The Group, after considering all reasonable and corroborable information (including forward-looking perspectives) on each balance sheet date, measured by the amount of expected credit loss in 12 months toward an insignificant increase in credit risk since initial recognition. For the credit risk has increased significantly since the original recognition, the allowance for loss was measured by the amount of expected credit loss during the existence period. For accounts or contract assets that do not include significant financial components, the allowance for losses measured by the amount of expected credit loss during the existence period.

(13) Derecognition of financial assets

The Group will derecognize financial assets when one of the following conditions is met:

1) When rights to contract of receiving cash flow from financial asset has expired.

2) Transfer of right to contract of receiving cash flow from financial asset, and when nearly all risk and reward associated with the said financial assets have been transferred.

3) Transfer of rights to contract of receiving cash flow from financial asset, and excluding control over the financial assets.

(14) Lease transaction of the lessor - rent receivables/operating leases

1) Pursuant to the terms and conditions under the lease agreements, when almost all the risks and rewards of lease ownership were borne by the lessee, they are classified as finance leases.

A. As the lease started up, the net lease investment (including the original direct cost) was recognized as "rent receivables", and the difference between the total lease receivables and the present value was recognized as "unearned financing income from finance leases".

B. Subsequent adoption of a systematic and reasonable basis to allocate financing income over the lease period to reflect a fixed rate of return on the net lease investment held by the lessor.

C. The period related lease payments (excluding service costs) offset the total lease investment to reduce the principal and unearned financing income.

2) Lease income from operating leases, net of any incentives given to the lessee, was recognized as a current profit or loss and amortized on a straight line basis during the lease period.

(15) Inventory

Inventories were measured at the lower of cost and net realizable value, whichever is the lower under the perpetual inventory system adopted, and the cost was determined by the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production-related manufacturing overhead (as normal capacity allocation), but excludes borrowing costs. Upon comparison of cost and the net realizable value, whichever was the lower, the itemized comparison method was adopted. The net realizable value refers to the estimated selling price in the normal course of business less the estimated cost that must be invested to completion and the balance after related changes in selling expenses.

(16) Investments accounted for using the equity method/associates

1) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost, including the goodwill already identified upon acquisition, with any accumulated impairment loss estimated to occur subsequently deducted.

2) The share of profit or loss for the Group after acquisition of an associate is recognized as current profit and loss and the share of other comprehensive income after acquisition is recognized as other comprehensive income. When the Group's share of loss in an associate is equal to or exceeds the equity in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or

made payments on behalf of the associate.

3) The profits and losses generated from the fair current, countercurrent and side stream transactions between the Group and associates were recognized in the financial statements only to the extent that the Group has no interest in the associates. The accounting policies of associates have been adjusted as necessary, and the policies adopted by the Group have been consistent.

4) When changes in an associate's equity are not recognized in profit or loss and other comprehensive income of the associate and such changes do not affect the Group's shareholding ratio of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in shareholding ratio.

5) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's investment percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its changes in net equity. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the profit or loss previously recognized in other comprehensive income in relation to the ownership interest are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

6) Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in current profit or loss.

7) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss or transferred directly to retained earnings, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

8) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

1) Property, plant and equipment are initially recorded at cost. Loans costs incurred during the construction period are capitalized.

2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3) Land is not depreciated. The subsequent measurement of other property, plant and

equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4) The assets' residual values, useful lives and depreciation methods are reviewed by the Group at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of p various assets are as follows:

A.	Buildings & constructions	4 - 56 years
B.	Machinery & equipment	5 - 25 years
C.	Transportation facilities	2 - 7 years
D.	Other equipment	3 - 10 years

5) The Group's depreciable assets were originally used in the rate-decreasing method at the time of tax declaration; however, the Group has switched to use the average method in Year 1998. This change was already approved by the National Taxation Bureau of the Southern Area, Ministry of Finance with Letter (1998) Nan-Qu-Guo-Shui-Shen-I-Zi 87051967.

(18) Lease agreements of the lessee - right-of-use assets/lease liabilities (Applicable to Year 2019)

1) Lease assets were recognized as right-of-use assets and lease liabilities on the date when they became available for use by the Group. When the lease agreement was a short-term lease or lease of a low-value underlying asset, the lease payment was recognized as expense by straight-line method.

2) In lease liabilities, the Group recognized the unpaid lease payments at the lease starting date at the present value of the Group’s incremental loan rate discounted. The lease payments include fixed payments, less any incentives that could be received for the lease. Subsequently the Group measure at the amortized cost method under the interest method and recorded as interest expenses during the lease period. When the non-contract modification caused a change in the lease period or lease payment, the lease liabilities would be reassessed, and the remeasurements would be adjusted to right-of-use assets.

3) The right-of-use assets were recognized at cost on the lease starting date and the cost includes the original measured amount of lease liabilities. The subsequent measurement using cost model which were earlier at the end of the useful life of the right-of-use assets or at the end of the lease period while depreciation expenses were recorded. When lease liabilities were reassessed, right-of-use assets would adjust any remeasurement of the lease liabilities.

(19) Lease assets/operating lease (Lessees)(Applicable to Year 2018)

1) Pursuant to the terms and conditions under the lease agreements, when almost all risks and rewards of lease ownership are borne by the Group, it is classified as a finance lease.

A. Upon initiation of the lease, the assets and liabilities were recognized based on the fair value of the lease assets and the lowest present value of payment, whichever is the lower.

B. Subsequently the minimum lease payments were allocated to finance costs and reduce outstanding liabilities. The finance costs were allocated period-by-period during the lease duration so that the period interest rate calculated based on the balance of liabilities would be fixed.

C. Property, plant and equipment obtained under finance leases were depreciated according to the useful life of the assets. If the lease period could not be reasonably determined, the Group would acquire ownership and recorded as depreciations based on the useful life of the assets and the lease period, whichever was the shorter.

2) The operating lease payment was recorded and amortized on straight-line basis during the lease period as current profit or loss, after deducting any incentive received from the lessor.

(20) Investment property

The investment property was real property held to earn either rent or capital appreciation or both, and also included real property held for which the future use has not yet been determined. The investment property was originally measured by acquisition cost, and was subsequently reduced by cost except for accumulated depreciation and accumulated impairment loss where the amount was measured. Except for land, depreciation was provided on the straight-line method according to the estimated useful life which was 40 years. While the investment property was derecognized, the difference between the net disposal price and the carrying amount of such assets was recognized in current profit or loss.

(21) Intangible assets

1) Obtained separately

The intangible assets acquired separately for a limited useful life were originally measured at cost and subsequently at the amount of the costs deducted with the accumulated amortization and accumulated impairment losses. Intangible assets were amortized on a straight-line basis over the useful life. All such facts of the estimated useful life, residual value and amortization method should be reassessed at end of every fiscal year as the minimum to postpone the impact of changes in applicable accounting estimates. When Intangible assets derecognized, the difference between the net disposal price and the carrying amount of the asset was recognized in the profit or loss of the current year.

2) Goodwill

The goodwill obtained from the business combination was based on the amount of goodwill recognized on the acquisition date as the cost, which was subsequently measured by the amount of the cost after subtracting the accumulated impairment losses. For the purpose of impairment testing, goodwill needs to be allocated to each cash-generating unit or cash-generating units that the Group expects to benefit from the merger concerted performance.

(22) Cost of program broadcasting

The cost of program broadcasting include the proceeds acquired on outsourcing film broadcasting rights outsourced investment in filming or self-made programs, and the production costs with future economic benefits which were entered into accounts at the substantial costs. The outsourcing film broadcasting rights depends on individual programs and was transferred to the amortization of the film under the current operating cost during actual playback. The sub-authorized film broadcasting right was transferred into the film sub-authorization cost under the current operating cost when actually delivered. The outsourced investment in filming and the self-made ribbon-type program would be converted into the production cost and filming cost under the current operating cost during the actual broadcast. The cost of the broadcast program was recorded under other noncurrent assets, and was expected to be amortized within one year as other current assets. For other current assets, if the fair value at the end of the year was estimated to be lower than the accounted unamortized cost, the impairment loss would be recognized as the loss of the current year.

(23) Impairment loss on non-financial assets

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount was lower than its carrying amount, the impairment loss would be recognized. The recoverable amount refers to the fair value of an asset less disposal cost or its value in use, whichever is higher. Except for goodwill, when the impairment of assets recognized in previous years did not exist or decrease, the impairment loss would be reversed, but the asset carrying amount increased by the impairment loss should not exceed the carrying amount after depreciation or amortization of the asset if no impairment loss was recognized.

(24) Loans

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.

(25) Notes and accounts payable

Notes and accounts payable are obligations to pay for products or labor services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(26) Financial liabilities at fair value through profit or loss

1) Referring to the main purpose of the sale or repurchase in the latest period, and financial liabilities held for trading except for derivatives instruments that are designated as hedging instruments under hedge accounting. The financial liabilities at fair value through profit or loss were designated on the Initial recognition. When a financial liability meets one of the following conditions, the Group measured at fair value through profit loss on the initial recognition:

   A. As hybrid (combined) contracts; or

   B. Where the inconsistency in significant decrease measurement or recognition could be eliminated; or

   C. Pursuant to the documented risk management policies, the instruments with performance evaluated in fair value based management.

2) The Group measured at fair value at the time of initial recognition, and recognized the related transaction costs in profit or loss and subsequently measured at fair value and the gains or losses were recognized in profit or loss.

3) In case of a financial liability designated to be measured at fair value through

profit or loss where the amount of change in fair value resulted from credit risk, except for avoiding improper accounting ratios or loan commitments and financial guarantee contracts, the Group recognized the same in other comprehensive income.

(27) Provisions

The Group is under current statutory or constructive obligation due to past events, very likely that economically efficient resources would need to be discharged to settle such obligation and the amount of the obligation could be reliably estimated when the provisions were recognized. The measurement of provisions is based on optimal estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate uses the pre-tax discount rate that reflects the current market assessment of the time value of currency and the specific risk of the liability. The amortization discounted is recognized as interest expenses. The future loss in operations should not be recognized as provisions.

(28) Employee benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2) Post-employment benefits

A. Defined contribution plans

For defined contribution plans, the contributions of pension funds are recognized as current pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

B. Defined benefit plans

① Net obligation under a defined benefit plans is defined as the present value of an amount of future benefits that employees will receive for their services with the Company in current year or prior periods, and the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by reference to the balance sheet date, the currency of defined benefit plans and the market yield of high-quality corporate bonds that were consistent during the period. The countries of such bonds without in-depth market adopt the market yield of government bonds (as of the balance sheet date).

② Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the current year in which they arise, and expressed in the retained earnings.

③ The expenses related to the service cost of the prior period were immediately recognized into profit or loss.

3) Termination benefits

Termination benefits refers to the benefits provided by the termination of the employment before the normal retirement date or when the employee decides to accept the Company's benefits offer in exchange for termination of the employment. The cost of restructuring was not recognized until the moment while the Group could no longer revoke a contract for termination benefits or the restructuring cost was recognized, whichever came the earlier. Termination benefits that were not expected to be fully settled 12 months after the balance sheet date should be discounted.

4) Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Subsequently, any difference between actual distributed amounts as resolved and estimated mounts is accounted for as changes in estimates.

(29) Financial liabilities & equity instruments

1) Classification of financial liabilities or equity instruments

The liability and equity instruments issued by the Group were classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities & equity instruments.

2) Equity instruments

The "equity instruments" refers to any contract that recognizes the remaining equity of an enterprise after the assets are deducted from all its liabilities. The equity instruments issued by the Group are recognized at the price obtained after deducting the direct issue cost.

3) Financial liabilities

In case of financial liabilities that were not held for trading purposes and were not designated as measured at fair value through profit or loss, such financial liabilities were measured at amortized cost at the end of the subsequent accounting period.

4) Derecognition of financial liabilities

The Group did not derecognize financial liabilities until the obligations were lifted, cancelled or lapsed. When financial liabilities were derecognized, the difference between their carrying amount and total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) was recognized into profit or loss.

5) Inter-offset of financial assets and liabilities

The financial assets and financial liabilities were not offset against each other and expressed in net in balance sheet until there was a legally enforceable right to offset the recognized amount of financial assets and liabilities with an intention to deliver on a net basis or achieve assets and liquidate liabilities at the same time.

(30) Share capital & treasury stocks

1) Share capital

Common shares were classified as equity. The classification of preferred shares refers to the definition of substantial contractual agreement, financial liabilities and equity instruments, and evaluates the specific rights attached to preferred shares. When the basic characteristics of financial liabilities were exhibited, they were classified as liabilities; otherwise they would be an equity. The net of increase in costs directly attributable to issuance of new share or share warrants after deducting income tax is recorded as the deduction of share prices.

2) Treasury stocks

The Group withdrew the issued outstanding shares and recognized them as "treasury stocks" based on the consideration paid at the time of purchase (including direct attributable costs) as a deduction of equity. Where the price of the disposal of treasury stocks is higher than the carrying amount, the difference was listed as capital surplus-treasury stocks transactions. Where the disposal price is lower than the carrying amount, the difference is offset against the asset surplus generated by the exchange of the same type of treasury stocks. In case of a shortfall, the surplus is debited in the retained earnings. The carrying amount of treasury stocks is taken weighted average and calculated separately according to the reason for recovery.

When treasury stocks are cancelled, the capital reserve is debited according to the proportion of equity - share certificates issuance premium and share capital, where the carrying amount is higher than the face value and the total value of the stock issuance premium, the difference would be offset against the capital generated by the exchange of the same type of treasury stocks. In case of a shortfall, it would be offset against the retained earnings. Where the carrying amount is lower than the face value and the total of the stock issuance premium, the capital reserve generated by the same type of treasury stocks exchanges would be credited.

Where subsidiary held the Group's stocks using the equity method to recognize the share of profit and loss and prepare financial statements, the subsidiary's stocks of the Group should be dealt with as treasury stocks.

(31) Shares-based payment

1) The shares-based payment agreement upon equity settlement was pursuant to the employee service acquired at fair value of the given equity commodities on the given day, and was recognized as compensation costs during the vesting period, and the equity was relatively adjusted. The fair value of equity commodities should be reflected with the influence of the market price vested conditions and the non-vested conditions. The recognized compensation cost was adjusted according to the expected amount of incentive rewards that meet the service condition and the non-market price vested condition until the final recognition amount was recognized in the vested amount.

2) The shares-based payment agreement settled in cash was based on the fair value of the liabilities assumed, recognized as compensation costs and liabilities within the vesting period, and was based on the fair value of the equity commodities given on each balance sheet date and settlement date to measure, any change recognized as profit or loss of the current year.

(32) Income tax

1) The income tax expenses comprise current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity, respectively.

2) The Group calculates the income tax payable for the current term exactly in accordance with the tax rates that had been enacted or substantially enacted in the

countries for the income tax as of the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable relevant laws of income tax, and under the fact of situations, the income tax liabilities estimated shall be paid to tax collection authority. The unappropriated earnings having been consolidated were charged for the income tax. The income tax expense of unappropriated earnings was recognized based on the actual allocation of the earning as resolved in the shareholders' meeting in the year ensuing the year in which the earnings were yielded.

3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6) The Group's tax incentives oriented expenditures that comply with the statutory incentives were accounted with use of income tax deduction accounting. The unused income tax credit was transferred into the latter period of time within the scope as the credit ready for future use, duly recognized deferred income tax assets.

7) The difference between the previous year's estimated income tax of the Group and the adjustment difference approved by the tax collection authority was recognized as the adjustment items of the income tax of the current year.

(33) Recognition of revenues

After identifying the performance obligations under a customer contract, the Group allocated the transaction price to each performance obligation and recognized revenue when the performance obligations were fulfilled.

1) Sales revenues

A. All products manufactured by the Group and sold into the market were recognized as revenue when the control over the product was transferred to the customers. To put it in more understandable terms, when the products were delivered to the customers, the customers have discretion on the channel and price of product sales, and the Group was not in any outstanding performance obligations that might affect the customers' acceptance of the products. When the products were shipped to a designated location, the risk of obsolescence and loss has been transferred to the customers and the customers would accept the products according to the sales contract. The delivery of the products did not occur until there was objective evidence to prove all standards/criteria for acceptance have been met.

B. Where the Group provides standard warranty on the products sold and is obliged to refund for defective products, the provisions were recognized at the moment of sales.

C. Accounts receivable were recognized at the moment when the goods were delivered to the customers. At that timepoint, the Group was entitled to the unconditional rights to the contract price and the price could be received from the customers only after the time elapsed. The advance receipts before the arrival of the products was recognized as a contract liability.

D. The control of the ownership of the processed products was not transferred upon processing of the materials so that the income was not recognized when the material was forwarded.

2) Labor service revenues

A. Advertising revenues

The Group and the customers signed advertising broadcast contracts and recognized the revenues when the actual broadcast was completed based on the degree of fulfillment of the performance obligation. The degree of completion of the performance obligation was determined based on the percentage of the actual performance of the required services to the entire labor service under this Agreement.

B. Video revenues

The Group and the customers signed fundamental channel agency contracts to provide cable TV operators and other public broadcasters with self-made programs or transmission on behalf of channels through satellites for viewers through cable TV system or network platforms. Throughout the duration of the labor service contracts, the Group continually fulfilled the obligations to provide users with TV channel viewing rights and network bandwidth usage rights as well as other performance obligations. All revenues so received were recognized as income on a straight-line basis during the period of contract services.

C. Licensing revenues

The Group and the customers signed contracts to license the Group's film broadcasting rights and program copyrights to the customers. Where the licensing authorization was distinguishable, the licensing income was recognized during the licensing period according to the nature of the licensing authorization, or the timepoint of control of the right as transferred to the customers. When the Group intended to carry out events that would significantly affect the film broadcasting rights and program copyrights which would, in turn, directly affect the licensed customers and such events would not result in the transfer of labor services to customers, the nature of the licensing authorization was to provide access for the rights of intellectual property rights. The relevant royalties were recognized as income on a straight-line basis during the licensing period. In an event where the licensing did not meet the foregoing conditions and its nature was to provide customers with the right to use intellectual property rights, the income was recognized at the time of licensing transfer.

D. The customers fulfilled payment obligations in accordance with the payment schedule agreed in a contract. When the service provided by the Group exceeded the customers' payment value, the payment was recognized as a contract asset. If the customer payable exceeds the labor service provided by the Group, it was recognized as a contract liability.

3) Refund liabilities

Sales and labor service revenues were recognized at the contract price net of estimated discounts and other similar discounts. The amounts recognized as revenues would be limited to the portion of the future height that was unlikely to undergo a major turnaround, and was included in each asset estimates updated on the balance sheet date. Sales and labor service estimated discounts payable to customers and other similar discounts as of the balance sheet date were recognized as refund liabilities.

4) Financing component

Under the contracts signed by and between the Group and the customers, the collection conditions of the sales and labor service transactions were consistent with the market practice. It was, therefore, judged that the contracts did not contain a significant financing component. In addition, the time interval for transferring the promised goods or labor services and receiving the consideration amidst the contracts was within one year. The significant financing component would not adjust the transaction price to reflect the time value of the currency.

5) Costs to acquire contracts from customers

Although the incremental costs incurred by the Group in obtaining a customer contract were expected to be recoverable, the relevant contract period was shorter than one year. These costs were, therefore, recognized as current operating costs or expenses at the moment of occurrence.

(34) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Such government grants related to property, plant and equipment were recognized as noncurrent liabilities, and were recognized as current profit or loss using the straight-line method based on the estimated useful life of the relevant assets.

5. Major sources leading to material accounting judgments, estimates and assumption uncertainties

The results of the Group's consolidated financial statements would be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, when the Group adopted the significant accounting policies under Note 4, the acquisition of assets from other sources would result in the carrying amount of assets and liabilities in the next information on significant adjustment risks in the consolidated financial statements that would require management to use appropriate professional judgment, estimates and assumption uncertainties. The Group's estimates and relevant assumptions were based on the optimal estimates pursuant to the requirements of IFRS endorsed and issued to take effect by the FSC. Estimates and assumptions would be based on historical experience and other factors considered to be relevant, but actual results and estimates might differ. The Group continues to review the estimates and assumptions. Where the revision of the estimate would only affect the current year, the accounting estimate would be recognized in the current year. Where the estimation affects both the current year and the future period, then it would be recognized in the estimated and amended current year and future period.

(1) Major judgments to adopt accounting policies

In addition to an involvement in judgments related to and estimates (see (2) below), the management's judgments in the process of adopting accounting policies that have the most significant impact on the recognized amounts of the financial statements are as follows:

1) Judgment of business model of financial asset classification

The Group evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. This evaluation calls for consideration of all relevant evidence, including asset performance measurement methods, risks affecting performance, and the salary determination method of relevant managers, salary determination method where the judgment was required. The Group continuously assesses whether its business model judgment is appropriate, and monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition to assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Group would postpone the adjustment of the subsequent classification of financial assets.

2) Investment property

The purpose of part of the property held by the Group was intended to earn rent or capital appreciation. It also includes property held for the purpose of which the future has not yet been determined. Other parts were used by the Group itself. When the respective parts could be solely sold, such property would not be classified under the investment property only the portion in the Group's own use accounted for a not significant portion of the respective property.

3) Commitment to operating lease - the Group is the Lessor

The Group has signed commercial property agreements toward some property portfolios. Based on its evaluation of the agreed terms, the Group still retains significant risks and rewards of ownership of these properties and treats these leases as operating leases.

