Syncmold Enterprise Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates of Syncmold Enterprise Corporation as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Syncmold Enterprise Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYNCMOLD ENTERPRISE CORPORATION

March 14, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

Opinion

We have audited the accompanying consolidated financial statements of Syncmold Enterprise Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2018 is stated as follows:

Occurrence of Sales Revenue

The sales revenue of the Group is mainly generated from the sales of monitor hinge products. When the significant risks and rewards of the product's ownership are transferred to the buyers, the criteria for the recognition of sales revenue are fulfilled and sales revenue is deemed to have occurred. Therefore, the occurrence of sales revenue has been deemed as the key audit matter for the year ended December 31, 2018. Refer to Note 4 to the consolidated financial statements for the related revenue recognition policies.

In response to this most significant matter, we considered the policy of the recognition of sales revenue of the Group, understood and assessed the design and implementation of the relevant internal controls, selected samples from sales revenue to perform detailed verification tests and checked invoices and subsequent payments from customers to confirm the validity of occurrence of sales revenue.

Other Matter

We did not audit the financial statements of High Grade Tech Co., Ltd., these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for High Grade Tech Co., Ltd., is based solely on the report of other auditors. As of December 31, 2018 and 2017, the balances of investments accounted for using the equity method were NT$123,713 thousand and NT$102,665 thousand, respectively, which accounted for 1.47% and 1.20% of consolidated total assets, respectively. For the years ended December 31, 2018 and 2017, the share of profit of associates accounted for using the equity method were NT$32,448 thousand and NT$7,602 thousand, respectively, which accounted for 3.88% and 1.16% of consolidated total comprehensive income, respectively.

We have also audited the parent company only financial statements of Syncmold Enterprise Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion with an other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tung-Feng Lee and Chih-Yuan Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2019

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 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 auditors' report and consolidated financial statements shall prevail.

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,681,311	32	$ 3,441,732	40
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	192,576	2	53,710	-
Notes receivable	433,256	5	318,616	4
Trade receivables, net (Notes 4, 5 and 10)	3,039,370	36	2,671,261	31
Inventories (Notes 4, 5 and 11)	572,263	7	503,846	6
Other current assets (Notes 4, 16, 22 and 27)	248,641	3	311,416	4
Other financial assets - current (Notes 4, 9 and 28)	-	-	14,026	-
Total current assets	7,167,417	85	7,314,607	85
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7)	54,099	1	-	-
Financial assets measured at cost - non-current (Notes 4, 5 and 8)	-	-	64,664	1
Investments accounted for using the equity method (Notes 4 and 13)	123,713	2	102,665	1
Property, plant and equipment (Notes 4 and 14)	543,858	7	557,808	7
Goodwill (Notes 4 and 5)	366,777	4	366,777	4
Intangible assets (Notes 4 and 15)	22,308	-	21,489	-
Deferred tax assets (Notes 4 and 22)	26,956	-	27,164	-
Prepayments for equipment	27,704	-	44,404	1
Refundable deposits	36,568	1	47,910	1
Defined benefit assets (Notes 4 and 19)	2,302	-	1,895	-
Long-term prepayments for leases (Notes 4 and 16)	22,800	-	35,133	-
Total non-current assets	1,227,085	15	1,269,909	15
TOTAL	$ 8,394,502	100	$ 8,584,516	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 230,000	3	$ -	-
Notes payable and trade payables	1,773,944	21	1,852,923	22
Other payables (Note 18)	409,800	5	357,389	4
Current tax liabilities (Notes 4 and 22)	160,105	2	207,298	2
Other current liabilities	25,077	-	34,478	-
Total current liabilities	2,598,926	31	2,452,088	28
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	239,634	3	159,320	2
Guarantee deposits received	344	-	2,508	-
Total non-current liabilities	239,978	3	161,828	2
Total liabilities	2,838,904	34	2,613,916	30
EQUITY				
Ordinary shares	1,237,242	15	1,635,733	19
Advance receipts for ordinary shares	-	-	13,923	-
Capital surplus	2,591,280	31	2,591,280	30
Retained earnings				
Legal reserve	721,519	8	634,575	7
Special reserve	376,649	4	230,916	3
Unappropriated earnings	1,060,414	13	1,240,822	15
Total retained earnings	2,158,582	25	2,106,313	25
Other equity				
Exchange differences on translating the financial statements of foreign operations	(431,506)	(5)	(376,649)	(4)
Total equity	5,555,598	66	5,970,600	70
TOTAL	$ 8,394,502	100	$ 8,584,516	100