4) Leased term (Applicable to Year 2019)

In determining the lease term of the leased assets, the Group takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements during the contract period, and the importance of the underlying assets to the lessee's operations and the like. Significant changes in such matters or circumstances within the control of the Group when it occurred while the Group reassessed the lease term anew.

(2) Major accounting estimation & assumptions

The accounting estimates conducted by the Group were based on the reasonable expectations of future events on the grounds of the situation on a specific day, but the actual results might differ from the estimates, and the assets and liabilities of the next financial year might have significant adjustments to the risk of carrying amount and assumptions. Please note the following instructions:

1) Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Group's assumptions about the default rate and the expected loss rate. The Group took into account historical experience, current market conditions and forward-looking information to work out assumptions and select input values for impairment assessment. For more details regarding the important assumptions and input values please refer to Note 6(4). In the event that the actual future cash flow is below expected, it might cause significant impairment losses. The carrying amount of the Group’s receivables and contract assets was NT$2,513,717 thousand and NT$3,143,302 thousand, respectively, as of December 31, 2019 and 2018 (After deducting allowance losses at NT$10,219 thousand and NT$12,619 thousand, respectively)

2) Evaluation of inventory

Since inventory should be measured at the lower of cost or net realizable value, the Group shall use judgment and estimation to decide the net realizable value at the balance sheet date. Due to the rapid changes of the industrial environment, the Group assesses the amount of inventory on the balance sheet date that has undergone normal wear and tear, obsolescence or no market sales value, and will mark down the cost of inventories to the net realizable value. This assessment of inventories primarily uses product need within a certain period in the future as the basis of estimation, and thus material changes could occur. As of December 31, 2019 and 2018, the carrying amount of the Group's inventories was NT$1,673,157 thousand and NT$1,980,783 thousand, respectively. (After deducting loss on allowance for obsolescence and market price decline of inventories of NT$50,982 thousand and NT$59,566 thousand, respectively)

3) Fair value measurement and evaluation process

Where the assets and liabilities measured at fair value were not quoted in the active market, the Group would decide whether to outsource the valuation and determine the appropriate fair value technology according to relevant laws or judgments. Where the fair value was estimated, Level 1 input value could not be obtained for the value, the Group would refer to the analysis of the financial status and operating results of the investee, the latest transaction price, the quote of the same equity instrument in the non-active market, the quote of similar instruments in the active market, and the comparable company evaluation multiplier to determine the input value. If the actual changes in future input values and expectations would differ, fair value changes might occur. The Group regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate. For more details regarding the fair value evaluation techniques and input value, please refer to the descriptions of Note 12(4). As of December 31, 2019 and 2018, the Group's holdings of unlisted (OTC) company stocks and limited partnership investments showed the carrying amounts of NT$862,037 thousand and NT$726,191, thousand, respectively.

4) Evaluation on impairment of investment accounted for using the equity method

Whenever there was an indication of impairment that an investment accounted for using the equity method might have been impaired while the carrying amount could not be recovered, the Group immediately assessed the impairment of the investment. The Group assessed the impairment based on the discounted value of the expected future cash flow of the investee or cash dividends receivable to be expected and disposal of the discounted value of future cash flows from the investment to assess the recoverable amount and analyze the reasonableness of its related assumptions. As of December 31, 2019 and 2018 after the Group’s prudent assessment of the results, there showed no significant impairment loss.

5) Assessment onto the impairment of tangible assets, intangible assets (except goodwill) and other noncurrent assets

In the process of asset impairment assessment, the Group was required to rely on subjective judgment and asset usage patterns and industry characteristics to determine the independent cash flow of a particular asset group, years of useful life, the future revenue and expenses that might be cause significant impairment in the future due to economic condition changes or estimated changes caused by strategies. As of December 31, 2019 and 2018, the accumulated impairment of tangible assets, intangible assets (except goodwill) and other noncurrent assets recognized by the Group was NT$88,671 thousand and NT$85,510 thousand, respectively.

6) Evaluation on impairment in goodwill

Upon determination whether goodwill has been impaired, the use value of the cash-generating unit allocated to goodwill needs to be estimated. To calculate the use value, the management should estimate the future cash flows expected to be generated from the cash-generating unit and decide on appropriate discount rate of the use of the present value. If the actual cash flow became less than expected, significant impairment losses might occur. As of December 31, 2019 and 2018, the amount of goodwill recognized by the Group after the impairment loss were NT$674,070 thousand for both.

7) Realizability of deferred income tax assets

Deferred income tax assets were recognized when there is a possibility in the future that there would be sufficient taxable income for the purpose of deducting temporary differences. Upon assessment of the realizability of deferred income tax assets, significant accounting judgments and estimations of the management must be involved including expected future sales revenue growth and profit margins, usable income tax credits, tax planning and other assumptions. Any changes in the global economic environment, industrial environment and changes in laws and regulations might cause significant adjustment of deferred income tax assets. As of December 31, 2019 and 2018, the deferred income tax assets recognized by the Group were NT$55,493 thousand and NT$49,358 thousand respectively. The deferred income tax assets not recognized by the Group due to non-probable taxable income were to NT$ 12,014 thousand and NT$14,223 thousand, respectively.

8) Calculation of long-term employee benefits liabilities

Upon calculation of the present value of the benefit obligations, the Group must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions should significantly affect the Group's amount of defined benefit obligations. As of December 31, 2019 and 2018, the carrying amounts of the Group's long-term employee benefits liabilities (including net defined benefit liabilities and provisions - noncurrent) were NT$95,210 thousand and NT$82,643 thousand, respectively.

9) Lessee's incremental loan interest rate (Applicable to Year 2019)

When determining the interest rate of the lessees' incremental loan used for discounting lease payments, the Group used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and discounted the estimated lessee's credit risk allowance and lease specific adjustments (e.g., asset characteristics and factors such as guarantees) to be taken into account.

6. Summary of Important Accounting Items

(1) Cash & cash equivalents

Items	December 31, 2019	December 31, 2018
Cash and petty cash	$ 1,905	$ 1,580
Checking deposits	31,885	25,637
Demand deposits	433,139	462,637
Time deposits with original maturity within three months	1,271,594	1,308,800
Bills & bonds under Repurchase Agreements	1,664,860	930,800
Total	$ 3,403,383	$ 2,729,454

1) The Group's cash & cash equivalents have not been used for collateral or pledge.

2) As of December 31, 2019 and 2018, the interest rate range in the market for the Group's time deposit with original maturity within three months was 0.60% to 2.24% and 0.60% to 0.65% per annum, respectively, either floating or on a fixed rate basis.

3) As of December 31, 2019 and 2018, the interest rate range in the market for the bills & bonds under Repurchase Agreements within three undertaken by the Group was 0.53% to 2.30% and 0.51% to 3.10%, respectively.

(2) Financial assets at fair value through profit or loss - current

Items	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss		
Mutual fund beneficiary certificates	$ 171,982	$ 39,000
Plus: Evaluation adjustment	234	20
Total	$ 172,216	$ 39,020

1) For more details regarding financial assets at fair value through profit or loss - current, please see Notes 13(1) (2)-3.

2) As of December 31, 2019 and 2018, the net gains recognized in the current profit

or loss by the Company were NT$1,613 thousand and NT$114 thousand, respectively.

3) The financial assets at fair value through profit or loss - current held by the Group have not been used for collateral or pledge.

(3) Notes receivable

Items	December 31, 2019	December 31, 2018
Total notes receivable	$ 361,582	$ 394,217
Less: Allowance loss	-	-
Net	$ 361,582	$ 394,217

1) The Group's notes receivable have not been overdue and the expected credit loss rate was 0%.

2) The Group’s notes receivable have not been used for collateral or pledge.

(4) Accounts receivable (including related parties)

Items	December 31, 2019	December 31, 2018
Total accounts of receivable	$ 2,069,891	$ 2,618,964
Less: Allowance loss	(10,219)	(12,619)
Subtotal	2,059,672	2,606,345
Total accounts receivable - related parties	1,271	735
Less: Allowance loss	-	-
Subtotal	1,271	735
Net	$ 2,060,943	$ 2,607,080

1) The age analysis of accounts receivable (including related parties) and the allowance loss measured by the preparation matrix are as follows:

Account aging interval	December 31, 2019			December 31, 2018		
	Total amount	Allowance loss	Net	Total amount	Allowance loss	Net
Not overdue	$ 2,054,465	$ -	$ 2,054,465	$ 2,524,724	$ -	$ 2,524,724
1 - 30 days overdue	3,964	-	3,964	77,182	-	77,182
31 - 90 days overdue	6,822	4,368	2,454	9,783	5,001	4,782
91 - 180 days overdue	120	60	60	591	591	-
181 - 365 days overdue	91	91	-	811	419	392
More than 365 days overdue	5,700	5,700	-	6,608	6,608	-
Total	$ 2,071,162	$ 10,219	$ 2,060,943	$ 2,619,699	$ 12,619	$ 2,607,080

The above analysis is based on the number of days past due.

The expected credit loss rate of the Group's aforementioned account aging intervals (excluding abnormal amounts which should be recorded at 100%): Not overdue and overdue within 90 days from 0% to 50%; 91 to 365 days overdue from 30% to 100%, more than 365 days overdue 100%.

The Group's accounts receivable not overdue were expected to have a very low risk of credit loss; For other accounts receivable which had been overdue as of the balance sheet date, the Group has taken into account other credit enhancement protection, post-period collection, and deductions and the like. After reasonable and corroborable information, it is assessed that there was no significant change in its credit quality, and the credit risk has not increased significantly since the initial recognition. Therefore, the management of the Company expects that no credit loss of accounts receivable will be caused by default of transaction counterparties.

2) The Group adopted the simplified method of IFRS 9, and recognized the expected credit loss during the existence in the accounts receivable allowance loss. The expected credit loss during the existence was calculated using the reserve matrix, with consideration of the customers' past default record and historical experience of collection, increase in delayed payments beyond the average credit period, and at the same time with consideration of the current financial status of customers, and observable national or regional industrial economic situation changes related to the arrears of receivables and future prospects such as outlook considerations. As the Group's historical experience of credit losses indicates that there would be no significant differences in the loss patterns of different customer bases, the preparation matrix did not further distinguish the customer bases, only the accounts receivable days past due and actual conditions would determine the expected credit loss rate. The Group did not hold any collateral for these accounts receivable.

   If there was evidence indicating that the counterparty was facing serious financial difficulties and the Group could not reasonably anticipate the recoverable amount, the Group would recognize 100% allowance loss or directly write off the related accounts receivable, but would, meanwhile, continue to recourse the activities due to the amount recovered and recognized in profit or loss.

3) Analysis of changes in allowance loss for accounts receivable (including related parties)

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance (IAS 39)	$ 12,619	$ 17,781
Retrospective application of IFRS 9 adjustments	-	-
Beginning balance (IFRS 9)	12,619	17,781
Plus: Provision of impairment loss	-	-
Less: Reversal of impairment loss	(1,876)	(5,101)
Less: Actual write-off in the year has not been collected	(524)	(61)
Ending balance	$ 10,219	$ 12,619

4) The Group's accounts receivable (including related parties) have not been used for collateral, pledge.

(5) Other receivables

Items	December 31, 2019		December 31, 2018	
Interest receivable	$	23,657	$	30,239
Tax refund receivable		31,109		50,633
Film procurement refundable		5,227		-
Others		3,712		769
Total	$	63,705	$	81,641

(6) Inventories

Items	December 31, 2019		December 31, 2018	
Raw materials	$	318,497	$	503,927
Supplies		174,594		179,646
Work in process		196,180		180,486
Partly-finished goods		464,949		565,418
Finished goods		186,986		350,778
By-products		1,688		3,475
Raw materials in transit		381,245		256,619
Subtotal		1,724,139		2,040,349
Less: Allowance for loss of market diminution in value of inventories	(	50,982)	(	59,566)
Net	$	1,673,157	$	1,980,783

1) The amounts of sales costs linked up with inventory are as follows:

Items	Year Ended December 31, 2019		Year Ended December 31, 2018	
Inventory sales transferred to cost of sales	$	16,455,902	$	19,217,243
Plus: Labor service costs		1,323,989		1,356,840
Plus: Unamortized labor and manufacturing overhead		63,523		106,878
Plus: Loss on net realizable value of inventory		-		12,875
Plus: Loss on obsolescence of Inventories		90		-
Less: Inventory adjustment credit (net)	(	96)	(	121)
Less: Rally in net inventory realizable value	(	7,962)		-
Less: income of off-grades & scrap material sold	(	6,306)	(	7,925)
Account recorded in operating costs	$	17,829,140	$	20,685,790

2) The Group’s operating costs, including the loss of net realizable value of inventories (gain on rebound) between January 1 and December 31, 2019 and 2018 were (NT$7,962) thousand and NT$12,875 thousand, respectively, due primarily to the stability of raw material prices and product quotations/due to decline.

3) The Group’s inventory has not been used for collateral or pledge.

(7) Prepayments

Items	December 31, 2019	December 31, 2018
Prepayment on sales	$ 10,030	$ 28,161
Prepayment of short-term lease agreement fees/ rent	932	1,003
Prepayment of insurance premium	16,317	18,503
Prepayment of production fees	416	132
Supplies inventory	2,617	2,519
Advertising exchange commodities and giveaways	2,462	2,014
Input tax	33,581	31,268
Tax credit	707	922
Others	6,021	9,019
Total	$ 73,083	$ 93,541

(8) Other financial assets - current

Items	December 31, 2019	December 31, 2018
Bank deposits with restricted use	$ 48,463	$ 11,371
Time deposits with original maturity more than three months	3,669,228	2,348,514
Bonds under Repurchase Agreements over three months	-	339,060
Total	$ 3,717,691	$ 2,698,945

1) The “bank deposits with restricted use” refers to a reserve account for liquidation with restricted use. Please see Note 8(2) for more details.

2) The time deposits with original maturity more than three months and bonds under Repurchase Agreements over three months held by the Group did not meet the definition of cash equivalents. They are, therefore, classified under other financial assets - current, as the effect of discounts during the short holding period was insignificant, which was measured by the amount of investment.

3) The interest rate range in the market for the Group’s time deposits with original maturity more than three months as of December 31, 2019 and 2018 were 0.65% - 2.89% and 0.90% - 3.32%, respectively.

4) The interest rate range in the market for the bonds under Repurchase Agreements over three months undertaken by the Group as of December 31, 2018, were 2.97% - 3.50% which the Group already committed to reverse repurchase not later than August 22, 2019.

5) The Group assessed that the expected credit risk of the above financial assets was not high, and the credit risk has not increased after the initial recognition.

(9) Other current assets - other

Items	December 31, 2019	December 31, 2018
Cost of program broadcasting - current (Note)	$ 73,554	$ 166,660

Note: Cost of program broadcasting - current, please see Notes 6(19)-1 for more details.

(10) Financial assets at fair value through other comprehensive income - noncurrent

Items	December 31, 2019	December 31, 2018
Listed (OTC) company stocks in Taiwan		
China Life Insurance Co., Ltd.	$ 1,116,736	$ 788,348
China Development Financial Holding Corporation	1,123,868	1,123,868
Unlisted (OTC) company stocks in Taiwan and abroad		
He Xin Venture Investment Enterprise Co., Ltd.	18,412	18,412
TECO Nanotech Co., Ltd.	219	219
Kuo Tsung Development Co., Ltd.	5,000	5,000
Kuo Tsung Construction Development Co., Ltd.	5,000	5,000
YODN Lighting Corp.	9,754	9,754
Bridgestone Taiwan Co., Ltd.	77,104	77,104
Jeoutai Technology Co., Ltd.	26,604	26,604
Global Mobile Corp.	14,400	14,400
Great Dream Pictures, Inc.	10,000	10,000
Com2B Corp.	8,961	8,961
Limited partnership interest in Taiwan and abroad		
CDIB Capital Asia Partners L.P.	369,754	350,044
CDIB Capital Global Opportunities Fund L.P.	246,937	139,248
China Development Asset Management Corporation's advantageous venture capital limited partnership	106,602	74,490
Subtotal	3,139,351	2,651,452
Plus: Evaluation adjustment	1,349,570	1,568,774
Total	$ 4,488,921	$ 4,220,226

1) The aforementioned investments held by the Group were not in a short-term profitable operating mode. The management believes that if the short-term fair value fluctuations of these investments were included in the profit or loss, and the aforementioned investment plans were inconsistent, they chose to designate these investments at fair value through other comprehensive income.

2) As of December 31, 2019, the Group newly invested in stocks of China Life Insurance Co., Ltd. in a total of 18,454 thousand shares in an amount of NT$380,153 thousand; as of December 31, 2019, the Group sold 5,000,000 shares of China Life Insurance Co., Ltd.'s stocks, in the price of NT$124,560 thousand.

3) The Group newly invested limited partnership interest of the CDIB Capital Asia Partners L.P. between January 1 and December 31, 2019 and 2018 in amounts of US$1,786 thousand (equivalent to NT$54,194 thousand) and US$738 thousand (equivalent to NT$22,499 thousand). Besides, the capital distribution of limited partnership interest between January 1 and December 31, 2019 and 2018 amounted to US$994 thousand (equivalent to NT$30,023 thousand) and US$313 thousand (equivalent to NT$9,585 thousand); as of December 31, 2019 and 2018, the Group's cumulative investment in CDIB Capital Asia Partners L.P.'s limited

partnership interest amounted to US$12,062 thousand and US$11,270 thousand respectively, and the Group's estimated total investment amount was US$13,000 thousand.

4) The Group newly invested CDIB Capital Global Opportunities Fund L.P.'s limited partnership interest of US$5,052 thousand (equivalent to NT$151,452 thousand) and US$ 4,534 thousand (equivalent to NT$139,248 thousand) between January 1 and December 31, 2019 and 2018,; in addition, the limited partnership interest allocated capital between January 1 and December 31, 2019 and 2018 amounted to US$ 1,349 thousand (equivalent to NT$40,432 thousand) and NT$0, respectively; as of December 31, 2019 and 2018, the Group's cumulative investment in CDIB Capital Global Opportunities Fund L.P.'s limited partnership interest was US$8,237 thousand and US$4,534 thousand, respectively, and the estimated total investment amount of the Group was US$30,000 thousand.

5) The Group's newly invested in China Development Asset Management Corporation's advantageous venture capital limited partnership interest between January 1 and December 31, 2019 and 2018 in amounts of NT$35,698 thousand and NT$74,490 thousand respectively; the limited partnership equity allocated capital between January 1 and December 31, 2019 and 2018 amounted to NT$3,586 thousand and NT$0, respectively; as of December 31, 2019 and 2018, the Group's cumulative investment in China Development Asset Management Corporation's advantageous venture capital limited partnership interest were NT$106,602 thousand and NT$74,490 thousand, respectively, and the Group's estimated total investment amount was to NT$200,000 thousand.

6) The Group held investment in structured entity equity as a limited partnership interest, so there was no transaction volume and unit transaction price, and it only bore the rights and obligations within the scope of the investment contract which had no significant influence on such investment. Accordingly, the maximum exposure amount on the balance sheet date was just the carrying amount of these financial assets.

7) The Group's net losses recognized in other comprehensive income between January 1 and December 31, 2019 and 2018 due to changes in fair value were NT$146,408 thousand and NT$280,712 thousand, respectively and accumulated in other equity; in addition, the amount of accumulative gain (loss) due to disposal of investment transferred directly to the retained earnings were NT$72,795 thousand and NT$0, respectively, and the share attributable to the owners of the parent company were NT$45,344 thousand and NT$0, respectively.

8) The financial assets at fair values through other comprehensive income - noncurrent held by the Group have not been used for collateral or pledge.

(11) Investments accounted for using the equity method

1) Investments in associates

Name of associate	December 31, 2019 Carrying amount	December 31, 2019 Shareholding %	December 31, 2018 Carrying amount	December 31, 2018 Shareholding %
Zhenjiang Chimei Chemical Co., Ltd.	$ 5,460,356	30.40%	$ 5,509,893	30.40%
Zhangzhou Chimei Chemical Co., Ltd.	1,137,377	30.40%	717,809	30.40%
Total	$ 6,597,733		$ 6,227,702	

2) The shares of profits or losses and other comprehensive income of associates accounted for using the equity method between January 1 and December 31, 2019 and 2018 were recognized based on the financial statements audited by other certified public accountants of international CPA firms in the cooperation relationship with the CPA firms of the Republic of China during the same period of associates.

3) Shares of profits or losses of associates accounted for using the equity method and other comprehensive income are as follows:

Name of associate	Year Ended December 31, 2019 Recognized in current profit/loss	Year Ended December 31, 2019 Recognized in other comprehensive income	Year Ended December 31, 2018 Recognized in current profit/loss	Year Ended December 31, 2018 Recognized in other comprehensive income
Zhenjiang Chimei Chemical Co., Ltd.	$ 1,237,525	($ 78,410)	$ 988,415	($ 349,901)
Zhangzhou Chimei Chemical Co., Ltd.	(15,057)	(25,756)	-	908
Total	$ 1,222,468	($ 104,166)	$ 988,415	($ 348,993)

4) The Company wired out the cpital worth CNY160,512 thousand (equivalent to US$23,340 thousand /NT$716,901 thousand) in August 2018 to invest in Zhangzhou Chimei Chemical Co., Ltd.. The said investment has been submitted to and approved by the Investment Commission, Ministry of Economic Affairs with Letter Jing-Shen-II-Zi 10700087220 dated June 4, 2018.