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 27)	$ 8,808,885	100	$ 8,870,758	100
OPERATING COSTS (Notes 4, 11, 21 and 27)	6,774,744	77	6,817,212	77
GROSS PROFIT	2,034,141	23	2,053,546	23
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	235,560	3	234,243	3
General and administrative expenses	503,022	6	446,248	5
Research and development expenses	147,208	1	138,605	1
Expected credit loss on trade receivables	1,130	-	-	-
Total operating expenses	886,920	10	819,096	9
PROFIT FROM OPERATIONS	1,147,221	13	1,234,450	14
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Note 21)	(5,834)	-	26,562	-
Interest income	48,719	1	44,303	1
Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	15,314	-	10,012	-
Interest expenses	(819)	-	(3,706)	-
Net foreign exchange gain (loss) (Notes 21 and 29)	128,499	1	(96,781)	(1)
Impairment loss recognized on financial assets (Notes 4 and 8)	-	-	(898)	-
Share of profit of subsidiaries and associates (Notes 4 and 13)	32,448	-	7,602	-
Total non-operating income and expenses	218,327	2	(12,906)	-
PROFIT BEFORE INCOME TAX	1,365,548	15	1,221,544	14
INCOME TAX EXPENSE (Notes 4 and 22)	475,587	5	352,104	4
NET PROFIT FOR THE YEAR	889,961	10	869,440	10

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SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 386	-	$ (129)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(171)	-	22	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(54,857)	(1)	(212,113)	(3)
Other comprehensive loss for the year	(54,642)	(1)	(212,220)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 835,319	9	$ 657,220	7
EARNINGS PER SHARE (Note 23)				
Basic	$ 5.88		$ 5.42	
Diluted	$ 5.82		$ 5.26	

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

(With Deloitte & Touche auditors' report dated March 14, 2019) (Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

			Capital Surplus (Notes 4 and 20)						Retained Earning (Note 20)				Other Equity	
	Share Capital (Note 20)	Advance Receipts for Ordinary Shares (Note 20)	Share Premium	Difference Between Actual Acquisition Price and Carrying Amount	Chang in Equity	Consolidation Excess	Convertible Bond	Total	Legal Reserve	Special Reserve	Retained Earnings	Total	Operations Differences on Translating the Financial Statements of Foreign Operation (Notes 4) and 20)	Total Equity
BALANCE AT JANUARY 1, 2017	$ 1,498,564	$ 35,250	$ 671,486	$ 410,949	$ 143,150	$ 852,372	$ 16,446	$ 2,094,403	$ 543,649	$ 230,916	$ 1,342,415	$ 2,116,980	$ (164,536)	$ 5,580,661
Appropriation of 2016 earnings														
Legal reserve	-	-	-	-	-	-	-	-	90,926	-	(90,926)	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(880,000)	(880,000)	-	(880,000)
	-	-	-	-	-	-	-	-	90,926	-	(970,926)	(880,000)	-	(880,000)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,440	869,440	-	869,440
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(107)	(107)	(212,113)	(212,220)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,333	869,333	(212,113)	657,220
Convertible bonds converted to ordinary shares	137,169	(21,327)	513,323	-	-	-	(16,446)	496,877	-	-	-	-	-	612,719
BALANCE AT DECEMBER 31, 2017	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,240,822	2,106,313	(376,649)	5,970,600
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	-	-	-	(13,079)	(13,079)	-	(13,079)
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,227,743	2,093,234	(376,649)	5,957,521
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	-	-	-	86,944	-	(86,944)	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	145,733	(145,733)	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(824,828)	(824,828)	-	(824,828)
	-	-	-	-	-	-	-	-	86,944	145,733	(1,057,505)	(824,828)	-	(824,828)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	889,961	889,961	-	889,961
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	215	215	(54,857)	(54,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	(412,414)
Convertible bonds converted to ordinary shares	13,923	(13,923)	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	$ 1,237,242	$ -	$ 1,184,809	$ 410,949	$ 143,150	$ 852,372	$ -	$ 2,591,280	$ 721,519	$ 376,649	$ 1,060,414	$ 2,158,582	$ (431,506)	$ 5,555,598