5) The Group used the earnings allocated from Zhenjiang Chimei Chemical Co., Ltd. to launch capital increase into Zhangzhou Chimei Chemical Co., Ltd. in an amount of CNY107,008 thousand (equivalent to US$15,923 thousand/NT$477,374 thousand) in March 2019. The said investment was duly approved by the Investment Commission, Ministry of Economic Affairs with Letter Jing-Shen -II-Zi 10800084900 dated April 23, 2019.

6) The Group used the earnings allocated from Zhenjiang Chimei Chemical Co., Ltd. to launch capital increase into Zhangzhou Chimei Chemical Co., Ltd. in the total amount of CNY111,872 thousand (equivalent to US$15,950 thousand/NT$478,169 thousand) in November 2019. The said investment was duly approved by the Investment Commission, Ministry of Economic Affairs with Letter Jing-Shen-II-Zi 10800395800 dated January 7, 2020. As of December 31, 2019, nevertheless, while Zhangzhou Chimei Chemical Co., Ltd. had not yet completed the process of capital increase verification, that amount was recorded

as investment paid in advance. Please see Note 6(17) for more details.

7) Investment accounted for using the equity method held by the Group has not been used for collateral or pledge.

8) For more details regarding the attribute in business of the aforementioned associates, their major business premises and country of incorporation registration, please see Note 13(3), information of investment in Mainland China.

9) The summarized financial information in respect of the Group's key associates are as follows: (The summarized financial information of the Group’s key associates hereunder were prepared on the grounds of IFRSs financial statements by the associates with the adjustment already reflected at the time of equity method).

A. Zhenjiang Chimei Chemical Co., Ltd.

① Balance Sheets

Items	December 31, 2019	December 31, 2018
Current assets	$ 22,472,072	$ 27,101,894
Noncurrent assets	9,362,856	9,028,267
Current liabilities	(9,917,702)	(15,344,042)
Noncurrent liabilities	(1,492,342)	-
Equity	20,424,884	20,786,119
The Company’s shareholding ratio	30.40%	30.40%
The interests bestowed to the Company	6,209,165	6,318,980
Unrealized profit or loss	(748,809)	(809,087)
Carrying amount of investment in associates	$ 5,460,356	$ 5,509,893

② Statements of Comprehensive Income

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating revenues	$ 63,912,288	$ 72,921,032
Net profit for the year	4,070,804	3,251,366
Other comprehensive income	-	-
Total comprehensive income	$ 4,070,804	$ 3,251,366
Dividend received from associates	$ 955,543	$ 808,265

Note: As of December 31, 2019, the Group directly remitted the dividend received from Zhenjiang Chimei Chemical Co., Ltd. to Zhangzhou Chimei Chemical Co., Ltd. used as the capital increase in cash.

B. Zhangzhou Chimei Chemical Co., Ltd.

① Balance Sheets

Items	December 31, 2019	December 31, 2018
Current assets	$ 1,355,631	$ 2,279,983
Noncurrent assets	2,667,447	84,477
Current liabilities	(281,707)	(3,247)
Noncurrent liabilities	-	-
Equity	3,741,371	2,361,213
The Company's shareholding ratio	30.40%	30.40%
Interests bestowed to the Company	1,137,377	717,809
Unrealized profit or loss	-	-
Carrying amount of investment in associates	$ 1,137,377	$ 717,809

② Statements of Comprehensive Income

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating revenues	$ -	$ -
Net profit (loss) for the year	(49,528)	-
Other comprehensive income	-	-
Total comprehensive income	($ 49,528)	$ -
Dividend received from associates	$ -	$ -

Note: Zhangzhou Chimei Chemical Co., Ltd. was incorporated in August 2018 without any significant profit or loss occurring during the initial period until 2018.

(12) Property, plant and equipment

Items	December 31, 2019	December 31, 2018
Land	$ 3,409,062	$ 3,410,682
Buildings & constructions	1,609,846	1,599,726
Machinery & equipment	13,466,251	13,468,888
Transportation facilities	101,522	103,537
Other equipment	1,532,831	1,393,925
Construction in progress and Equipment to be inspected	22,178	51,489
Total costs	20,141,690	20,028,247
Less: Accumulated depreciation	(13,278,832)	(12,545,939)
Less: Accumulated impairment	(55,517)	(54,835)
Net	$ 6,807,341	$ 7,427,473

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Cost:							
Balance at January 1, 2019	$ 3,410,682	$ 1,599,726	$ 13,468,888	$ 103,537	$ 1,393,925	$ 51,489	$ 20,028,247
IFRS 16 retrospective application transfer-out	-	-	-	-	(3,889)	-	(3,889)
Addition	5	10,154	36,261	3,412	155,827	73,869	279,528
Disposal	(1,625)	(4,274)	(64,164)	(4,818)	(58,566)	-	(133,447)

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Reclassification (Note)	-	6,734	32,272	-	46,723	(103,180)	(17,451)
Effects of exchange rate	-	(2,494)	(7,006)	(609)	(1,189)	-	(11,298)
Balance at December 31, 2019	$ 3,409,062	$ 1,609,846	$ 13,466,251	$ 101,522	$ 1,532,831	$ 22,178	$ 20,141,690
Accumulated depreciation and impairment loss:							
Balance at January 1, 2019	$ -	$ 931,742	$ 10,752,940	$ 86,597	$ 829,495	$ -	$ 12,600,774
IFRS 16 retrospective application transfer-out	-	-	-	-	(972)	-	(972)
Depreciation expenses	-	52,881	658,332	5,561	154,560	-	871,334
Disposal	-	(4,330)	(63,938)	(4,740)	(58,202)	-	(131,210)
Impairment loss	-	-	-	-	3,773	-	3,773
Reclassification	-	-	-	-	-	-	-
Effects of exchange rate	-	(1,673)	(6,207)	(440)	(1,030)	-	(9,350)
Balance at December 31, 2019	$ -	$ 978,620	$ 11,341,127	$ 86,978	$ 927,624	$ -	$ 13,334,349

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Cost:							
Balance at January 1, 2018	$ 3,410,682	$ 1,587,140	$ 13,392,891	$ 101,235	$ 1,277,374	$ 102,532	$ 19,871,854
Addition	-	12,887	165,108	4,590	313,477	57,655	553,717
Disposal	-	(3,718)	(161,687)	(3,511)	(176,635)	-	(345,551)
Reclassification (Note)	-	4,791	76,043	1,580	(19,747)	(108,698)	(46,031)
Effects of exchange rate	-	(1,374)	(3,467)	(357)	(544)	-	(5,742)
Balance at December 31, 2018	$ 3,410,682	$ 1,599,726	$ 13,468,888	$ 103,537	$ 1,393,925	$ 51,489	$ 20,028,247
Accumulated depreciation and impairment loss:							
Balance at January 1, 2018	$ -	$ 890,430	$ 10,250,008	$ 82,246	$ 870,937	$ -	$ 12,093,621
Depreciation expenses	-	46,025	667,312	7,990	134,211	-	855,538
Disposal	-	(3,676)	(162,121)	(3,391)	(175,179)	-	(344,367)
Impairment loss	-	-	-	-	-	-	-
Effects of exchange rate	-	(1,037)	(2,259)	(248)	(474)	-	(4,018)
Balance at December 31, 2018	$ -	$ 931,742	$ 10,752,940	$ 86,597	$ 829,495	$ -	$ 12,600,774

Note: Net changes in the reclassification in property, plant and equipment converted into expenses in the amounts of NT$17,451 thousand and NT$46,031 thousand respectively between January 1 and December 31, 2019 and 2018.

1) Starting from January 1, 2019, the Group adopted IFRS 16. Pursuant to the transitional provisions set forth under IFRS 16, the Group chose not to reclassify the period for comparison. The Group’s effects of property, plant and equipment in the retrospective application to IFRS 16, the major effects used to adopt IAS 17 to recognize the finance leases for reclassification into right-of-use assets, please see Note 3(1) and Note 6(13).

2) The Group’s property, plant and equipment were primarily provided for own use. Part of the usable spaces of the property was leased to others as operating lease.

3) The addition and the acquisition of the property, plant and equipment in the statements of in the current year are reconciled as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Increase in property, plant and equipment	$ 279,528	$ 553,717
Plus: Decrease (increase) in the payables for equipment	14,865	(14,036)
Less: Finance lease rented	-	(3,889)
Amounts paid in cash	$ 294,393	$ 535,792

4) Cost capitalized amount and interest rate range of the property, plant and equipment based loans: Nil

5) The major composition items of the Group's property, plant and equipment were depreciated in the straight-line method based on the useful life as follows:

A. Buildings & constructions

Buildings, plants and main constructions	26 - 56 years	Building affiliated equipment	11 - 21 years
Air conditioning equipment	5 - 8 years	Fire protection equipment	4 - 6 years
Road greening	4 - 11 years		

B. Machinery equipment

Chemical equipment	8 - 25 years	Steam and electricity equipment	16 years
Gas supply equipment	10 years	Broadcasting equipment	5 - 6 years
Others	7 years		

C. Transportation facilities

SNG Van	5 - 7 years	OB outside Broadcasting Van	6 - 7 years
Others	2 - 6 years		

D. Other equipment

Furniture & office equipment	4 - 7 years	Leasehold improvement	10 years
Catering equipment	3 years	Others	3 - 8 years

6) As of December 31, 2019 while some equipment capacity was not fully utilized,

the Group expected that the future cash inflow of such equipment would decrease, and, in turn, estimated that recoverable amount was NT$0 less than the carrying amount so that it would recognize the impairment loss of other equipment amounting to NT$3,773 thousand. Such impairment loss was already included in the consolidated statements of comprehensive income under other gains and losses. The Group used the value in use to determine the recoverable amount of such equipment. The discount rate adopted as of December 31, 2019 was 6.21%. The Group recognized that the accumulated impairment amounts for property, plant and equipment between January 1 and December 31, 2019 and 2018 were NT$55,517 thousand and NT$54,835 thousand, respectively.

7) For information regarding the collateral provided with property, plant and equipment, please see Note 8 for more details.

(13) Lease agreement

Year 2019

1) Right-of-use assets

Items	December 31, 2019	December 31, 2018
Land	$ 8,789	(Note)
Buildings & constructions	449,312	
Machinery & equipment	35,377	
Transportation facilities	16,721	
Total costs	510,199	
Less: Accumulated depreciation	(76,950)	
Less: Accumulated impairment	-	
Net	$ 433,249	

Note: Starting from January 1, 2019, the Group adopted IFRS 16. Pursuant to the transitional provisions under IFRS 16, the Group chose not to reclassify the period for comparison.

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Cost:					
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -
IFRS 16 retrospective application transfer-in	9,130	440,099	35,377	10,153	494,759
Addition/Reclassification	-	9,552	-	6,568	16,120
Derecognition	-	-	-	-	-
Effects of exchange rate	(341)	(339)	-	-	(680)
Balance at December 31, 2019	$ 8,789	$ 449,312	$ 35,377	$ 16,721	$ 510,199

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Accumulated depreciation:					
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -
IFRS 16 retrospective application transfer-in	-	-	-	972	972
Depreciation expenses	271	60,825	8,324	6,629	76,049
Derecognition	-	-	-	-	-
Effects of exchange rate	(5)	(66)	-	-	(71)
Balance at December 31, 2019	$ 266	$ 60,759	$ 8,324	$ 7,601	$ 76,950

2) Lease liabilities

Items	December 31, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Land	$ -	$ -	(Note)	(Note)
Buildings & constructions	58,645	332,361		
Machinery & equipment	8,990	18,869		
Transportation facilities	5,751	3,417		
Total	$ 73,386	$ 354,647		

Note: Starting from January 1, 2019, the Group adopted IFRS 16. Pursuant to the transitional provisions under IFRS 16, the Group chose not to reclassify the period for comparison.

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Lease liabilities:					
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -
IFRS 16 retrospective application transfer-in	-	440,099	35,377	9,199	484,675
Addition/Reclassification	-	9,552	-	6,568	16,120
Derecognition	-	-	-	-	-
Repayment of principal of lease liabilities	-	(58,370)	(7,518)	(6,599)	(72,487)
Effects of exchange rate	-	(275)	-	-	(275)
Balance at December 31, 2019	$ -	$ 391,006	$ 27,859	$ 9,168	$ 428,033

A. The lease term of lease liabilities and the range of discount rate are as follows:

Items	Estimated lease term (including lease renewal rights)	December 31, 2019
Land	50 years	-
Buildings & constructions	2 - 13 years	0.63% - 4.30%
Machinery & equipment	4 years	0.75%
Transportation facilities	2 - 3 years	0.90% -1.50%

B. The maturity of the Company's lease liabilities are analyzed below:

Items	December 31, 2019
Below 1 year	$ 77,508
Over 1 year but below 5 years	240,988
Over 5 years but below 10 years	122,461
Over 10 years but below15 years	2,000
Over 15 years but below 20 years	-
Over 20 years	-
Total undiscounted lease payments	$ 442,957

3) Major lease events and clauses

A. The Group leased the land in the People’s Republic of China for use as a production plants and office spaces for land use right in 50 years. The entire rents should be paid up in a lump-sum at the time of execution of this Lease Agreement. The Group was not entitled to procure the land upon expiry of the duration of land use right. The Group was entitled to the act of disposition such as land use right, income right, transfer and lease within the land use limit, and the Group is responsible to pay a variety of taxes as required.

In addition, the subject assets leased by the Group include buildings & constructions, machinery equipment and transportation facilities, and the like. At the end of the lease term, the Group held no preferential acquisition rights for the leased target assets, and some leases were attached to lease term renewal right after expiration. The lease agreement was negotiated individually and contained various terms and conditions. Some lease agreements stipulate that the lease payment may be adjusted according to the consumer price index. Assets other than leases should not be used as loan collateral, and it was agreed that unless with the consent of the lessor, the Group should not sublet or transfer the Subject Premises either in whole or in part. Except these facts, the lease agreement was free of any other restrictions.

B. Option to prolong the lease

The part of the Subject Premises covered within the Group's lease agreement includes the extension option entitled to the Group. Under the general practice for the lease agreement, the Group was bestowed with the maximum possible operating flexibility and effective use of assets. While the Group resolved to enter into the lease term, the Group already took into account all the facts and circumstances that will result in the economic incentives generated from the exercise of extension option. Therefore, upon the estimation for the exercise of extension option, as of December 31, 2019, the right-of-use assets and the lease liabilities increased by NT$279,050 thousand and NT$280,427 thousand, respectively.

C. Impact of variable lease payments on lease liabilities

In the Group's lease agreement, the variable lease payment terms are subject to storage/usage link. The variable payment depends on the actual use of the underlying assets. The variable payment terms are used for many reasons, mainly for profit control and operating flexibility to minimize fixed costs. The changes in storage/usage of lease payments are recognized as expenses during the period that triggers these payment terms.

4) Sublet: The Group sub-leases the right to use part of the leased spaces (parking spaces) under a short-term operating lease.

5) Other lease information

The Group’s agreement to lease investment property by means of operating lease is detailed in Note 6(14)-6.

A. The profit or loss details related to the lease agreement are as follows:

Items	Year Ended December 31, 2019	
Expenses attributable to short-term lease agreement	$	6,112
Expenses attributable to low-value assets lease		10
Expenses paid under variable lease		4,503
Total	$	10,625
Interest expense for lease liabilities	$	4,794
Gain from sublet in right-of-use assets	$	938

Profit (loss) generated from back-lease transaction after sales	$ -
Profit (loss) generated from amendment to lease transaction	$ -

The Group chose to apply recognition exemptions for short-term leases and low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for these leases. As of December 31, 2019 the short-term lease commitment amount with recognition exemptions was NT$1,143 thousand.

B. The total lease cash outflow of the Group during January 1 - December 31, 2019 totaled at NT$87,906 thousand.

C. The right-of-use assets prove no impairment as indicated by the result of the Group's prudential evaluation.

Year 2018

Commitment to operating lease - The Group was as the lessee

The Group leased factory buildings, offices, dormitories, warehouses, storage tanks, and official vehicles in line with its business needs. The lease agreements signed by the Group were non-cancellable operating lease agreements. Most of the lease agreements could be renewed at the market price at the end of the lease term. Due to the non-cancellable lease agreements of the Group, the estimated total amount of minimum lease payments for each year is as follows:

Items	December 31, 2018
Below 1 year	$ 71,059
Over 1 year but below 5 years	116,247
Over 5 years	18,964
Total	$ 206,270

(14) Investment property

Items	December 31, 2019	December 31, 2018
Land	$ 60,363	$ 60,363
Buildings & constructions	71,208	71,208
Subtotal	131,571	131,571
Less: Accumulated depreciation	(52,689)	(51,728)
Less: Accumulated impairment	-	-
Net	$ 78,882	$ 79,843

Items	Land	Buildings & constructions	Total
Cost:			
Balance at January 1, 2019	$ 60,363	$ 71,208	$ 131,571
Additions	-	-	-
Disposal	-	-	-
Effects of exchange rate	-	-	-
Balance at December 31, 2019	$ 60,363	$ 71,208	$ 131,571

Items	Land		Buildings & constructions		Total	
Accumulated depreciation and impairment:						
Balance at January 1, 2019	$	-	$	51,728	$	51,728
Depreciation expenses		-		961		961
Disposal		-		-		-
Effects of exchange rate		-		-		-
Balance at December 31, 2019	$	-	$	52,689	$	52,689

Items	Land		Buildings & constructions		Total	
Cost:						
Balance at January 1, 2018	$	60,363	$	71,208	$	131,571
Additions		-		-		-
Disposal		-		-		-
Effects of exchange rate		-		-		-
Balance at December 31, 2018	$	60,363	$	71,208	$	131,571
Accumulated depreciation and impairment :						
Balance at January 1, 2018	$	-	$	50,705	$	50,705
Depreciation expenses		-		1,023		1,023
Disposal		-		-		-
Effects of exchange rate		-		-		-
Balance at December 31, 2018	$	-	$	51,728	$	51,728

1) Cost capitalized amount of cost and interest rate range of investment property based loans: Nil

2) Rent revenues from investment property and direct operating expenses:

Items	Year Ended December 31, 2019		Year Ended December 31, 2018	
Rent revenues from investment property	$	5,400	$	5,400
Direct operating expenses arising from investment property that generated rental income in current year	$	961	$	1,023
Direct operating expenses arising from investment property that did not generate rental income in current year	$	-	$	-

3) The Group's investment property is located in the Dali District of Taichung City. Where the land is oriented to software industry and where the comparable market transactions are infrequent and reliable alternative fair value estimates would be impractical, so the fair value cannot be determined reliably.

4) The investment property has no impairment as indicated by the result of the Group’s prudential evaluation.

5) The Group’s investment property is attributed as the Group’s own interests and has not been used for collateral or pledge.

6) Lease agreements - The Group is the Lessee.

The investment property leased outward by the Group includes land and buildings & constructions, and the like. The lease agreement period is 2 years. At the end of the lease term, the lessee is not entitled to preferential privilege to renew the leasehold. At the end of the duration, the most of lease agreement could be renewed according to the market price, and include terms that could adjust the rent according to the annual market environment. The Group leases outward the investment property under the operating lease. The total future lease payments are as follows:

Items	December 31, 2019	December 31, 2018
The first year	$ 6,000	$ 5,400
The second year	6,000	-
The third year	-	-
The fourth year	-	-
The fifth year	-	-
Over 5 years	-	-
Total	$ 12,000	$ 5,400

(15) Intangible assets

Items	December 31, 2019	December 31, 2018
Goodwill	$ 674,070	$ 674,070
Less: Accumulated impairment	-	-
Net	$ 674,070	$ 674,070

1) The intangible assets have no significant impairment as indicated by the result of the Group's prudential evaluation.

2) Goodwill has been allocated to the Group's cash-generating units identified by the operating segment:

Items	December 31, 2019	December 31, 2018
Goodwill		
Television Media Department	$ 658,915	$ 658,915
Other departments	15,155	15,155
Total	$ 674,070	$ 674,070

3) Goodwill has been allocated to the cash-generating units identified by the Group. The recoverable amount was evaluated based on use value which was calculated based on the pre-tax cash flow forecast of the management's financial budget. The Group's recoverable amount calculated based on use value exceeded the carrying amount, so the goodwill has not suffered significant impairments and has been mainly used to consider gross profit rate, growth rate and discount rate for use value calculation. The Group's management determined the budget gross profit rate based on the previous performance and its expectations for market development. The weighting average growth rate proved consistent with the forecast of the industry report. The discount rate used was the pre-tax rate and reflected the specific risks of the relevant operating segment.

(16) Refundable deposits

Items	December 31, 2019	December 31, 2018
Performance bond	$ 887	$ 805
Lease security deposit - as a lessee	12,371	12,345
Environmental protection guarantee bond	2,000	2,000
Others	1,186	1,514
Total	$ 16,444	$ 16,664

(17) Investment paid in advance

In November 2019, the Group used the earnings allocated from Zhenjiang Chimei Chemical Co., Ltd. to launch capital increase into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY111,872 thousand (equivalent to US$15,950 thousand/NT$478,169 thousand). The aforementioned investment has been approved by the Investment Commission, Ministry of Economic Affairs with Letter Jing-Sheng-II-Zi 10800395800 dated January 7, 2020. As of December 31, 2019 while Zhangzhou Chimei Chemical Co., Ltd. had not yet completed the process for capital verification, that investment in capital increase was recorded under investment paid in advance.

(18) Long-term rent paid in advance

Items	December 31, 2019	December 31, 2018
Land use right	(Note)	$ 9,130

1) Starting from January 1, 2019, the Group adopted IFRS 16 instead of the previous use of IAS 17 and then, as a result, reclassified the long-term rent paid in advance into right-of-use assets. Further pursuant to the transitional provision under IFRS 16, the Group chose not to reclassify the comparison period. Please see Note 3(1) and Note 6(13).

2) Land use right was acquired from the Land Administration Bureau of the People's Republic of China and used as a production plant and office building. The right of use lasts for 50 years. The Group was entitled to the land use right within the land use duration, the right to receive, transfer and lease and such disposal powers equally. The Group was, meanwhile, obliged to pay various taxes and fees due to use of land.

3) As of December 31, 2018, the amount amortized for the land use right came to NT$279 thousand. The single-line item by functional category is under operating costs.

4) The land use right has no impairment as indicated by the result of the Group's prudential evaluation.

5) The Group's land use right has not been used for guarantee, pledge.

(19) Other noncurrent assets - other

Items	December 31, 2019		December 31, 2018	
Cost of program broadcasting - noncurrent	$	221,445	$	298,492
Long-term prepaid expenses		5,135		4,741
Catering tableware		1,406		-
Long-term receivables		120		187
Total	$	228,106	$	303,420

1) The cost of program broadcasting included the cost of outsourcing film broadcasting rights, outsourcing filming or self-made programs and the like. The relevant details are as follows:

Items	December 31, 2019		December 31, 2018	
Movie film library	$	234,824	$	285,926
Film purchase paid in advance		71,559		174,139
Film production paid in advance		21,770		35,762
Subtotal		328,153		495,827
Less: Accumulated impairment - cost of program broadcasting	(	33,154)	(	30,675)
Less: Portion expected to be amortized within one year	(	73,554)	(	166,660)
Cost of program broadcasting - noncurrent	$	221,445	$	298,492

The portion expected to be amortized within one year was recorded in other current assets - others. Please see Note 6(9) for more details.

2) While some of the Group’s broadcast programs were sold not well in the market at the box office or were not broadcast fat all or a long period of time between January 1 and December 31, 2019 and 2018, the Group expected that the future cash inflow of these broadcast programs would drop, resulting in the estimated recoverable amounts at NT$27,458 thousand and NT$38,252 thousand, respectively below the carrying amounts. The Group, as a result, recognized the impairment loss of these broadcasts between January 1 and December 31, 2019 and 2018 at NT$4,723 thousand and NT$10,007 thousand respectively. The Group adopted the value in use to determine the recoverable amounts of these broadcasts. The adopted discount rates were 7.62% and 9.20%, respectively. Such impairment loss has been recorded under non-operating income and expenditures - other gains and losses in the statements of comprehensive income between January 1 and December 31, 2019 and 2018. As of December 31, 2019 and 2018, the amount of accumulated impairment recognized by the Group for broadcasting programs were NT$33,154 thousand and NT$30,675 thousand, respectively.

3) The program broadcasting held by the Group has not been used for collateral or pledge.

4) The single-line items for all amortization of the cost of program broadcasting, long-term prepaid expenses and catering tableware are as follows:

Items	Year Ended December 31, 2019		Year Ended December 31, 2018	
Operating costs	$	729,367	$	737,594
Operating expenses		2,285		3,362
Total	$	731,652	$	740,956

5) Catering tableware refers to cloth towels and general tableware, amortized on a straight-line basis for three years. The long-term receivables were loans granted employees without interest for vehicular purchase.

(20) Short-term loan

	December 31, 2019			December 31, 2018		
Attribute	Amount		Interest rate range	Amount		Interest rate range
Credit loans	$	20,000	1.15%～1.20%	$	2,240	0.90%～4.01%
Import financing		953	2.28%		593	1.32%
Total	$	20,953		$	2,833	

The Group and the banks have signed short-term comprehensive credit extension agreements for which the Group provided a promissory notes as a commitment to repay the loan. For more details regarding pledge provided for short-term loans, please see Note 8(1) and Note 9-2.

(21) Other payables

Items	December 31, 2019		December 31, 2018	
Salaries and bonuses payable	$	275,773	$	388,766
Compensation to employee payable		34,607		52,043
Remuneration to directors and supervisors payable		51,039		77,145
Interest payable		14		-
Freight payable		20,641		19,680
Taxes payable		20,307		20,704
Insurance premium payable		9,689		8,827
Utilities payable		5,907		8,324
Repair & maintenance expenses payable		15,917		22,227
Service charge payable		10,610		18,433
Labor service cost payable		5,330		4,823
Equipment payable		5,606		20,471
Others		35,143		27,817
Total	$	490,583	$	669,260

(22) Provisions - current

Items	December 31, 2019		December 31, 2018	
Employee benefits - payment on leave	$	17,576	$	17,015

1) The provisions of employee benefits - current refer to an estimate of the employee's vested right for service leave. In most cases, sick leave and maternity

leave or paternity leave are contingent in attribute, depending on future events and instead of being accumulated so such costs would be recognized only when the fact of leave takes place.

2) Information of variation in the provisions of employee benefits – current is as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance	$ 17,015	$ 17,072
Additional amount for the year	25,047	24,308
Utilized amount for the year	(22,492)	(20,532)
Reversal of unutilized amount for the year	(1,994)	(3,833)
Ending balance	$ 17,576	$ 17,015

(23) Advance receipts

Items	December 31, 2019	December 31, 2018
Rents collected in advance	$ 71	$ 71
Others	84	81
Total	$ 155	$ 152

(24) Other current liabilities - other

Items	December 31, 2019	December 31, 2018
All collections	$ 5,807	$ 6,502
Others	290	172
Total	$ 6,097	$ 6,674

(25) Provisions - noncurrent

Items	December 31, 2019	December 31, 2018
Other long-term employee benefits plans	$ 10,175	$ 8,486

1) The other long-term employee benefits plans of the Group are the seniority service bonuses and consolation money for employees. The payment criteria for long-term bonuses and consolation money were calculated based on the basis of the service seniority acquired and accumulated.

2) The Group has recognized other long-term employee benefits obligations. The composition of obligatory liabilities is as follows:

Items	December 31, 2019	December 31, 2018
Present value of other long-term employee benefits obligations	$ 10,175	$ 8,486
Fair value of plan assets	-	-
Other long-term employee benefits liabilities, net	$ 10,175	$ 8,486

3) Change in other long-term employee benefits liabilities, net is as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance	$ 8,486	$ 6,944
Other long-term employee benefits costs:		
Current service cost	1,031	752
Interest expenses	82	78
Remeasurements:		
Actuarial losses (gains) - change in demographic assumptions	90	147
Actuarial losses (gains) - change in financial assumptions	187	7
Actuarial losses (gains) - experience adjustment	907	901
Recognized in profit or loss	2,297	1,885
Payments of benefit	(608)	(343)
Ending balance	$ 10,175	$ 8,486

4) The amount of the benefit costs in aforementioned other long-term employee benefits plans were recognized in profit or loss under the administrative expenses based on the single-line items by functional category.

5) Composition of the plan assets

The Group did not allocate related assets, the effected payment based on actual occurrence.

6) The present value of other long-term employee benefits obligations of the Group was actuarially counted by a qualified actuary. The main assumptions of the actuarial evaluation on the measurement date are as follows:

Items	2019	2018
Discount rate	0.625% - 0.750%	0.875% - 1.125%
Future salary growth rate	1.75% - 2.00%	1.75% - 2.00%

The assumption of future mortality rate is estimated based on the fifth life experience table of life insurance industry in Taiwan.

7) Because changes in the main actuarial assumption used, the present value of other long-term employee benefits obligations is affected. The analysis was as follows:

A. Interest rate risks

The decline in the interest rate of government bonds would increase the present value of other long-term employee benefits obligations, but the returns on debt investment of the plan assets would also increase accordingly. The both two would have a partial offset effect on other long-term employee benefits liabilities.

B. Salary related risks

The calculation of the present value of other long-term employee benefits obligations refers to the future salary of the plan members. Therefore, the increase in the salary of plan members would increase the present value of other long-term employee benefits obligations.

8) In the event that the significant actuarial assumptions were subject to a combination of possible changes, and if other assumptions remained unchanged, the amount of increase (decrease) in present value of other long-term employee benefits obligations would be as follows:

Items	Discount rate		Future salary growth rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019:				
Effect on present value of other long-term employee benefits obligations	($ 182)	$ 189	$ 103	($ 100)
December 31, 2018：				
Effect on present value of other long-term employee benefits obligations	($ 147)	$ 151	$ 70	($ 69)

Practically, since actuarial assumptions might relate to each other, it would be unlikely to have a single assumption in change. The aforementioned sensitivity analysis, therefore, might not reflect the actual change in the present value of other long-term employee benefits obligations. In addition, in the aforementioned sensitivity analysis, the present value of other long-term employee benefits obligations at the end date of the reporting period would be based on the actuarial calculation of the projected unit credit method and the defined benefit liabilities included in the balance sheet would be measured on the same basis. The method assumptions used in preparing the sensitivity analysis in the current year was exactly same as that used in the prior one.

9) The Group expected to pay to other long-term employee benefit plans in Year 2020 in the amount of attribution and the amount of payment at NT$0 and NT$508 thousand, respectively.

(26) Rent payable

The Group leased transportation facilities by means of finance lease for the lease term in 3 years. At the expiration of the lease term, these lease agreements were not entitled to terms for renewal or acquisition rights and extensions. The Group took lease assets ownership as the guarantee for rent payable. The interest rate of all finance lease obligations was fixed on the lease agreement initiation date and the annual interest rate range as of December 31, 2018 was 2.616%. The Group's total future minimum lease payments and present value as of December 31, 2018 are as follows:

Items	December 31, 2018		
	Total finance lease liabilities	Finance charge in future	Present value of finance lease liabilities
Current			
Below 1 year	$ 1,998	$ 54	$ 1,944
Noncurrent			
Over 1 year but below 5 years	999	8	991
Over 5 years	-	-	-
Subtotal	999	8	991
Total	$ 2,997	$ 62	$ 2,935

The Group used IFRS 16 starting from January 1, 2019 and reclassified the rent payable previously recognized under finance lease pursuant to IAS 17 into lease liabilities. Further pursuant to transitional provisions under IFRS 16, the Group chose not to reclassify the comparison period, please see Note 3(1) and Note 6(13) for more details.

(27) Post-employment benefit plans

Items	December 31, 2019		December 31, 2018	
Defined benefit plans	$	80,552	$	69,702
Defined contribution plans		4,483		4,455
Total	$	85,035	$	74,157

1) Defined benefit plans

A. In accordance with the "Labor Standards Act", the Company and the domestic subsidiaries in the Group have established retirement methods to define benefits. Under the "Labor Pension Act" applicable on July 1, 2005, the service seniority accumulated by employees prior to enforcement of the "Labor Pension Act" and subsequently accumulated by employees who chose subject to "Labor Standards Act" after enforcement of the "Labor Pension Act" as entitled to retirement would be taken to count pension which would be calculated number of years in the service seniority accumulated and the salary amounts averaged in the six (6) months prior to retirement. Each year of service seniority accumulated in full within fifteen (15) years (inclusive) would be entitled to two base units and each year the period of service seniority accumulated beyond fifteen (15) years would be entitled to one base unit. The cumulative base units shall not exceed the maximum limit of 45 base units. The Company and its domestic subsidiaries attributed retirement funds on a monthly basis to the specified ratio of total salary, and deposited the funds in the bank account designated for pension fund opened with the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. Besides, in response to the retirement needs of senior managers, the Company set up the "Manager's Retirement Fund Management Committee" in September 2004 and attributed on a monthly basis for a certain ratio (currently 30%) of the total salary of managers into the management of the Manager's Retirement Fund Management Committee and deposited in a special account of a financial institution opened in the name of the Manager's Retirement Reserve Fund. The Company and its domestic subsidiaries estimate the balance of the retirement fund mentioned in the preceding item before the end of each year. In the event that the balance is found not enough to pay off the pension amount calculated according to the foregoing for the employees who meet the retirement requirements in the next year, the Company would make up the difference in a lump-sum before the end of March of the following year.

B. The amounts of the defined benefit plans were recognized in the balance sheet as follows:

Items	December 31, 2019		December 31, 2018	
Present value of defined benefit obligations	$	961,102	$	924,215
Fair value of plan assets	(	880,550)	(	854,513)
Net defined benefit liabilities	$	80,552	$	69,702

C. Change in present value of defined benefit obligations is as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Present value of defined benefit obligation, beginning of year	$ 924,215	$ 922,805
Service cost of the current year	10,805	12,936
Interest expenses	9,226	10,584
Remeasurements:		
Actuarial losses (gains) - change in demographic assumptions	69	233
Actuarial losses (gains) - change in financial assumptions	22,198	13,586
Actuarial losses (gains) - experience adjustment	27,454	7,713
Payments of benefit (Note)	(32,865)	(43,642)
Present value of defined benefit obligation, end of year	$ 961,102	$ 924,215

Note: As of December 31, 2018, the payments of benefit included payments of benefit for plan assets NT$42,942 thousand and payments of benefit on account NT$700 thousand.

D. Change in fair value of plan assets is as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Fair value of plan assets, beginning of year	$ 854,513	$ 839,476
Interest income	8,623	9,857
Remeasurements:		
Return on plan assets other than net interest	29,813	23,354
Fund attributed by employer	20,466	24,768
Payments of benefit on plan assets	(32,865)	(42,942)
Fair value of plan assets, end of year	$ 880,550	$ 854,513

E. Relevant defined benefit plans recognized in the statement of comprehensive income, the amount of the defined benefit costs are as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Current service cost	$ 10,805	$ 12,936
Interest expense of defined benefit obligations	9,226	10,584
interest income of plan assets	(8,623)	(9,857)
Recognized in profit loss	$ 11,408	$ 13,663
Remeasurements :		
Actuarial losses (gains) - change in demographic assumptions	$ 69	$ 233
Actuarial losses (gains) - change in financial assumptions	22,198	13,586

Actuarial losses (gains) - experience adjustment	27,454	7,713
Return on plan assets other than net interest	(29,813)	(23,354)
Recognized in other comprehensive income	$ 19,908	($1,822)

F. The aforementioned defined benefit plans recognized in the net defined benefit costs of profit or loss. The single-line items by functional category are as follows:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating costs	$ 5,586	$ 7,437
Operating expenses		
Selling expenses	364	522
Administrative expenses	5,236	5,366
Research and development expenses	222	338
Subtotal	5,822	6,226
Total	$ 11,408	$ 13,663

H. The defined benefit retirement plan assets of the Company and the domestic subsidiaries were commissioned into business management through Bank of Taiwan according to the proportion of the items of commissioned management as specified under the annual investment utilization plans of the funds and within the specified amounts within the items as per Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., to be deposited into financial institutions in Taiwan and abroad, to be invested in the Exchange-listed and OTC-listed companies or private placement equity securities and to be invested into securitized commodities of real property in Taiwan and abroad). The relevant utilization was under supervision by the Labor Pension Fund Supervisory Committee. In the utilization of the Fund, the minimum gain allocated amidst final account settlement in every fiscal year should not be lower than the income calculated by the local banks' two-year fixed term deposit interest rate. The shortfall, if any, should be supplemented by the national treasury after approval by the competent authority. Where the Company was not entitled to participate in the operation and management of the fund, the Company could not classify the plan assets at the fair value disclosed under IAS 19 Paragraph 142. For more details of the fair value of the total assets of the Fund as of December 31, 2019 and 2018, please refer to reports of the Labor Pension Fund Utilization promulgated by the government in the respective years.

I. The present value of defined benefit obligations of the Company and the domestic subsidiaries was counted actuarially by a qualified actuary. The main assumptions of the actuarial evaluation on the measurement date are listed below:

Items	2019	2018
Discount rate	0.625% - 0.875%	0.875% - 1.250%
Future salary growth rate	1.50% - 2.00%	1.75% - 2.00%

Average period of existence of defined benefit obligations	5.4 years - 13.0 years	5.7 years - 13.1 years

The assumption of future mortality rate is estimated based on the fifth life experience table of life insurance industry in Taiwan.

J. The Company and the domestic subsidiaries have been exposed to the following risks due to the Labor Standards Act:

① Interest rate risks

The decline in the interest rate of government bonds would increase the present value of defined benefit obligations, but the returns on debt investment of the plan assets would also increase accordingly. The both two have a partial offset effect on the net defined benefit liabilities.

② Salary related risks

The calculation of the present value of defined benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of plan members would increase the present value of defined benefit obligations.

K. In the event that the significant actuarial assumptions were subject to a combination of possible changes, and if other assumptions remained unchanged, the amount of increase (decrease) in present value of the defined benefit obligations would be as follows:

Items	Discount rate		Future salary growth rate	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2019:				
Effect to present value of defined benefit obligations	($ 20,907)	$ 21,622	$ 20,986	($ 20,400)
December 31, 2018：				
Effect to present value of defined benefit obligations	($ 21,216)	$ 21,969	$ 21,377	($ 20,752)

Practically, since actuarial assumptions might relate to each other, it would be unlikely to have a single assumption in change. The aforementioned sensitivity analysis, therefore, might not reflect the actual change in the present value of defined benefit obligations. In addition, in the aforementioned sensitivity analysis, the present value of defined benefit obligations at the end date of the reporting period would be based on the actuarial calculation of the projected unit credit method and the defined benefit liabilities included in the balance sheet would be measured on the same basis. The method assumptions used in preparing the sensitivity analysis in the current year was exactly same as that used in the prior one.

L. The Company and the domestic subsidiaries expected to pay to defined benefit plans in Year 2020 in the amount of contribution and the amount of payment NT$ 19,423 thousand and NT$31,024 thousand, respectively.

2) Defined contribution plans

A. The Company and the domestic subsidiaries of the Group have established the regulations on defined contribution retirement in accordance with the

"Labor Pension Act", which are applicable to employees of ROC (Taiwan) nationality. The Company withheld 6% of the salary as labor pension into the employees' personal pension accounts of Bureau of Labor Insurance for the employee who chose to apply the labor pension system specified under the "Labor Pension Act" and the payment of pension was granted based on the employees' personal pension accounts and the amount of accumulated income either on a monthly basis or in one-time pension payment. Under such plan, after the Company and the domestic subsidiary contributed a fixed amount to the Bureau of Labor Insurance, the Company and the subsidiaries would no longer be subject to statutory or presumed obligations extra.

B. The foreign subsidiaries of the Group have contributed old-age insurance fund or reserve of retirement allowance in accordance with the retirement regulations promulgated by the local governments. The pension for every employee has been managed under packaged arrangement by the local government authorities. Those companies have not been subject to further obligations except contribution of the pension on a monthly basis or on an annual basis as required by the Local Government Authorities.

C. The Group recognized the pension costs in accordance with the aforementioned defined contribution plans between January 1 and December 31, 2019 and 2018 amounted to NT$26,760 thousand and NT$26,514 thousand, respectively. The net defined benefit liabilities recognized by the Company in accordance with the aforementioned defined contribution plans between January 1 and December 31, 2019 and 2018 amounted to NT$4,483 thousand and NT$4,455 thousand, respectively.

D. The amounts of pension costs recognized in profit or loss in accordance with the aforementioned defined contribution plans are as follows based on the single-line items of functional category:

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating costs	$ 10,319	$ 10,032
Operating expenses		
Selling expenses	1,387	1,306
Administrative expenses	14,546	14,626
Research and development expenses	508	550
Subtotal	16,441	16,482
Total	$ 26,760	$ 26,514

(28) Guarantee deposits received

Items	December 31, 2019	December 31, 2018
Lease security deposit – lease	$ 2,722	$ 900
Pickup guarantee bond	2,441	3,582
Others	480	480
Total	$ 5,643	$ 4,962

(29) Other noncurrent liabilities - other

Items	December 31, 2019	December 31, 2018
Unrealized deferment revenues with disposal of investment	$ 23,540	$ 23,993

(30) Share capital

1) Common shares and preferred shares

Items	December 31, 2019	December 31, 2018
Authorized number of shares (in thousand shares)	1,000,000	1,000,000
Authorized share capital	$ 10,000,000	$ 10,000,000
Number of issued shares and received the shares payment in full (in thousand shares)		
－Common shares	906,620	906,620
－Preferred shares	20,000	20,000
Total number of issued shares (in thousand shares)	926,620	926,620
Issued share capital - common shares	$ 9,066,203	$ 9,066,203
Issued share capital issued - preferred shares	200,000	200,000
Total Issued share capital	$ 9,266,203	$ 9,266,203

The issued common shares and preferred shares have been in a denomination NT$10 per share, and each share was entitled to one voting right and the right to receive dividends.

2) Upon capital increase in cash launched by the Company in August 1984, the Company issued 20,000 thousand preferred shares with rights & obligations as enumerated below:

A. The earnings, if any, upon annual account settlement, the dividend of 6% for preferred shares should be allocated first. The balance shall be the allocable earnings which will be allocated at the shareholding ratio for common shares and preferred shares as proposed by the board of directors and finally resolved in the shareholders' meeting.

B. Preferential allocation of the Company's remaining properties.

C. Other entitlement would be same as the common shares.

(31) Capital reserve

Items	December 31, 2019	December 31, 2018
Treasury stocks transaction premium	$ 178,800	$ 177,734
Dividend unclaimed within the term by shareholders	2,786	2,786
Recognized changes in the ownership interests of subsidiaries	112	13
Total	$ 181,698	$ 180,533

According to the Company Act, the proceeds from the issuance of shares in excess of the par value, and the capital reserve received as gifts and income, in addition to being used to make up for the loss, when the Company is not in an accumulated losses, such excess may be issued to new shares in proportion to the shareholders' original shares or cash. In addition, according to the relevant provisions of the Securities and Exchange Act, when the aforementioned capital reserve is used for capital replenishment, the total amount of the capital reserve shall not exceed 10% of the paid-in capital in a year. The Company has still been insufficient to fill the capital loss from the surplus reserve. The capital reserve could not be used for supplement. In addition, regarding recognized changes in the ownership of subsidiaries and dividend unclaimed within the term by shareholders and the like, where the connotation of such capital reserve differ from the capital reserve set forth under Article 239 of the Company Act to be used to make up for the loss, it should not be used for any purpose at all.