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,365,548	$ 1,221,544
Adjustments for:		
Depreciation expenses	99,318	99,997
Amortization expenses	11,794	11,471
Expected credit loss recognized on trade receivables	1,130	-
Impairment loss reversed on trade receivables	-	(5,781)
Net gain on financial assets at fair value through profit or loss	(15,314)	(10,012)
Share of profit of associates	(32,448)	(7,602)
Interest expenses	819	3,706
Interest income	(48,719)	(44,303)
Dividend income	(1,573)	(2,611)
Loss on disposal of property, plant and equipment	18,379	9,292
Impairment loss recognized on financial assets	-	898
Reversal of write-downs of inventories	(21,772)	(13,265)
Prepayments for leases	341	349
Net loss on unrealized foreign currency exchange	4,251	16,023
Changes in operating assets and liabilities		
Notes receivable	(102,818)	(15,986)
Trade receivables	(306,880)	218,495
Inventories	(30,263)	33,508
Other current assets	1,273	(26,390)
Net defined benefit assets	(21)	(1,345)
Notes payable and trade payables	(138,409)	80,128
Other payables	45,516	(41,673)
Other current liabilities	(10,183)	22,756
Cash generated from operations	839,969	1,549,199
Interest paid	(634)	(74)
Income tax paid	(398,938)	(524,640)
Net cash generated from operating activities	440,397	1,024,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,370,112)	(490,463)
Disposal of financial assets at fair value through profit or loss	1,244,320	497,026
Acquisition of property, plant and equipment	(88,737)	(68,406)
Proceeds from disposal of property, plant and equipment	29,544	8,357
Decrease (increase) in refundable deposits	12,626	(4,686)
Purchase of intangible assets	(12,778)	(7,819)
Decrease (increase) in other financial assets - current	14,209	(6,168)
Increase in prepayments for equipment	(36,112)	(40,197)
Interest received	48,719	44,303
Dividends received	12,973	2,611
Net cash used in investing activities	(145,348)	(65,442)

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SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 230,000	$ -
Refunds of guarantee deposits received	(2,200)	(755)
Dividends paid	(824,828)	(880,000)
Capital reduction by cash	(412,414)	-
Net cash used in financing activities	(1,009,442)	(880,755)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(46,028)	(69,324)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(760,421)	8,964
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,441,732	3,432,768
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,681,311	$ 3,441,732

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

(With Deloitte & Touche auditors' report dated March 14, 2019) (Concluded)

1. GENERAL INFORMATION

Syncmold Enterprise Corporation (the "Corporation") was incorporated in the Republic of China ("ROC") in July 1979 and is mainly engaged in the processing, manufacturing, trading, technology licensing and related import and export business of various metal molds, plastic molds and electronic parts.

The Corporation's shares were approved for listing on the emerging stock board of the Taipei Exchange ("TPEx") in December 2005, and after obtaining approval from the Financial Supervisory Commission, Executive Yuan in November 2006, the Corporation's shares were listed on the over-the-counter market (OTC) on January 11, 2007. In November 2009, the Corporation obtained approval to transfer listing of its shares to the Taiwan Stock Exchange ("TWSE") and were officially listed and started trading its shares on December 17, 2009.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 14, 2019.