(32) Retained earnings

1) Pursuant to the requirements set forth under the Articles of Incorporation, the earnings after settlement of annual accounts, if any, shall be pay tax, make up previous loss, if any, and amortize 10% for legal reserve and after provision or reversal of special reserve based on the reduction of shareholders' equity incurred in the current year, the balance would be the allocable earnings for the current year. Such allocable earnings in combination with the unappropriated earnings of the preceding year would be the accumulated allocable earnings. With such accumulated unappropriated earnings, the sum to allocate preferred share dividend of the Group for 1984 at 6% should be allocated first. The shortfall, if any, should be preferentially made up with the allocable earnings of the ensuing year. The balance of the unappropriated earnings should be allocated at the ratios proposed by the board of directors according to law, dividend policy and status of working capital. Where the balance of such unappropriated earnings is used to issue new shares, approval from the shareholders' meeting should be obtained beforehand. Where the balance of such unappropriated earnings is allocated in cash, the decision should be resolved in the board of directors beforehand.

   For more details regarding allocation of compensation to employees, remuneration to directors and supervisors, grounds of estimation and actual allocation, please see Note 6(40).

2) The Company's dividend policies are as follows:

   The Company has been under a highly changeable industrial environment and is within a life cycle of stable and growing period. The Company should grasp the economic environment for sustainable operation. With the Company's long-term financial planning, future capital needs, and protect the interests of shareholders taken into account, the cash dividend allocated by the Company in every year should not be less than 10% of the total cash stock dividends in the current year (excluding 6% as the dividend of preferred share of the Group in Year 1984).

3) The legal reserve should not be put into any use except a use to make good previous loss of the Company, if any, and allocation through issuance of new shares or in cash to shareholders *pro rata* to original shareholding ratios. The total amount used to issue new shares or to allocate in cash, nevertheless, shall not exceed the maximum limit of 25% of the paid-in capital.

4) Upon allocating earnings, the Company should amortize and reverse special reserve in accordance with Letter Jing-Guan-Zheng-Fa-Zi 1010012865 dated

April 6, 2012 and Letter Jing-Guan-Zheng-Fa-Zi 1010047490 dated November 21, 2012 of FSC and after adoption under IFRSs in the Q&A of Provision of Special Reserve. Where the net deduction of other equity is reversed subsequently, the part so reversal could be taken to appropriate the earnings.

5) In the shareholders' regular meeting convened by the Company on June 14, 2019 and June 15, 2018 respectively, the earnings of Year 2018 and Year 2017 would be allocated in the following manners:

Items of allocation	Allocations of earnings 2018	Allocations of earnings 2017	Dividend per share (NT$) 2018	Dividend per share (NT$) 2017
Provision of legal reserve	$ 296,011	$ 328,864	-	-
Provision (reversal) of special reserve	-	(17,380)	-	-
Dividends on preferred shares - cash	12,000	12,000	$ 0.60	$ 0.60
Bonuses to shareholders on preferred shares - cash	-	20,000	-	1.00
Bonuses to shareholders on common shares -cash	-	906,620	-	1.00
Bonuses to shareholders on common shares - stock	-	-	-	-

For details regarding decisions resolved in the board of directors and the shareholders' meeting on allocations of earnings, please inquire into Market Observation Post System (MOPS).

6) The allocation of the Company's earnings in Year 2019 is still pending for decisions to be proposed in the board of directors and resolved in the shareholders' meeting. After the relevant meetings are convened, please inquire into Market Observation Post System (MOPS).

(33) Items of other equity

Items	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	Unrealized gain/loss on available-for-sale financial assets	Total
Balance at January 1, 2019	($ 206,080)	$ 945,719	$ -	$ 739,639
Items directly recognized as other equity adjustment	(229,109)	(146,408)	-	(375,517)
Share attributable to non-controlling interests	9,532	48,481	-	58,013
Transferred to item of profit and loss	-	-	-	-
Transferred to retained earnings	-	(45,344)	-	(45,344)
Share accounted for using the equity method	(104,166)	-	-	(104,166)
Income tax related to items of other equity.	7,841	-	-	7,841
Balance at December 31, 2019	($ 521,982)	$ 802,448	$ -	$ 280,466

Items	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	Unrealized gain/loss on available-for-sale financial assets	Total
Balance at January 1, 2018	($ 119,538)	$ -	$ 1,007,410	$ 887,872
Effects of retrospective application and retrospective reclassification	-	1,191,225	(1,007,410)	183,815
Items directly recognized as other equity adjustment	223,298	(280,712)	-	(57,414)
Share attributable to non-controlling interests	4,163	35,206	-	39,369
Transferred to item of profit and loss	-	-	-	-
Transferred to retained earnings	-	-	-	-
Portions recognized in equity method	(348,993)	-	-	(348,993)
Income tax related to items of other equity	34,990	-	-	34,990
Balance at December 31, 2018	($ 206,080)	$ 945,719	$ -	$ 739,639

The related exchange difference incurred by the foreign operations' net assets converted from functional currency into the Group's expressed currency (i.e., New Taiwan Dollars) was directly recognized as exchange differences on translating financial statements of foreign operations under the other comprehensive income.

(34) Treasury stocks

1) As of December 31, 2019 and 2018, the amount of treasury stocks repurchased by the Company was NT$0 for both.

2) The changes in the current year of the Company's stocks held by subsidiaries deemed as treasury stocks are as follows:

		Year Ended December 31, 2019							
		Beginning balance		Current increase		Current decrease		Ending balance	
Name of subsidiary	Kind	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
GPPC Chemical Corporation	Common Shares	247	$ 5,719	-	$ -	-	$ -	247	$ 5,719
	Preferred shares	1,776	49,858	-	-	-	-	1,776	49,858
Total		2,023	$ 55,577	-	$ -	-	$ -	2,023	$ 55,577

		Year Ended December 31, 2018							
		Beginning balance		Current increase		Current decrease		Ending balance	
Name of subsidiary	Kind	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
GPPC Chemical Corporation	Common Shares	3,128	$ 72,312	-	$ -	2,881	$ 66,593	247	$ 5,719
	Preferred shares	1,776	49,858	-	-	-	-	1,776	49,858
Total		4,904	$ 122,170	-	$ -	2,881	$ 66,593	2,023	$ 55,577

A. The transaction amounts as the gains obtained by subsidiaries through disposal of the Company's stocks converted into capital reserve - treasury stocks as of December 31, 2019 and 2018 were NT$ 0 and NT$28,266 thousand, respectively.

B. The transaction amounts with cash dividends of the parent company received by the subsidiaries converted into capital reserve - treasury stocks between January 1 and December 31, 2019 and 2018 were NT$1,066 thousand and NT$3,089 thousand, respectively.

C. The fair values of the Company's stocks held by the subsidiaries as of

December 31, 2019 and 2018 were NT$65,697 thousand and NT$66,946 thousand, respectively.

D. The Company's stocks held by the subsidiaries were disposed as the treasury stocks. Such stocks were not entitled to participate in the Company's capital increase in cash and voting power but were entitled to the rights exactly same as shareholders' equity.

(35) Non-controlling interests

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance	$ 2,881,984	$ 2,765,917
Effects of retrospective application and retrospective reclassification	-	12,745
Shares of comprehensive income attributable to non-controlling Interests:		
Net profit for the year	106,086	190,635
Exchange differences on translating financial statements of foreign operations	(9,532)	(4,163)
Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	(48,481)	(35,206)
Remeasurement of defined benefit plans	861	(1,837)
Income tax related to items of other comprehensive income	297	305
Equity transactions with non-controlling interests	(99)	-
Dividend unclaimed by subsidiaries' shareholders within the term	-	4
Cash dividend allocated by subsidiaries	(53,924)	(46,416)
Capital increase in cash by subsidiaries	45,000	-
Capital decrease by cash by subsidiaries	(63,656)	-
Acquisition of non-controlling interests increased by subsidiaries	4,873	-
Ending balance	$ 2,863,409	$ 2,881,984

(36) Operating revenues

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenues under customer contracts		
Sales revenues	$ 18,316,042	$ 22,441,811
Labor service revenues	2,152,187	2,299,327
Total	$ 20,468,229	$ 24,741,138

1) Detailed classification of revenues under customer contracts

The Group's revenues were from the transfer of a certain point in time and the provision of goods and labor services gradually transferred over time. The revenues could be broken down into the following main product lines and service types:

Main product types	Year Ended December 31, 2019		Year Ended December 31, 2018	
Sales revenues				
Petrochemical products	$	8,481,436	$	10,623,421
Plastic products		6,108,591		6,785,217
Hydrogen products		146,709		131,381
Steam and electricity products		465,479		427,396
Nylon products		1,539,118		2,682,897
Packaging material products		1,574,696		1,775,236
Plastic material resale		13		16,263
Subtotal		18,316,042		22,441,811
Labor service revenues				
Advertising services		1,204,505		1,318,542
Video services		706,122		706,122
Licensing and other services		238,252		274,663
Catering services		3,308		-
Subtotal		2,152,187		2,299,327
Total	$	20,468,229	$	24,741,138

2) Balances of contracts

The Group recognized contract assets and contract liabilities related to revenues under customer contracts as follows:

Items	December 31, 2019		December 31, 2018	
Contract assets - current				
Advertising contracts	$	16,876	$	25,250
Licensing contracts		10,611		35,114
Total	$	27,487	$	60,364

In terms of the Group's contract assets, the credit risks have not at all increased after the initial recognition. The expected credit loss rate is 0%.

Items	December 31, 2019		December 31, 2018	
Contract liabilities - current				
Advertising contracts	$	4,488	$	269
Licensing contracts		24,710		22,669
Commodity sales		14,520		20,881
Total	$	43,718	$	43,819

A. Significant changes in contract assets and contract liabilities

As of December 31, 2019, the changes in the Group's contract assets and contract liabilities as compared with the preceding year primarily originated in the difference between the timepoint to satisfy the contract obligations and the timepoint for customers to make payment.

B. The beginning contract liabilities recognized as revenues in the current year

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance of contract liabilities recognized as revenues in the current year		
Advertising contracts	$269	$4,363
Licensing contracts	22,669	-
Commodity sales	20,881	39,567
Total	$ 43,819	$ 43,930

C. The performance of contract obligations of the prior period recognized as revenues in the current year

The Group did not have any obligations for contract performance (or partial performance) in the prior period, but due to changes in transaction prices, or changes in the recognition restrictions on the price between January 1 and December 31, 2019 and 2018, the recognition income was adjusted in the current year.

D. Unfulfilled customer contracts

For customer contracts unfulfilled by the Group as of December 31, 2019 and 2018, except for the following descriptions, the remaining contracts were expected to last for less than one year, and were expected to be fulfilled and recognized as revenues within the ensuing year. The Group has not yet fully fulfilled its contract obligations with the transaction price of the obligation to be amortized and the expected timepoint to be recognized as revenues as follows:

	December 31, 2019		
Timepoint expected to fulfill the contracts and to recognize the revenues	Video contracts	Licensing contracts	Total
Jan. 1, 2020 to Dec. 31, 2020	$ 706,122	$ 116,303	$ 822,425
Jan. 1, 2021 to Dec. 31, 2021	-	95,174	95,174
Jan. 1, 2022 to Dec. 31, 2022	-	64,719	64,719
Jan. 1, 2023 to Dec. 31, 2023	-	-	-
Jan. 1, 2024 to Dec. 31, 2024	-	-	-
Total	$ 706,122	$ 276,196	$ 982,318

	December 31, 2018		
Timepoint expected to fulfill the contracts and to recognize the revenues	Video contracts	Licensing contracts	Total
Jan. 1, 2019 to Dec. 31, 2019	$ 706,122	$ 131,050	$ 837,172
Jan. 1, 2020 to Dec. 31, 2020	706,122	123,884	830,006
Jan. 1, 2021 to Dec. 31, 2021	-	102,383	102,383
Jan. 1, 2022 to Dec. 31, 2022	-	69,621	69,621
Jan. 1, 2023 to Dec. 31, 2023	-	-	-
Total	$ 1,412,244	$ 426,938	$ 1,839,182

3) Contract cost related assets: Nil.

(37) Other revenues

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Interest income	$ 102,121	$ 67,249
Rent revenues	6,409	6,515
Dividend income	62,747	156,062
Subsidy revenues	53	3,700
Scrap sales revenues	1,378	1,896
Revenues of remuneration to directors and supervisors and traffic allowance	19,264	23,960
Revenues as refund of overpaid air pollution fee	-	3,042
Others	4,187	6,445
Total	$ 196,159	$ 268,869

(38) Other gains and losses

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Net gain on financial assets at fair value through profit or loss	$ 214	$ 20
Net gain (loss) on disposal of property, plant and equipment	429	(943)
Gain on disposal of investment	1,399	94
Net gain (loss) on foreign currency exchange	(28,741)	91,458
Impairment loss on non-financial assets	(8,496)	(10,007)
Loss on spare part inventory and obsolescence	-	(757)
Direct operating expenses of the investment property	(961)	(1,023)
Loss on legal lawsuits and reconciliation	-	(15,000)
Expenditures for insurance claim settlement in occupational accidents	(2,000)	-
Others	(3,815)	(1,181)
Total	($ 41,971)	$ 62,661

(39) Finance costs

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Interest expense		
Loan interest for financial institutions	$ 1,195	$ 1,161
Interest counted upon security deposit	1	1
Lease liabilities interest	4,794	53
Interest in investment compensation	-	620
Subtotal	5,990	1,835
Less: Capitalized amount consistent with prerequisite constituents	-	-
Total	$ 5,990	$ 1,835

(40) Employee benefits, depreciation, depletion and amortization expenses

Attribute	Year Ended December 31, 2019 Operating Cost	Year Ended December 31, 2019 Operating Expense	Year Ended December 31, 2019 Total	Year Ended December 31, 2018 Operating Cost	Year Ended December 31, 2018 Operating Expense	Year Ended December 31, 2018 Total
Employee benefits expenses						
Salaries	$ 470,278	$ 513,300	$ 983,578	$ 585,292	$ 555,621	$ 1,140,913
Labor and health insurance	41,797	41,437	83,234	40,817	41,689	82,506
Pension	15,905	22,263	38,168	17,469	22,708	40,177
Other employee benefits	15,080	106,562	121,642	15,072	147,681	162,753
Depreciation expenses (Note)	785,688	161,695	947,383	751,844	103,694	855,538
Amortization expenses	729,367	2,285	731,652	737,873	3,362	741,235
Total	$ 2,058,115	$ 847,542	$ 2,905,657	$ 2,148,367	$ 874,755	$ 3,023,122

Note: For the investment property between January 1 and December 31, 2019 and 2018, the depreciation expenses provided in the consolidated financial statements were NT$961 thousand and NT$1,023 thousand, respectively entered into the accounts as non-operating revenues and expenditures - other gains and losses.

1) Pursuant to the requirements set forth under the Articles of Incorporation, with the profits earned by the Company in the current year, a sum 1% shall be allocated for compensation to employees and a sum within 2% maximum as remuneration to the directors. Where the Company remains in accumulated loss, nevertheless, such loss should be made up. The term “the profits earned by the Company in the current year” denotes the profits earned in the current year before tax after deducting compensation to employees and remuneration to directors.

2) The Company's management estimated compensation to employees and remuneration to directors based on the profitability of the current year, and taking account the amounts expected for the payment and factors of the minimum and maximum limits set forth under the Articles of Incorporation to estimate the amount of net profit before tax and before deduction of the compensation to employees and remuneration to directors. The amounts estimated for compensation to employees were NT$24,862 thousand and NT$37,478 thousand, respectively and the amounts estimated for remuneration to directors were NT$49,724 thousand and NT$74,956 thousand, respectively between January 1 and December 31, 2019 and 2018. However, there is a significant change in the amount allocated by the resolution of the board of directors taking place before the date of authorization and issuance of the annual financial statements, such adjustment of change provided as annual expenses; if the amount still changes after the date of authorization and issuance of the annual financial statements, such change shall be handled as a change in accounting estimation and would be entered into account in the ensuing fiscal year.

3) As resolved by the Company's board of directors on March 19, 2020 and March 21, 2019, the compensation to employees for the years ended 2019 and 2018 amounted to NT$24,862 thousand and NT$37,478 thousand respectively, and the remuneration to directors and supervisors amounted to NT$49,724 thousand and NT$74,956 thousand, respectively. The aforementioned amounts resolved show no significant difference from the expenses entered into the financial statements of Year 2019 and Year 2018. The aforementioned

compensation/remunerations were paid in cash.

4) For information relating to the compensation to employees and remuneration to directors and supervisors of the Company, please inquire through the "Market Observation Post System (MOPS)" of Taiwan Stock Exchange Corporation (TWSE).

(41) Business combination

1) Acquirement of subsidiaries

In August 2019, the Group purchased 50% equity of GPPC Development Co., Ltd. (formerly known as Ching Hua Development International Co., Ltd.) at a consideration of NT$4,873 thousand in cash and then obtained control over GPPC Development Co., Ltd. That company primarily engaged in general hotel business. The Group acquired GPPC Development Co., Ltd. in an effort to diversify management and development of new markets.

2) Assets acquired and obligations assumed as of the date of acquisition

Information about the consideration paid for acquisition of GPPC Development Co., Ltd. the fair value of the assets acquired and obligations assumed as of the date of acquisition and the fair value of the non-controlling interests as of the date of acquisition are as follows:

Items	Amount
Consideration paid for acquisition	
Cash	$ 4,873
Fair value of equity previously held in GPPC Development Co., Ltd. as of the date of acquisition	-
Fair value of non-controlling interests	4,873
Subtotal	9,746
Fair value of recognizable assets acquired and liabilities assumed	
Current assets	
Cash & cash equivalents	9,713
Prepayments	10
Noncurrent assets	
Deferred income tax assets	23
Total net recognizable assets	9,746
Goodwill	$ -

Amidst the business combination, the fair values of the assets and liabilities acquired by GPPC Development Co., Ltd. were close to the carrying amounts. As of the date of acquisition, there had not been any amount expected unrecoverable.

3) Cash flows acquired from subsidiaries

Items	Amount
Acquisition of cash & cash equivalents	$ 9,713
Less: Consideration paid in cash	(4,873)
Acquisition of net cash provided by subsidiaries	$ 4,840

4) Impact of business combinations upon managerial result

Since the acquisition date, the operating results from the acquired company are as follows:

Items	Amount
Operating revenues	$ -
Net profit (loss) for the year	($ 959)

In the event that those business combinations occurred on the start date of the fiscal year to which the acquisition date belonged, the Group's proposed operating revenue and net profit for Year 2019 were NT$20,468,229 thousand and NT$2,176,047 thousand, respectively. These amounts could not reflect that if the business combination was completed on the start date of the acquisition year. The actual revenue and operating results of the Group should not be used to predict future operating results.

(42) Equity transactions with non-controlling interests

In October 2019, the Group increased 11.54% shareholding in GPPC Development Co., Ltd., bringing its shareholding ratio from 50% to 61.54%. Because the aforementioned transaction did not change the Group's control over that subsidiary, the Group treated it as equity transaction. That difference of equity transaction amounted to NT$99 thousand, recorded as capital reserve - recognized changes in the ownership interests of subsidiaries with the amount of non-controlling interests was transferred out by the same amount based on the correspondent equity change.

(43) Income tax

1) Composition of income tax expense (gain):

A. Income tax recognized in profit or loss

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Current income tax expense payable	$ 550,882	$ 892,969
Deferred income tax expenses (gains)		
Origination and reversal of temporary differences	13,555	19,240
Effect of change in tax rate	-	(1,477)
Effect of exchange rate	9	(6)
Net change in deferred income tax decrease (increase)	13,564	17,757
Adjustment to income taxes in previous year	220	(4,519)
Income tax expenses (gains) recognized in profit or loss	$ 564,666	$ 906,207

B. Recognized in income tax related to other comprehensive income

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Deferred income tax		
Exchange difference resulting from translating the financial statements of foreign operations	($ 7,841)	($ 34,990)
Remeasurements of defined benefit plan	(5,283)	747
Effect of change in tax rate	-	(2,905)
Net change in deferred income tax decrease (increase)	(13,124)	(37,148)
Income tax expenses (gains) recognized in other comprehensive income	($ 13,124)	($ 37,148)

2) Reconciliation of income in the current fiscal year and the income tax expense recognized into profit or loss.

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Net profit (loss) before tax from continuing operations unit	$ 2,740,877	$ 4,056,948
Income tax with profit (loss) loss before tax at statutory tax rate	548,175	811,390
Effects of income tax upon adjustments		
Effects not counted into the items upon determination of the taxable income	82,414	38,972
Tax to be made up under the minimum taxation system	-	-
Income tax levied additionally on unappropriated earnings	148,538	228,641
Loss carry-forward incurred in current year	1,223	-
Loss carry-forward for offset in current year	(370)	(1,968)
Investment credit for offset in current year	-	-
Impact subject to different tax rates among entities in combination	(229,098)	(184,066)
Current income tax expense payable	550,882	892,969
Net change in deferred income tax decrease (increase)	13,564	17,757
Adjustment to income taxes in previous year	220	(4,519)
Income tax expenses (gains) recognized in profit or loss	$ 564,666	$ 906,207

The Group applied 20% statutory tax rate applied for the entities under the Income Tax Act prevalent in the Republic of China. In the wake of amendment to the Income Tax Act of the Republic of China in February 2018, the income tax rate was adjusted from 17% to 20% which was put into enforcement in 2018. In addition, for the unappropriated earnings in 2018, the applicable tax rate was cut from 10% to 5%. The tax rate applicable to subsidiaries in Mainland China was 25%. Taxes incurred in other regions would be counted based on the respective tax rates. The Group has estimated the impacts linked up with such changes in the taxation rates.

3) Balance of the income tax assets (liabilities) in the year

Items	December 31, 2019	December 31, 2018
Income tax assets for the year		
Income tax paid in advance	$ 1,198	$310
Income liabilities for the year		
Current income tax expense payable	$ 550,882	$ 892,969
Less: Credit for the income tax paid in advance in current year	(333,508)	(306,608)
Total	$ 217,374	$ 586,361

4) Balance of deferred income tax assets (liabilities)

Items	Year Ended December 31, 2019 Beginning balance	Inward transfer in the consolidation	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets					
Unrealized exchange loss	$ 1,889	$ -	$ 2,537	$ -	$ 4,426
Losses on obsolescence and market value decline in inventories	7,542	-	(1,112)	-	6,430
Employee leave payment obligations	3,401	-	450	-	3,851
Defined employee benefits plans	19,778	-	(589)	5,283	24,472
Loss on impairment of tangible assets	14,258	-	540	-	14,798
Unrealized gains in sales	950	-	(885)	-	65
Loss carry-forward (Note)	-	23	233	-	256
Others	1,540	-	(345)	-	1,195
Total	$ 49,358	23	829	5,283	$ 55,493
Deferred income tax liabilities					
Unrealized exchange gain	$97	-	335	-	$432
Investment in Associates	186,536	-	14,213	(7,841)	192,908
Financial & taxation difference in depreciation expenses	456	-	(155)	-	301
Reserve for land value increment tax	1,062,196	-	-	-	1,062,196
Total	$ 1,249,285	-	14,393	(7,841)	$ 1,255,837
Changes in net increase (decrease)		$ 23	($ 13,564)	$ 13,124	

Items	Year Ended December 31, 2018 Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Unrealized exchange loss	$ 3,549	($ 1,660)	$ -	$ 1,889
Losses on obsolescence and market value decline in inventories	5,729	1,813	-	7,542
Employee leave payment obligations	2,901	500	-	3,401
Defined employee benefits plans	17,750	(130)	2,158	19,778
Loss on impairment of tangible assets	10,847	3,411	-	14,258
Unrealized gains in sales	2,264	(1,314)	-	950
Loss carry-forward (Note)	179	(179)	-	-
Others	1,686	(146)	-	1,540
Total	$ 44,905	2,295	2,158	$ 49,358
Deferred income tax liabilities				
Unrealized exchange gain	$ -	97	-	$ 97
Investment in Associates	201,497	20,029	(34,990)	186,536
Financial & taxation difference in depreciation expenses	530	(74)	-	456
Reserve for land value increment tax	1,062,196	-	-	1,062,196
Total	$ 1,264,223	20,052	(34,990)	$ 1,249,285
Changes in net increase (decrease)		($ 17,757)	$ 37,148	

Note: Amount of loss carry-forward recognized in profit or loss included the amounts incurred/used in the current year and adjustment for changes estimated in previous year deducted with the amounts recognized as not likely to be realized. The inward transfer in the merger referred to deferred income tax assets acquired as a result of acquisition of GPPC Development Co., Ltd.

5) The items of the deferred income tax assets not recognized by the Group because of being not very likely to be realized are as follows:

Items	December 31, 2019	December 31, 2018
Deferred income tax assets		
Defined employee benefits plans	$ 7,144	$ 8,446
Loss on impairment of financial assets	686	686
Loss carry-forward	4,184	5,091
Total	$ 12,014	$ 14,223

6) The unrecognized deferred income tax liabilities related to investment

The temporary difference related to investment in subsidiaries, while the Group could control the very timepoint of reversal of that temporary difference and was very likely not to dispose and reverse within the foreseeable future, the Group did not recognize the deferred income tax liabilities. As of December 31, 2019 and 2018, the aggregate total amounts of the temporary differences of investment in subsidiaries which had not been recognized for the deferred income tax liabilities amounted to NT$1,259,851 thousand and NT$1,097,761 thousand, respectively.

7) As of December 31, 2019, the Group applied the provisions of the Income Tax Act, which the aggregate total of the deferred income tax assets with income tax payable in the year after credit was summarized as follows:

Last credit-use year	Recognized loss carry-forward	Unrecognized loss carry-forward	Total
Year 2020	$ -	$ 2,459	$ 2,459
Year 2025	-	735	735
Year 2028	23	-	23
Year 2029	233	990	1,223
Total	$ 256	$ 4,184	$ 4,440

8) The income tax returns through 2017 of the Company and the domestic subsidiaries within the Group has been assessed and approved by the tax authority, except for GPPC Hospitality and Leisure Inc. and GPPC Development Co., Ltd. which have their income tax returns through 2018 been assessed and approved by tax authority.

9) Where the allocation of earnings for Year 2020 to be resolved in the shareholders' meeting remains uncertain, the unappropriated earnings added with the very outcome of the potential income tax in Year 2019 could not be determined in a reliable way.

(44) Changes in liabilities coming from financing activities

Items	Short-term loans	Lease liabilities	Guarantee deposits received
January 1, 2019	$ 2,833	$ -	$ 4,962
Effects of retrospective application to IFRS 16	-	484,675	-
Net change in financing cash flows	18,120	(72,487)	681
Change in non-cash - lease addition/remeasurement	-	16,120	-
Effects of exchange rate	-	(275)	-
December 31, 2019	$ 20,953	$ 428,033	$ 5,643

Items	Short-term loans	Rent payable	Guarantee deposits received
January 1, 2018	$ 37,581	$ 1,822	$ 1,420
Net change in financing cash flows	(34,748)	(2,776)	3,542
Non-cash change - financial lease rented	-	3,889	-
December 31, 2018	$ 2,833	$ 2,935	$ 4,962

(45) Earnings per share (EPS)

The basic earnings per share (EPS) of the Company was calculated by dividing the current year's net profit (loss) by the weighted average number of common shares outstanding; the shares added by unappropriated earnings or capital reserve conversion to capital increase in cash, then with retroactive adjustment calculation.

If the Company was entitled to the option to distribute compensation to employee in stocks or cash, then upon calculating the diluted earnings per share (EPS), it was assumed that the compensation to employee would be distributed by stocks and would be included in the weighted average number of outstanding shares when the potential common stocks were entitled to dilution effect so as to calculate the diluted earnings per share (EPS). When calculating the diluted earnings per share (EPS) before the resolution of distributing compensation to employee in the following year, the Company also continues to take into account the dilution effect of these potential common shares.

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Amount after tax	Weighted average number of outstanding shares (in thousand shares)	Earnings per share (EPS) (NT$)	Amount after tax	Weighted average number of outstanding shares (in thousand shares)	Earnings per share (EPS) (NT$)
Basic earnings per share:						
Net profit attributable to owners of the parent	$2,070,125	906,373	$ 2.27	$2,960,106	905,338	$ 3.26
Less: Dividends on preferred shares	(12,000)			(12,000)		
Net profit attributable to shareholders of common shares of the parent	2,058,125			2,948,106		
Effect of potential common shares having dilution function						
Compensation to employee	-	1,674		-	2,005	
Diluted earnings per share:						
Net profit attributable to shareholders of common shares of the parent						
Effect added to potential common shares	$2,058,125	908,047	$ 2.27	$2,948,106	907,343	$ 3.25

7. Related party transactions

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(2) Names of the related parties and relationship thereof

Name of related party	Relationship with the Group
Zhenjiang Chimei Chemical Co., Ltd.	Associate
He Xin Venture Investment Enterprise Co., Ltd.	Substantial related party
China Development Asset Management Corporation	Substantial related party
All directors, general manager and deputy general managers	Main management

(3) Significant transactions with related parties

All such major transactions, account balances, income and expenses by and between the Company and the subsidiaries (as the related parties of the Company) were eliminated in full during the preparation of the consolidated financial statements, so they were not disclosed in this Note. Please see Note 13(1) (2)-11. The transactions between the Group and other related parties are as follows:

1) Sales

Kind of the related party	Year Ended December 31, 2019	Year Ended December 31, 2018
Associate	$ 8,150	$ 3,382

There are no significant differences in the selling price and sales trading conditions for related parties and those for ordinary customers of the Group.

2) Lease agreement

A. Right-of-use assets (Applicable to Year 2019)

Kind of related party	December 31, 2019	December 31, 2018
Substantial related party	$ 41,313	$ -

B. Refundable deposits

Kind of related party	December 31, 2019	December 31, 2018
Substantial related party	$ 1,040	$ 1,040

C. Lease liabilities - current (Applicable to Year 2019)

Kind of related party	December 31, 2019	December 31, 2018
Substantial related party	$ 5,626	$ -

D. Lease liabilities - noncurrent (Applicable to Year 2019)

Kind of related party	December 31, 2019	December 31, 2018
China Development Asset Management Corporation	$ 35,877	$ -

E. Interest expenses (Applicable to Year 2019)

Kind of related party	Year Ended December 31, 2019	Year Ended December 31, 2018
Substantial related party	$ 414	$ -

F. Lease expenses

Kind of related party	Year Ended December 31, 2019	Year Ended December 31, 2018
Substantial related party	$ -	$ 5,943

G. As of December 31, 2019, the total rents paid by the Group to the substantial related parties were NT$5,981 thousand.

H. The Group already signed business lease Agreement for premises in coming years with its subsidiaries. As of December 31, 2019 and 2018, as agreed, the Group issued forward notes (not enumerated in the accounts) in advance in the worth of NT$1,048 thousand and NT$1,040 thousand, respectively, to facilitate cashing at time of actual transaction in the future.

I. Under the lease agreements, the rents were counted on the grounds of market conditions and the terms negotiated and determined by and between both parties. Accordingly, the Group issued forward notes to pay the rent on a monthly basis.

3) Outward lease agreements

A. Rent revenues

Kind of related party	Year Ended December 31, 2019	Year Ended December 31, 2018
Substantial related party	$ 114	$ 119

B. Rents collected in advance

Kind of related party	December 31, 2019	December 31, 2018
Substantial related party	$ 71	$ 71

C. The above-mentioned properties for rent refer to part of its own offices of the Group put up for rent. The rent is negotiated between the parties reflective of market conditions and calculated and included in the lease contract. The rent is collected on a yearly basis.

4) The creditor's rights and debts between the Group and related parties (all without including the interest) are as follows:

Accounts receivable

Kind of related party	December 31, 2019	December 31, 2018
Substantial related party	$ 1,271	$ 735

(4) Information of compensation for main management

Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Salaries and other short-term employee benefits	$ 145,701	$ 176,740
Termination benefits	-	-
Post-employment benefits	4,318	4,165
Other long-term benefits	-	-
Shares-based payment	-	-
Total	$ 150,019	$ 180,905

8. Pledged assets

(1) Facts of pledge in property, plant and equipment

Items	Purposes of pledge (mortgage)	December 31, 2019	December 31, 2018
Land	Comprehensive facility of credit extension, security for purchase	$ 3,209,800	$ 3,209,800
Buildings & constructions	Comprehensive facility of credit extension, security for purchase	378,794	401,274
Machinery & equipment	Guarantee for comprehensive facility of credit extension	885,732	1,025,622
Total		$ 4,474,326	$ 4,636,696

(2) Facts of other assets pledged

Items	Purposes of pledge (mortgage)	December 31, 2019	December 31, 2018
Bank deposits	Reserve account for liquidation	$ 48,463	$ 11,371

9. Significant contingent liabilities and unrecognized contract commitments

1) Endorsements/guarantees: Nil

2) Refundable deposit guarantee notes and debit notes

A. The Group issued guaranteed promissory notes with facility and debit notes lent them to financial institutions as a commitment to repay the loan. As of December 31, 2019 and 2018, the guaranteed promissory notes were US$33,000 thousand, NT$6,242,000 thousand and US$13,000 thousand, NT$5,142,000 thousand, respectively.

B. The Group issued guarantee notes to the Chinese Taipei Basketball Association for all rights including the exclusive broadcast rights of the Super Basketball League (SBL) and the exclusive right to solicit investment in the live advertisements. As of December 31, 2019 and 2018, the guarantee notes were NT$0 and NT$10,000 thousand, respectively.

3) Deposited guarantee notes and collateral

The Group collected deposited guarantee notes and collateral as its performance guarantee. As of December 31, 2019 and 2018, the deposited guarantee notes were NT$164,585 thousand, SGD208 thousand, EUR730 thousand, US$2,823 thousand, JPY1,850 thousand and NT$160,332 thousand, SGD208 thousand, EUR730 thousand, US$2,710 thousand and JPY1,850 thousand, respectively.

4) Amidst the need for material procurement and other purposes, the Group commissioned the financial institutions to provide performance bonds. As of December 31, 2019 and 2018, the performance bonds were NT$5,500 thousand and NT$6,000 thousand respectively.

5) The balance of L/C opened but not used by the Group as of December 31, 2019 and 2018 were US$12,453 thousand, NT$663,800 thousand and US$8,225 thousand, NT$670,446 thousand and EUR59 thousand, respectively.

6) The property, plant and equipment and other major capital expenditures for which the Group had executed contracts but had not paid off as of December 31, 2019 and 2018 were NT$20,409 thousand and NT$37,973 thousand, respectively.

7) As of December 31, 2019 and 2018, the Group had signed contracts for film procurement and for outsourced production of programs for which the Group had not yet paid for the contracts as the contract films had not been delivered in the amounts of NT$818,835 thousand and NT$1,183,857 thousand, respectively.

8) Under the agreement duly executed by and between the Group and CPC Corporation, Taiwan (CPC), the Group has been required to procure from CPC specified volumes of ethylene, benzene and butadiene from every year. If the annual purchase volume of the Group did not reach the minimum contract amount, CPC may reduce the supply in the following year as appropriate. In addition, the Group committed to purchase CPC's ethylene, benzene and butadiene as raw materials for factory-made styrene and acrylonitrile-butadiene-styrene copolymer resin (ABS), unless approved by government

authorities, or in case of the internal dispatch for petrochemical feedstock, the Group should not transfer into other uses or resell the quotas (Where required for petrochemical scheduling, and with the prior written consent of CPC, the Group was allowed to transfer the ethylene, benzene and butadiene to petrochemical users of CPC as petrochemical feedstock either in whole or in part), otherwise CPC may would stop supplying ethylene, benzene and butadiene at any time and terminate the agreement.

9) In order to manufacture ABS and other products, the Group purchased butadiene from Formosa Petrochemical Corporation as a raw material for which the Group signed a transaction agreement. Under the agreement, the Group committed itself to purchase at least 100 metric tons of butadiene from Formosa Petrochemical Corporation every month as the raw material for the production of ABS and other products.

10) In order to manufacture ABS and other products, the Group purchased acrylonitrile from China Petrochemical Development Corporation as a raw material for which the Group signed a transaction agreement. Under the agreement, the Group committed itself to purchase 3,600 metric tons to 7,200 metric tons of acrylonitrile every quarter as a raw material for the production of ABS and other products.

11) Significant business agreements

A. Revenues

In response to the substantial need in business operation, the Group had executed important long-term contracts such as basic channel exclusive agency agreements and NBA broadcast authorization contract as irrevocable major business agreements. The Group expected that the amounts of the authorization fee to be received in the respective coming years would be as follows:

Items	December 31, 2019	December 31, 2018
Below 1 year	$ 798,203	$ 834,393
Over 1 year but below 5 years	167,745	972,319
Over 5 years	-	-
Total	$ 965,948	$ 1,806,712

B. Expenditures

In line with the substantial need in business operation, the Group had executed licensing contracts, music and recording works public broadcasting license agreements, baseball matches relaying licensing contracts, public broadcasting and public transmission general licensing contracts, advertising opening buyback contracts and agreements. Such important long-term contracts that have become effective are a sort of non-cancellable major business agreement. The details of the amount of authorization fund payable by the Group in the respective coming years are as follows:

Items	December 31, 2019	December 31, 2018
Below 1 year	$ 65,095	$ 78,620
Over 1 year but below 5 years	467	63,578
Over 5 years	-	-
Total	$ 65,562	$ 142,198

10. Significant Disaster Loss: Nil

11. Significant Events after the Balance Sheet Date: Nil

12. Other events

(1) Seasonal or cyclical interpretation of interim operations

All sorts of business operations inside the Group have been free of any potential impact in reasonable or cyclical factors.

(2) Capital risk management

The Group carries out capital management to assure a sound capital base, and maximizes shareholder compensation by means of optimizing debt and equity balances. After regularly reviewing and measuring related costs, risks and returns, the Group ensures a good profitability level and financial ratio. Where necessary, the Group would balance its overall capital structure through various financing methods to live up to the needs of various capital expenditures, working capital, debt repayment, and dividend expenditures in the future period.

(3) Financial instruments

1) Kind of financial instruments

Financial assets	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 172,216	$ 39,020
Investment in equity instrument of financial assets at fair value through other comprehensive income	4,488,921	4,220,226
Financial assets carried at amortized cost		
Cash & cash equivalents	3,403,383	2,729,454
Contract assets - current	27,487	60,364
Notes and accounts receivable (including related parties)	2,422,525	3,001,297
Other receivables	63,705	81,641
Other financial assets - current	3,717,691	2,698,945
Refundable deposits	16,444	16,664
Financial liabilities		
Financial liabilities carried at amortized cost		
Short-term loans	20,953	2,833
Notes and accounts payable	1,649,611	1,548,995
Other payables	490,583	669,260
Lease liabilities (Current and Noncurrent)	428,033	-
Guarantee deposits received	5,643	4,962

2) Financial risk management policies

In terms of routine business operation, the Group has been subject to impact from a variety of financial risks, including market risks (including exchange rate risks, interest rate risks and price risks), credit risks and liquidity risks. In an attempt to minimize relevant financial risks, the Group has put forth maximum possible efforts to identify, evaluate and evade the uncertainty in the markets to minimize the negative impact of market variation upon the Company's financial performance.

The Group has set up appropriate policies, procedures and internal controls in response to the aforementioned financial risk management in accordance with relevant regulations, and all important financial activities must be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the implementation of the financial plan, the Group must comply with the relevant financial operation procedures for overall financial risk management and division of powers and responsibilities.

3) The attribute and level of significant financial risks

A. Market risks

Here at the Group, the market risk has notably been the risk in financial instruments' fair value or cash flow fluctuations due to changes in market prices. Such market risks mainly include exchange rate risks, interest rate risks and price risks.

① Exchange rate risks

The Group's business involves certain non-functional currencies (the functional currency of the Company and some subsidiaries has been the New Taiwan Dollars and the functional currencies of some subsidiaries have been U. S. Dollars, Hong Kong dollars, Malaysian Ringgit and Renminbi) so it is subject to exchange rate fluctuations impact. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows: (including non-functional currency-denominated monetary items that have been written off in the consolidated financial statements).

Items (Foreign currencies: Functional currency)	December 31, 2019 Foreign currencies	December 31, 2019 Exchange rate foreign currencies vs. functional currency	December 31, 2019 New Taiwan Dollars	December 31, 2018 Foreign currencies	December 31, 2018 Exchange rate foreign currencies vs. functional currency	December 31, 2018 New Taiwan Dollars
Financial assets						
Monetary items						
USD:NTD	$ 67,286	29.98	$ 2,017,234	$ 66,032	30.715	$ 2,028,173
USD:RMB	202	6.9640	6,056	224	6.8683	6,880
USD:MYR	20	4.2628	600	4	4.3188	123
USD:HKD	82	7.7890	2,458	94	7.8335	2,887
RMB:NTD	740	4.3050	3,186	755	4.4720	3,376
RMB:USD	-	-	-	3,648	0.1456	16,314
RMB:HKD	1	1.1185	4	3	1.1405	13
HKD:RMB	-	-	-	43	0.8768	169
SGD:MYR	28	3.1679	624	21	3.1609	472
EUR: NTD	8	33.59	269	-	-	-
Non-monetary items						
RMB:USD	1,716,020	0.1436	7,387,466	1,573,524	0.1456	7,036,799
Financial liabilities						
Monetary items						
USD:NTD	20,269	29.98	607,665	11,197	30.715	343,916
USD:RMB	212	6.9640	6,356	266	6.8683	8,170
USD:MYR	188	4.2628	5,636	246	4.3188	7,556
EUR: NTD	87	33.59	2,922	92	35.20	3,238

Note: The foreign currency related non-monetary assets measured at the historical exchange rate on the transaction date have not been disclosed because they have no significant impact on the consolidated financial statements.

Here at the Group, the sensitivity analysis on the exchange rate risks mainly focuses on the major foreign currency monetary items and non-monetary items at the end of the financial statement period, and the related foreign currency appreciation/depreciation impact on the Group's profit and loss as well as equity. Where the exchange rates for foreign currencies was appreciated/depreciated by 1%, the net profit after tax for the Group between January 1 and December 31, 2019 and 2018 would increase/decrease at NT$11,263 thousand and NT$13,564 thousand respectively while the equity would increase/decrease by NT$73,875 thousand and NT$70,368 thousand, respectively.

In addition, the net profit or loss with exchange in foreign currency (including realization and un realization) under the Group's monetary items between January 1 and December 31, 2019 and 2018 were (NT$28,741 thousand and NT$91,458 thousand. Due to multiple currency types of foreign currency transactions, practically, it was impossible to clearly distinguish the types of exchange gains and losses and their exposure separately according to each foreign currency, so they are expressed in a summary amount.

② Interest rate risks

The interest rate related risks refers to the risks of financial instruments' fair value or future cash flow fluctuations due to changes in market interest rates. The Group's interest rate risks mainly come from floating rate in loans where some of the risks would be held with floating rates through cash & cash equivalents offset. Where the Group regularly assesses the trend of interest rate changes and responds to it, it is not expected that there would be a significant risk of market interest rate changes. If the loans interest rate increases or decreases by 10 basis points, with all other factors remaining unchanged, the net profit after tax of the Group between January 1 and December 31, 2019 and 2018 would decrease or increase by NT$16 thousand and NT$37 thousand, respectively.

③ Price risks

The investment held by the Group as shown through the balance sheet has been primarily classified as financial assets at fair value through profit and loss and financial assets at fair values through other comprehensive income. The Group has been, therefore, exposed to pricing risks of equity instruments. In an effort to manage the pricing risks of equity instruments, the Group virtually diversifies its investment portfolio in a manner that was based on the limits set by the Group. The Group has invested in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income with the price of financial instruments such as profit or loss affected by the uncertainty of the future value of the investment target. If the price of such financial instruments rises/falls by 1% where all other factors remain unchanged, the net profit after tax between January 1 and December 31, 2019 and 2018 would increase/decrease by NT$1,722 thousand and NT$390 thousand, respectively and the equity would increase/decrease by NT$44,889 thousand and NT$42,202 thousand, respectively.

B. Credit risks

Credit risks refer to such risks in financial losses incurred in an event where a customer of the Group or financial instrument transaction counterparty fails to perform the contract. The credit risks of the Group primarily resulted from operating activities (primarily as accounts & notes receivable) and financial activities (primarily as bank deposits and a variety of financial instruments). The credit risks related to business operation and financial credit risks have been managed respectively.

① Credit risks related to business operation

The business department faithfully complies with the Group's customer credit risk policies, procedures and controls to manage customer credit risk. The credit risks assessment of all customers is a comprehensive consideration such as the financial status of the customers, the rating of the credit rating agency, past historical transaction experience, the current economic environment and the internal rating criteria of the Group. In addition, the Group also uses certain credit enhancement instruments (such as payments collected in advance, etc.) at appropriate times to minimize the credit risk of specific customers.

② Financial credit risks

Here at the Group, the Finance Department manages credit risks of bank deposits and other financial instruments in accordance with company policies. Since the Group’s transaction objects have been determined by internal control procedures as banks with good credit and an investment grade and above in the forms of institutions, company organizations. Where all such entities prove free of major performance doubts, there have been no major credit risks upon the Group.

③ Information of credit-related risks in accounts receivable

The Group adopted the assumption provided under IFRS 9. As the payment was more than 30 days overdue from schedule in the provision of contracts, the financial asset was deemed to have significantly increased in credit risks from the initial recognition. In an event where a contract payment was more than 365 days overdue or where the loanee would be highly unlikely to fulfill the credit obligations to pay amount in full to the Group, the Group deemed that financial asset in default.

In an effort to minimize credit risks, the management of the Group would assign the special team to assume the responsibility to determine the facility of credit extension, approve of credit extension or other supervisory procedures with actions to be taken as appropriate to assure successful retrieval of receivables. Besides, on the balance sheet date, the Group would, on one-by-one basis, recheck the reclaimable amounts of receivables to assure that appropriate allowance would have been provided against the potential loss. For facts of changes regarding aging analysis of accounts receivables and allowance loss, please see Note 6(3) & (4).

④ Exposure to credit risks

The Group has been well known for the sound quality of credit standing with financial institutions and has tried to profoundly diversify potential credit risks with multiple financial institutions. As natural result, the Group has seen very low potential default. Besides, the Group has been in transactions with only third parties of very fine credit standing and would grant credit lines toward customers exactly based on the credit facility procedures. Meanwhile, with continued efforts to look into customers' credit standing and with evaluation of the possibility to retrieve accounts receivable on a regular basis, the Group has amortized adequate allowance against loss. The management has, therefore, firmly believed that the Group's receivables would not have been significantly concentrated in the credit risks. As of the balance sheet date in terms of cash & cash equivalents, contract assets - current, receivables and other financial assets - current, the maximum possible exposure to credit risks would be exactly the carrying amounts of such financial assets.

Financial instruments	December 31, 2019 Carrying amount	December 31, 2019 Maximum credit exposure to risks	December 31, 2018 Carrying amount	December 31, 2018 Maximum credit exposure to risks
Cash & cash equivalents	$ 3,403,383	$ 3,403,383	$ 2,729,454	$ 2,729,454
Contract assets - current	27,487	27,487	60,364	60,364
Notes receivable	361,582	361,582	394,217	394,217
Accounts receivable (including related parties)	2,060,943	2,060,943	2,607,080	2,607,080
Other receivables	63,705	63,705	81,641	81,641
Other financial assets - current	3,717,691	3,717,691	2,698,945	2,698,945

C. Liquidity risk

The liquidity risk refers to the risk that the position could not be settled as expected. The Group mainly used financial institutions to use loans, and cash & cash equivalents and other instruments to adjust funds, and achieve the goal of flexible use of funds and stable funds. The share capital and working capital of the Group were sufficient to meet all contract obligations, so there would be no liquidity risk due to the inability to raise funds to fulfill contract obligations.

The table below summarizes the Group's non-derivative financial liabilities, grouped by the relevant maturity date based on the earliest possible date of repayment and compiled with its undiscounted cash flow. The Group did not expect that the time when the cash flow of the analysis of the due date occurred would be significantly earlier or the actual amount would be significantly different. The interest cash flow paid at floating interest rates, the undiscounted interest amount derived based on the yield curve on the balance sheet date which was the amount of floating interest rate instrument of a non-derivative financial liability. The amount of the floating interest rate instrument would change according to the different interest rate and the estimated interest rate on the balance sheet date. For more details regarding the analysis of the due date of lease liabilities, please see Note 6(13)-2-(2).

December 31, 2019

Items	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	Carrying amount
Non-derivative financial liabilities							
Short-term loans	$ 21,017	$ -	$ -	$ -	$ -	$ 21,017	$ 20,953
Notes payable	81,864	-	-	-	-	81,864	81,864
Accounts payable	1,567,747	-	-	-	-	1,567,747	1,567,747
Other payables	487,953	1,315	1,315	-	-	490,583	490,583

	December 31, 2018						
Items	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	Carrying amount
Non-derivative financial liabilities							
Short-term loans	$ 2,857	$ -	$ -	$ -	$ -	$ 2,857	$ 2,833
Notes payable	78,620	-	-	-	-	78,620	78,620
Accounts payable	1,470,375	-	-	-	-	1,470,375	1,470,375
Other payables	667,070	2,190	-	-	-	669,260	669,260

(4) Information of fair value

1) Fair value hierarchy

The evaluation technique used to measure the fair value of financial and non-financial instruments divided the fair value into the first to the third level based on the observable degrees. Each fair value hierarchy was defined as follows:

Level 1: Referring to the public quotation (unadjusted) from the same asset or liability in the active market.

Level 2: In addition to the public quotation of Level 1, the fair value is derived using observable input parameters that belong to the asset or liability directly (i.e., the price) or indirectly (i.e., derived from price).

Level 3: Referring to the input parameters (non-observable parameters) of the valuation techniques for assets or liabilities that are not based on observable market data to derive fair value.

2) Financial instruments not measured at fair values

The Group's financial instruments not measured at fair values (including cash & cash equivalents, contract assets - current, notes receivable, accounts receivable (including related parties), other receivables, other financial assets - current, short-term loans, notes payable, accounts payable, other payables and the like) refer to rational approximate values in the carrying amounts at fair values. Where refundable deposits and guarantee deposits received would not be subject to significant impact in the cash flow discounting, their carrying amounts should be the very rational grounds to estimate the fair values.

3) As of December 31, 2019 and 2018 for financial and non-financial instruments at fair values were classified by the Group based on the attributes, characteristics, risks and fair value hierarchy of assets and liabilities, with the relevant information as follows:

Financial and non-financial instruments	December 31, 2019 Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss - current				
Mutual fund beneficiary certificates	$ 172,216	$ -	$ -	$ 172,216
Financial assets at fair values through other comprehensive income - noncurrent				
Listed stocks in Taiwan	$ 3,626,884	$ -	$ -	$ 3,626,884
Unlisted stocks (OTC) in Taiwan	4,562	-	857,475	862,037
Total	$ 3,631,446	$ -	$ 857,475	$ 4,488,921

Financial and non-financial instruments	December 31, 2018 Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss - current				
Mutual fund beneficiary certificates	$ 39,020	$ -	$ -	$ 39,020
Financial assets at fair values through other comprehensive income - noncurrent				
Listed stocks in Taiwan	$ 3,494,035	$ -	$ -	$ 3,494,035
Unlisted stocks (OTC) in Taiwan	5,526	-	720,665	726,191
Total	$ 3,499,561	$ -	$ 720,665	$ 4,220,226

4) Evaluation technology and assumptions adopted to measure fair values:

The fair values of the financial and non-financial instruments refer to the amounts of current transaction of the said instruments with the interested counterparties (instead of mandatory means or liquidation). Here at the Group, the methods and assumptions used for the financial and non-financial instruments to measure the fair values are as follows:

A. In case of financial instruments with standard terms and conditions and traded in the active market, the fair value was determined by referring to the market quotation. The listed stocks were counted based on the closing price as fair value, the unlisted (OTC) emerging stocks were counted based on the transaction price as the fair value. Mutual fund beneficiary certificates were counted based on net worth as fair values.

B. For financial instruments with higher complexity, the Group measured the fair value based on the evaluation model developed using evaluation method and technology which were widely used between the fellow traders. Some of the parameters used in such evaluation models were not market observable information. The Group must make appropriate estimates based on assumptions. The Company's unlisted stocks on OTC held by the Group (excluding the emerging stocks that were traded in the active market) and the limited partnership were counted based on the market approach or the asset approach to estimate the fair value. The judgment was conducted with reference to the same type company evaluation, third-party quotation, the Company's net worth and business performance. In addition, the significant non-observable input value was mainly current discount. For more details regarding the impact of non-market observable parameters on the evaluation of financial instruments please see Note 12(4)-10.

C. The output of the evaluation model was the approximate value of the estimate and the evaluation technology might not reflect all relevant factors of the Group’s holding of financial instruments and non-financial instruments. Therefore, the estimated value of the evaluation model would be appropriately adjusted according to additional parameters, e.g., the model risk or liquidity risk. According to the Group’s fair value evaluation model management policy and related control procedures, the management believes that the fair value of financial instruments and non-financial instruments as shown in the balance sheet should be expressed in a fair way. The evaluation adjustment is appropriate and essential. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted according to the current market conditions.

D. The Group took credit risks evaluation adjustment into consideration of calculation in fair value of the financial instruments and non-financial instruments to respectively reflect the credit risk of the transaction counterparties and credit quality of the Group.

5) Transfer of fair values between Level 1 and Level 2 for the years ended December 31, 2019 and 2018: Nil

6) Change in the financial instruments of Level 3 for the years ended December 31, 2019 and 2018.

	Non-derivative equity instruments－Unlisted (OTC) Stocks	
Items	Year Ended December 31, 2019	Year Ended December 31, 2018
Beginning balance	$ 720,665	$ -
IFRS 9 retrospective application transfer-in	-	698,227
Acquisition this year	241,344	236,237
Disposal this year/Capital distribution	(74,041)	(9,585)
Outward transfer of level 3	-	(10,526)
Recognized in other comprehensive income	(22,700)	(199,264)
Effects of exchange rate	(7,793)	5,576
Ending balance	$ 857,475	$ 720,665

7) The Group adopted IFRS 9 since January 1, 2018 whereunder the unlisted (OTC) stocks and limited partnership interest used to be carried at costs instead of the previous IAS 39 were measured at the fair value through other comprehensive income. Where the fair value lacked sufficient observable market information, such stocks were transferred into Level 3. Another reason is that the emerging stock of unlisted (OTC) stocks at the end of March 2018, were re-evaluated the trading volume to determine whether it was an active market quotation. Due to the stable trading volume in the market, there is sufficient frequency and quantity of transaction occurrences, which could provide pricing information on a continuous basis, resulting in sufficient observable market information available, the Group, therefore, transferred the fair value used from Level 3 to Level 1 at the end of the month when the event occurred.

8) The Group's evaluation process for the fair value classified in Level 3 was the independent fair value verification of financial instruments conducted by the Company's Financial Department in collaboration with an outsourced professional evaluation agency. The independent sources of data were used to bring the evaluation results closer to the market status as independent, reliable,

and other resources consistent with and represent the executable price, and regularly update the required input values and data, and any other necessary fair value adjustments to ensure that the evaluation results would be rational.

9) The quantitative information about the significant unobservable input value of the evaluation model used in Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input value change are explained as follows:

Items	Fair value as of December 31, 2019	Evaluation technology	Significant unobservable input value	Range (Weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Unlisted (OTC) stocks and limited partnership	$ 857,475	Market approach / Asset approach	Liquidity depreciation	10.00%-24.59%	Higher the liquidity depreciation, lower the fair value

Items	Fair value as of December 31, 2018	Evaluation technology	Significant unobservable input value	Range (Weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Unlisted (OTC) stocks and limited partnership	$ 720,665	Market approach / Asset approach	Liquidity depreciation	10.00%-26.25%	Higher the liquidity depreciation, lower the fair value

10) The Group selected the evaluation model and evaluation parameters used after prudential evaluation so it was reasonable to measure the fair value but the use of different evaluation models or evaluation parameters might lead to different evaluation results. For financial assets classified as Level 3 and financial liabilities, if the evaluation parameter changes by 1% basis point, the impact on the current profit/loss or other comprehensive income would be as follows:

			Year Ended December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
Items	Input value	Change	Favorable change	Adverse change	Favorable change	Adverse change
Non-derivative equity instruments:						
Unlisted (OTC) stocks and limited partnership	Liquidity depreciation	+1%	$ -	$ -	$ -	($ 10,107)
		-1%	$ -	$ -	$ 10,483	$ -

Items	Input value	Change	Year Ended December 31, 2018			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Adverse change	Favorable change	Adverse change
Non-derivative equity instruments:						
Unlisted (OTC) stocks and limited partnership	Liquidity depreciation	+1%	$ -	$ -	$ -	($ 6,744)
		-1%	$ -	$ -	$ 6,868	$ -

13. Additional disclosure in the notes

(1) Significant transactions and (2) Information relating to investee companies

1) Funds loaned to others: Nil

2) Provision of endorsements and guarantees to others

Name of endorsers and guarantors	Subject on endorsees and Guarantees		Endorsement and guarantee limit for a single entity	Highest balance of endorsement and guarantee for the year	Balance of endorsement /guarantee at the end of year	Actual amount drawn down	Amount endorsement and guarantee collated by property	Ratio of accumulated amount of endorsement and guarantee to net worth in the financial statements of the company in the latest year	Maximum amount of endorsement and guarantee	Provision of endorsement and guarantee by parent company to subsidiary	Provision of endorsement and guarantee by subsidiary to parent company	Provision of endorsement and guarantee to the party in Mainland China
	Name of company	Relationship										
KK Enterprise Co., Ltd.	KK Enterprise (Malaysia) Sdn. Bhd.	A subsidiary with direct shareholding in equity up to 70%	Within the maximum limit not in excess of 50% of the total endorsement/guarantee of the Company. ($220,535)	$62,875 (RM8,940)	$62,875 (RM8,940)	$41,776 (RM5,940)	—	7.13%	The total endorsement/guarantee of the Company shall not exceed 50% of the net worth as shown through the latest financial statements of the Company ($441,069)	Yes	No	No

3) Holding of Marketable Securities at the End of Year (Not Including Subsidiaries, Associates and Joint Ventures)

Securities held by	Kind and name of marketable securities		Relationship with the marketable securities issuer	General ledger account	At the end of year			
					Shares in thousands or unit expressed in thousands)	Carrying amount	Shareholding ratio (5)	Fair value
Grand Pacific Petrochemical Corporation	Stock	He Xin Venture Investment Enterprise Co., Ltd.	The Company's director is that company's representative	Financial assets at fair values through other comprehensive income - noncurrent	37	$1,259	2.85	$1,259
		TECO Nanotech Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	19	-	0.08	-
		YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	165	876	0.93	876
		Bridgestone Taiwan Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,151	85,406	1.42	85,406
		China Development Financial Holding Corporation	—	Financial assets at fair values through other comprehensive income - noncurrent	21,297	207,224	0.14	207,224
	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,000	23,247	-	23,247
GPPC Chemical Corporation	Stock	He Xin Venture Investment Enterprise Co., Ltd.	The Company's director is that company's representative	Financial assets at fair values through other comprehensive income - noncurrent	49	1,685	3.80	1,685
		YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	64	341	0.36	341
		Kuo Tsung Development Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	200	-	1.06	-

Securities held by	Kind and name of marketable securities		Relationship with the marketable securities issuer	General ledger account	At the end of year			
					Shares in thousands or unit expressed in thousands)	Carrying amount	Shareholding ratio (5)	Fair value
		Kuo Tsung Construction Development Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	200	-	1.31	-
		Bridgestone Taiwan Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	934	69,318	1.15	69,318
		Com2B Corporation	—	Financial assets at fair values through other comprehensive income - noncurrent	750	-	1.67	-
		Grand Pacific Petrochemical Corporation - common shares	The Company’s parent company	Financial assets at fair values through other comprehensive income - noncurrent	247	4,603	0.03	4,603
		Grand Pacific Petrochemical Corporation - preferred shares	The Company’s parent company	Financial assets at fair values through other comprehensive income - noncurrent	1,776	61,094	8.88	61,094
		China Development Financial Holding Corporation	The Company is that company’s director	Financial assets at fair values through other comprehensive income - noncurrent	12,110	117,830	0.08	117,830
GPPC INVESTMENT CORP.	Stock	YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	631	3,345	3.54	3,345
	Partnership	China Development Asset Management Corporation's advantageous venture capital limited partnership	—	Financial assets at fair values through other comprehensive income - noncurrent	-	85,723	-	85,723
	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	215	2,504	-	2,504
GPPC Hospitality And Leisure Inc.	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,585	18,420	-	18,420
GPPC Development Co., Ltd.	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	11,016	128,045	-	128,045
Goldenpacific Equities Ltd.	Partnership	CDIB Capital Asia Partners L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	163,125	-	154,211
		CDIB Capital Global Opportunities Fund L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	237,669	-	139,248
Videoland Inc.	Stock	China Life Insurance Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	107,882	2,761,780	2.42	2,761,780
		China Development Financial Holding Corporation	—	Financial assets at fair values through other comprehensive income - noncurrent	55,504	540,050	0.37	540,050
	Stock	Jeoutai Technology Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	2,007	$67,687	5.96	$67,687
		Global Mobile Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,440	-	0.52	-
		Great Dream Pictures, Inc.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,000	5,750	9.98	5,750
	Partnership	CDIB Capital Asia Partners L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	139,853	-	139,853

4) Buy or sale of the same marketable security with the accumulated amount reaching NT$300 million or 20% of paid-in capital or more

Company of Buy/sale	Kind and Name of security	General ledger account	Transaction object	Relationship	At Beginning of year		Buy		Sale				At end of year	
					Unit expressed in thousands	Amount	Unit expressed in thousands	Amount	Unit expressed in thousands	Selling price	Carrying cost	Disposal of gain (loss)	Unit expressed in thousands	Amount
Grand Pacific Petrochemical Corporation	KGI Victory Money Market Fund	Financial assets at fair value through profit or loss - current	Open trading market	-	-	-	94,538	$1,095,000 80(Note1)	92,538	$1,073,174	$1,071,833	$1,341	2,000	$23,247
Videoland Inc.	China Life Insurance Co., Ltd.	Financial assets at fair values through other comprehensive income - noncurrent	Centralized Trading Market	-	94,428	$2,629,821	18,454	380,153	5,000	124,560	51,765 196,429(Note 1)	72,795	107,882	2,761,780
Land & Sea Capital Corp.	Zhangzhou Chimei Chemical Co., Ltd.	Investments accounted for using the equity method	Capital increase in cash	-	-	717,809	-	477,374	-	-	- 57,806(Note 2)	-	-	1,137,377

Note: (1) As the amount including investment in equity instruments evaluation profit or loss at fair value through profit loss/other comprehensive income and gain on disposal of investment directly transferred to retained earnings.

(2) Evaluation adjustments accounted for using the equity method.

5) Acquisition of property reaching NT$300 million or 20% of paid-in capital or more: Nil

6) Disposal of property reaching NT$300 million or 20% of paid-in capital or more: Nil

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Purchase (sale) company	Name of transaction object	Relationship	Descriptions of transaction				Description and reasons for difference in transaction terms compared to general transaction		Notes or accounts receivable (payable)	
			Purchas(sales of goods	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes or accounts receivable (payable)
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	The Company's subsidiaries	Sales	$1,286,974	7.93%	Based on sales contracts	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	To be settled at the end of each month and paid off 45 days following settlement, if the payment is not received as scheduled, the interest will be calculated at the one-year time deposit annual rate of the Bank of Taiwan as of January 1 of the specific year, however, is limited to 3 months at maximum.	$12,611	0.92%
GPPC Chemical Corporation	Grand Pacific Petrochemical Corporation	The Company's parent company	Purchase	1,286,974	83.43%	Based on purchase contracts	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	To be settled at the end of each month and paid off 45 days following settlement, if the payment is not received as scheduled, the interest will be calculated at the one-year time deposit annual rate of the Bank of Taiwan as of January 1 of the specific year, however, is limited to 3 months at maximum.	(12,611)	(57.78%)

8) Receivable from related parties reaching NT$100 million or 20% of paid-in capital or more: Nil

9) Trading in derivative instruments: Nil

10) Significant impact either directly or indirectly, name, location and such information of investees under control or joint ventures (excluding investment in Mainland China)

Name of investor	Name of investee	Location	Main business	Original investments		Holding status at end of year			Current profit/loss of the investee	Profit/loss recognized by the Company	Notes
				Ending balance of current year	Ending balance of prior period	Shares in thousands	Shareholding ratio (%)	Carrying amount			
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	No.66, Changxing Rd., Luzhu Dist., Kaohsiung City	Production and sale of impact-resistant and flame-resistant polystyrene	$462,953	$462,953	54,200	100.00	$675,530	$71,268	$69,317	The investment profit/loss recognized including deducted with cash dividend received from parent company $1,066 and deducted NT$885 as the difference in entity base or consolidated base view points.
	GPPC Investment Corp.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	Investment business	170,307	170,307	22,032	81.60	270,250	(10,560)	(8,618)	
	GPPC Development Co., Ltd.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	General hotel business	50,000	-	5,000	38.46	49,531	(1,123)	(469)	Comprehensive shareholding up to control force
	Videoland Inc.	3F, No.480, Ruiguang Rd., Neihu Dist., Taipei City	Radio and television program production, domestic and foreign film copying, domestic film production, distribution, trading and other services	1,536,404	1,536,404	71,093	62.29	4,419,707	213,644	133,080	
	KK Enterprise Co., Ltd.	No.1, Ziqiang 3rd Rd., Nangang Industrial Zone, Nantou City	Manufacture, wholesale and retail of various trademark paper, glue paper and PU Resin	110,190	130,026	7,934	15.73	138,760	33,473	5,264	Comprehensive shareholding up to control force
	Goldenpacific Equities Ltd.	British Virgin Islands	Investment business	10,510	10,510	75	100.00	665,141	10,687	10,687	
	Land & Sea Capital Corp.	British Virgin Islands	Investment business	2,817,223	2,817,223	86,319	100.00	8,375,683	1,139,766	1,124,585	The recognized investment profit and/or loss including adjustment with difference between the entity base and combination base to reduce by NT$15,181
GPPC Investment Corp.	GPPC Hospitality And Leisure Inc.	1F, No.26, Lane 295, Sec. 1, Dunhua S. Rd., Taipei City	Catering service business	40,000	40,000	4,000	100.00	39,586	(10,648)	(10,648)	
Videoland Inc.	KK Enterprise Co., Ltd.	No.1, Ziqiang 3rd Rd., Nangang Industrial Zone, Nantou City	Manufacture, wholesale and retail of various trademark paper, glue paper and PU Resin	238,248	280,862	17,046	33.79	$298,074	33,473	11,314	
	GPPC Investment Corp.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	Investment business	35,372	35,372	4,968	18.40	57,522	(10,560)	(1,942)	Comprehensive shareholding with significant power of influence
	GPPC Development Co., Ltd.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	General hotel business	29,873	-	3,000	23.08	29,724	(1,123)	(308)	
KK Enterprise Co., Ltd.	K.K. Chemical Company Limited	Hong Kong	Trademark paper, glue paper and such business	5,255	5,255	125	49.90	4,262	(144)	(72)	With control force
	Dragon King Inc.	Samoa	Outward investment business	3,258	3,258	100	100.00	4,763	(31)	(31)	
	KK Enterprise (Malaysia) Sdn.Bhd. Bhd.	Malaysia	Trademark paper, glue paper and such business	15,995	15,995	1,680	70.00	57,180	9,911	6,938	

11) Business Relation and Important Transaction Details between Parent Company and Subsidiary and between Subsidiaries

Name of counterparty	Name of transaction party	Relationship with counterparty	Transaction conditions			
			Account name	Amount	Transaction terms	Ratio to consolidated total revenues or total assets
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	Parent company vs. subsidiary	Sales revenues	$1,286,974	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	6.29%
			Accounts receivable	12,611	The payment method is settlement at the end of each month and paid off 45 days following settlement. If the payment is not received as scheduled, the goods will be on hold the interest will be calculated at the one-year time deposit annual rate of the Bank of Taiwan as of January 1 of the specific year, however, is limited to 3 months at maximum.	0.04%
			Other revenues	8,400	As per the requirements in the contract	0.04%
			Technical support revenues (Entered as deduction of expense)	5,292	As per the requirements in the contract	0.03%
	GPPC Investment Corp.	Parent company vs. subsidiary	Rent revenues	23	As per the requirements in the lease agreement	—
	GPPC Development Co., Ltd.	Parent company vs. subsidiary	Rent revenues	23	As per the requirements in the lease agreement	—
	Videoland Inc.	Parent company vs. subsidiary	Rent revenues	137	As per the requirements in the lease agreement	—
	KK Enterprise Co., Ltd.	Parent company vs. subsidiary	Other revenues	487	As per the requirements in the Articles of Incorporation	—
GPPC Chemical Corporation	Grand Pacific Petrochemical Corporation	Subsidiary vs. parent company	Sales revenues	2,273	To be counted based on general transaction prices	0.01%
			Accounts receivable	348	Within 45 days on a monthly basis	—
			Rent revenues	72	As per the requirements in the lease agreement	—
GPPC Hospitality And Leisure Inc.	Grand Pacific Petrochemical Corporation	Subsidiary vs. parent company	Catering revenues	281	To be counted based on general transaction prices	—

Name of counterparty	Name of transaction party	Relationship with counterparty	Transaction conditions			
			Account name	Amount	Transaction terms	Ratio to consolidated total revenues or total assets
	Videoland Inc.	Subsidiary vs. subsidiary	Catering revenues	105	To be counted based on general transaction prices	—
Videoland Inc.	Grand Pacific Petrochemical Corporation	Subsidiary vs. parent company	Right-of-use assets Lease liabilities Lease interest Refundable deposits	$193 137 2 50	As per the requirements in the lease agreement As per the requirements in the lease agreement As per the requirements in the lease agreement As per the requirements in the lease agreement	— — — —
	KK Enterprise Co., Ltd.	Subsidiary vs. subsidiary	Other revenues	487	As per the requirements in the Articles of Incorporation	—
KK Enterprise Co., Ltd.	KK Enterprise(Malaysia) Sdn Bhd.	Parent company vs. subsidiary	Sales revenues Accounts receivable Endorsements/ guarantees	27,578 4,946 62,875	To be counted based on general transaction prices Within 90 days on a monthly basis As per endorsements/guarantee operating procedures	0.13% 0.02% 0.20%
	KK Enterprise (Kunshan) Co., Ltd.	Parent company vs. subsidiary	Sales revenues Accounts receivable	13,191 3,064	To be counted based on general transaction prices Within 90 days on a monthly basis	0.06% 0.01%
	KK Enterprise (Zhongshan) Co., Ltd.	Parent company vs. subsidiary	Sales revenues Accounts receivable	422 122	To be counted based on general transaction prices Within 90 days on a monthly basis	— —
K.K. Chemical Company Limited	KK Enterprise (Zhongshan) Co., Ltd.	Subsidiary vs. subsidiary	Other receivables	6,307	Within 90 days on a monthly basis	0.02%
KK Enterprise (Zhongshan) Co., Ltd.	KK Enterprise (Kunshan) Co., Ltd.	Subsidiary vs. subsidiary	Sales revenues Accounts receivable	6,276 672	To be counted based on general transaction prices Within 90 days on a monthly basis	0.03% —
KK Enterprise (Kunshan) Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Subsidiary vs. subsidiary	Sales revenues	4,642	To be counted based on general transaction prices	0.02%
	KK Enterprise(Malaysia) Sdn Bhd.	Subsidiary vs. subsidiary	Sales revenues Accounts receivable	3,794 966	To be counted based on general transaction prices Within 90 days on a monthly basis	0.02% —
	Dragon King Inc.	Subsidiary vs. subsidiary	Sales revenues Accounts receivable	5,954 1,993	To be counted based on general transaction prices Within 90 days on a monthly basis	0.03% 0.01%
Dragon King Inc.	KK Enterprise (Zhongshan) Co., Ltd.	Subsidiary vs. subsidiary	Other receivables	3,412	Within 90 days on a monthly basis	0.01%

(III) Information on investments in Mainland China

Name of investors	Name of investee in China	Main business lines	Paid-in capital	Method of investment	Beginning amount of accumulated investment with outward remittance from Taiwan this year	Amount of investment remitted outward or retrieved this year		Ending amount of accumulated investment with outward remittance from Taiwan this year	Profit or loss of investees this year Note (5)	The Company's shareholding ratio either directly or indirectly investment Note (4)	Investment gain /loss recognized in the year Note (5)	Carrying amount of investment at end of year Note (4)	Investment gains having been received at end of year
						Outward remittance	Retrieval						
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	Production and sales of series products and their products using styrene as raw materials and various chemical raw materials and fuel oil handling, storage and transportation and operation	USD368,850	Note (2)	$1,652,206 (USD52,830)	-	-	$1,652,206 (USD52,830)	$4,070,804	30.40%	$1,237,525 (USD40,775)	$5,460,356 (USD182,133)	$473,318 (USD15,496)
	Zhangzhou Chimei Chemical Co., Ltd.	Primary form plastics and synthetic resin manufacturing	CNY880,000	Note (2)	716,901 (USD23,340)	-	-	716,901 (USD23,340)	(49,528)	30.40%	(15,057) (USD496)	1,137,377 (USD37,938)	-
KK Enterprise Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Trademark paper, glue paper and such business	HKD12,300	Note (3)	21,509 (HKD6,150)	-	-	21,509 (HKD6,150)	11,819	50.00%	5,949 Note (6)	64,986	45,491
	KK Enterprise (Kunshan) Co., Ltd.	Trademark paper, glue paper and such business	USD6,100	Note (1)	206,958 (USD5,168) (Machine USD827)	-	-	206,958 (USD5,168) (Machine USD827)	(7,569)	100.00%	(7,508) Note (6)	196,457	36,061

Name of investor	Amount of accumulated investment remitted from Taiwan to the Mainland China at end of year	Amounts of investment approved by Investment Commission, Ministry of Economic Affairs	Maximum limit of investment in Mainland China as promulgated by Investment Commission, Ministry of Economic Affairs (Note 7)
Grand Pacific Petrochemical Corporation	$2,369,107(USD76,170)	$3,051,304(USD101,778) (Note 8)	$16,339,246
KK Enterprise Co., Ltd.	$228,467(USD5,168; HKD6,150 and machine USD827)	$228,467(USD5,995; HKD6,150)	$584,371

Note: (1) As direct investment.

(2) Investment in the Mainland China based firm through a company incorporated in a third territory after being approved by the government.

(3) Investment in the Mainland China based firm by outsourcing a company incorporated in a third territory after being approved by the government.

(4) The shareholding ratio and carrying amount of the investment at the end of the year, which is outward investment or investment outsourcing a third territory company either directly or indirectly

(5) Based on the financial statements audited/certified by other certified public accountants of the international Certified Public Accountant Firms in cooperation relationship with the Certified Public Accountant Firms of the Republic of China and other Certified Public Accountant (practicing) of the Company's Certified Public Accountant Firms to recognize the investment gains or losses accounted for using the equity method to the shareholding ratio of investment, either directly or indirectly.

(6) The investment gains and losses recognized in this current year including the realized, unrealized net gains and losses generated by the forward, countercurrent and side stream exchanges.

(7) Under the provisions of the Investment Commission, Ministry of Economic Affairs, the maximum limit for the amounts or percentages of accumulated investment toward Mainland China shall be 60% of the Company's net worth or the consolidated net worth (whichever was the higher).

(8) As of December 31, 2019, the amount of accumulated investment by the Company toward Mainland China as approved by the Investment Commission, Ministry of Economic Affairs totaled at US$187,731 thousand. Pursuant to Article 3 of "Principles for Investment or Technical Cooperation Review in the Mainland China", the amount of capital increase with earnings into Mainland China would not be counted into the accumulated investment. Besides, where the share capital or earnings of investment in Mainland China were remitted back to Taiwan by investor, the accumulated amount of investment could be deducted accordingly. The Company's earnings used for capital increase (additional investment) in

Mainland China as approved by the Investment Commission, Ministry of Economic Affairs came to US$70,457 thousand and the surplus remitted back amounted to US$15,496 thousand, which had both been deducted from the cumulative amounts of approved investment in Mainland China.

(9) The foreign currency amounts in this Table are converted to New Taiwan Dollars the exchange rate quoted on the balance sheet date, except that the amount of investment remitted outward from Taiwan which was measured at historical exchange rates.

2) Significant transactions occurring with Mainland China based investees via a third territory directly or indirectly:

KK Enterprise (Zhongshan) Co., Ltd. and KK Enterprise (Kunshan) Co., Ltd. as included in the preparation of the consolidated financial statements because the Group's direct and indirect investment with more than 50% of comprehensive shareholding ratio. Those by and between the Group and KK Enterprise (Zhongshan) Co., Ltd. and KK Enterprise (Kunshan) Co., Ltd. either directly or indirectly through the business in the third territory were eliminated in full upon preparation of the consolidated financial statements. For more detail regarding major transactions by and between the Group and the Mainland China based investees, please refer to Note 13(1) (2)-11.

The Group did not have significant transactions with Zhangzhou Chimei Chemical Co., Ltd. via a third territory based enterprise either directly or indirectly. In addition, the Group’s major transactions with Zhenjiang Chimei Chemical Co., Ltd. via a third territory based enterprises either directly or indirectly between January 1 and December 31, 2019 and 2018 are as follows:

A. Ending balance and percentage of payables regarding purchase amounts & percentage: Nil

B. Ending balance and percentage of receivables regarding sales amounts & percentage:

① Year Ended December 31, 2019 & December 31, 2019

	Sales revenues	Accounts receivable

Company name of sales	Name of transaction object	Amount	Percentage of net sales	Amount	Percentage of total accounts receivable
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	$ 8,150	0.04%	$ 1,271	0.06%

② Year Ended December 31, 2018 & December 31, 2018

		Sales revenues		Accounts receivable	
Company name of sales	Name of transaction object	Amount	Percentage of net sales	Amount	Percentage of total accounts receivable
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	$ 3,382	0.02%	$ 735	0.04%

③ The transactions terms and conditions had been conducted as per the specified selling prices. The payments were collected 30 days maturity after account settlement on a monthly basis.

C. Amounts in property transaction and amount of profit or loss so incurred: Nil

D. Ending balance of the endorsements/guarantees of notes or the collateral provided: Nil

E. The highest balance of fund financing, ending balance, interest rate range and total amount of interest in the current year: Nil

F. Other transactions that had a significant impact on the current profit/loss or financial status: Nil

14. Information of the operating segments

(1) The “operating segments” as set forth herein were business composing units which would comport with the following characteristics:

1) The operating activities to obtain revenues and incur expenses.

2) Where the operating results would be regularly rechecked by the enterprise’s decision-makers to formulate decisions to allocate resources of the segments and to evaluate the performance of the segments

3) With individual and separable financial information.

(2) Based on the view of the operating decision-makers, the Group would recheck the link up with various managerial departments and the products and labor services. The operating units were classified into three reportable operating segments:

1) Petrochemistry Department: That department was responsible for the production, processing and trading of related products and their products using styrene as raw materials.

2) Television Media Department: That department was responsible for TV program production, import and export agency distribution of cable TV programs and various advertising agencies and the planning and production thereof.

3) Packaging Materials Department: That department was responsible for manufacturing, processing and trading of various packaging materials such as trademark paper and release paper.

Other operating activities not reported by the Group and related information of the operating segments are consolidated and disclosed under "Other Departments".

(3) The departments required to be reported to the Group were strategic business units to provide different products and labor services. Each strategic business unit would call for different technologies and marketing strategies, so they must be managed separately.

(4) Here in the Group, the management individually monitored the operating results of the business units to formulate resource allocation and performance evaluation decisions. The performance of the operating segment was measured based on operating profit or loss, and the amount so measured was provided to the chief operating decision maker to allocate resources to the department and evaluate its performance and, in turn, adopted the consistent method of operating profit or loss in the

consolidated financial report. The operating cost of the headquarters in the consolidated financial report, income tax expense (gain) and non-recurring profit or loss (non-operating income and expenditure) were, nevertheless, based on the management of the parent company, and was not allocated to the reportable department. The reported amount and the report used by the operating decision maker proved consistent. The transfer price between the operating segments was based on the regular transactions as similar to external third parties. The operating segment's accounting policies were roughly the same as those shown in Note 4 to Consolidated Financial Statements.

(5) Financial information of the operating segments

1) January 1 - December 31, 2019 & December 31, 2019

Items	Petrochemistry Dept.	TV Media Dept.	Packaging Material Dept.	Other Departments	Adjustment (reconciliation) and elimination	Total
Revenues						
Revenues from external customers	$ 16,741,346	$ 2,148,879	$ 1,574,696	$ 3,308	$ -	$ 20,468,229
Revenues between segments	1,289,247	-	61,857	386	(1,351,490)	-
Total revenues	$ 18,030,593	$ 2,148,879	$ 1,636,553	$ 3,694	($ 1,351,490)	$ 20,468,229
Segment profit or loss	$ 1,090,638	$ 248,683	$ 49,511	($ 27,790)	$ 9,169	$ 1,370,211
Non-operating revenues and expenditures						1,370,666
Net profit before tax from continuing operations unit						$ 2,740,877
Segment profit or loss include:						
Depreciation & amortization	$ 747,055	$ 856,184	$ 72,333	$ 3,599	($ 136)	$ 1,679,035
Segment assets	$ -	$ -	$ -	$ -	$ 31,486,407	$ 31,486,407
Segment liabilities	$ -	$ -	$ -	$ -	$ 4,254,330	$ 4,254,330

2) January 1 - December 31, 2018 & December 31, 2018

Items	Petrochemistry Dept.	TV Media Dept.	Packaging Material Dept.	Other departments	Adjustment (reconciliation) and elimination	Total
Revenues						
Revenues from external customers	$ 20,666,575	$ 2,299,327	$ 1,775,236	$ -	$ -	$ 24,741,138
Revenues between segments	1,105,846	-	72,583	-	(1,178,429)	-
Total revenues	$ 21,772,421	$ 2,299,327	$ 1,847,819	$ -	($ 1,178,429)	$ 24,741,138
Segment profit or loss	$ 2,303,222	$ 356,703	$ 78,235	($ 8,772)	$9,450	$ 2,738,838
Non-operating revenues and expenditures						1,318,110
Net profit before tax from continuing operations unit						$ 4,056,948
Segment profit or loss:						
Depreciation & amortization	$ 709,661	$ 817,651	$ 69,461	$ -	$ -	$ 1,596,773
Segment assets	$ -	$ -	$ -	$ -	$ 29,859,901	$ 29,859,901
Segment liabilities	$ -	$ -	$ -	$ -	$ 4,238,927	$ 4,238,927

3) Descriptions on adjustment (reconciliation) and elimination

A. The revenues between segments were eliminated upon consolidation.

B. The adjustment (reconciliation) and elimination of segment profit or loss were primarily subject to the elimination of profit or loss between the segments at the moment of consolidation.

C. Where the amounts to be measured amidst assets and liabilities between segments were not the indications for measurement by decision-makers, the amount to measure assets and liabilities to be disclosed was NT$0. The amounts of unamortized assets and liabilities were recorded under items of adjustment (reconciliation).

(6) Revenues of main products and labor services

Please see descriptions of Note 6(36)

(7) Territories information

The Group’s revenues coming from external customers have been classified based on the locations where the sales or labor services were provided and the noncurrent assets were classified based on the locations where the assets were in, the territories information is as follows:

Territory	Revenues from external customers: Year Ended December 31, 2019	Revenues from external customers: Year Ended December 31, 2018	Noncurrent assets: December 31, 2019	Noncurrent assets: December 31, 2018
Taiwan	$ 13,930,182	$ 16,670,278	$ 8,145,004	$ 8,413,853
Mainland China	5,118,126	6,158,105	76,935	87,759
Asia	1,196,139	1,715,429	16,153	8,988
Americas	70,485	106,801	-	-
Africa	126,574	83,555	-	-
Europe	24,451	3,212	-	-
Oceania	2,272	3,758	-	-
Total	$ 20,468,229	$ 24,741,138	$ 8,238,092	$ 8,510,600

Note: Noncurrent assets exclude noncurrent assets held for sale, financial instruments, deferred income tax assets, post-employment benefits assets as well as assets generated by insurance contracts.

(8) Information on key customers

A single customer with revenues reaching for over 10% of the net consolidated operating revenues of the Group between January 1 and December 31, 2019 and 2018, the details were as follows:

Year Ended December 31, 2019				Year Ended December 31, 2018			
Customers	Amount	% to net operating revenues	Segment to be reported	Customers	Amount	% to net operating revenues	Segment to be reported
Company A	$ 4,054,684	19.81%	Petrochemistry Department	Company A	$ 4,993,987	20.18%	Petrochemistry Department