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

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

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

   1) Annual Improvements to IFRSs 2014-2016 Cycle

      Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

      There was no significant impact from the application of the aforementioned amended standards and interpretations in 2018.

2) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods. The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group’s financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remarks**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 3,441,732	$ 3,441,723	b)
Equity securities	Available‐for‐sale	Mandatorily at fair value through profit and loss (FVTPL)	64,664	51,585	a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	3,026,533	3,026,533	b)
Others (including other financial assets - current and refundable deposits)	Loans and receivables	Amortized cost	61,936	61,936	b)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Remarks
FVTPL	$ 53,710					a)
Add: Reclassification from available-for-sale (IAS 39) Required reclassification		$ 64,664				
Remeasurement of financial assets at cost (IAS 39)	-	-	$ (13,079)			
	53,710	64,664	(13,079)	$ 105,295	$ (13,079)	
Amortized cost	-					b)
Add: Reclassification from loans and receivables (IAS 39)		6,530,201	-			
	-	6,530,201	-	6,530,201	-	
	$ 53,710	$ 6,594,865	$ (13,079)	$ 6,635,496	$ (13,079)	

a) Investments in unlisted shares previously measured at cost under IAS 39 have been classified at FVTPL under IFRS 9 and were remeasured at fair value. Consequently a decrease of $13,079 thousand was recognized in both financial assets at FVTPL and retained earnings on January 1, 2018.

b) Cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets - current and refundable deposits that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2018.

3) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2018.

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendments clarify that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Prior to the amendment, in assessing a deferred tax asset, the Group assumed that it will recover the asset at its carrying amount when estimating probable future taxable profit. The Group applied the above amendments retrospectively in 2018.

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2018.

5) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2018.

b.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

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

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use right of land located in mainland Chain are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. The Corporation will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

The Group subleased its leasehold building to a third party in 2015 and classified it as an operating lease in accordance with IAS 17. The Group will assess the sublease classification on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019 as a financial lease.

Anticipated impact on assets, liabilities and equity on January 1, 2019

	Carrying Amount of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Prepayment for leases - current	$ 26,317	$ (23,412)	$ 2,905
Prepaid leases - non current	22,800	(22,800)	-
Right-of-use assets	-	369,852	369,852
Total effect on assets	$ 49,117	$ 323,640	$ 372,757
Lease liabilities - current	$ -	$ 103,872	$ 103,872
Lease liabilities - non current	-	219,768	219,768
Total effect on liabilities	$ -	$ 323,640	$ 323,640

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Group will recognize the cumulative effect of retrospective application on retained earnings on January 1, 2019.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. Upon initial application of the above amendment, the related borrowing costs will be included in the calculation starting from 2019.

4) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group assessed the application of other standards and interpretations will have no significant impact on the Group's financial position and financial performance.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

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

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

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

Profits and losses resulting from upstream transactions and downstream transactions are recognized only in the Group’s financial statements only to the extent of interests in the associates that are not related to the Group.

h. Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

<u>2018</u>

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

2017

Financial assets are classified into the following categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are either held for trading or designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value of such financial assets is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets - current and refundable deposits) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

2018

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as trade receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 150 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

For a financial asset measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables are written off against the allowance account.

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

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

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

m. Revenue recognition

<u>2018</u>

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

1) Revenue from the sale of goods

   Revenue from the sale of goods comes from sales of electronic components and molding products. Sales of electronic components and molding products are recognized as revenue when the goods are delivered via the modes of transportation as stated in the agreements with customers, e.g. FOB shipping or FOB destination modes because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Goods are sold at fixed prices as stated in the agreements with customers.

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

2) Revenue from the rendering of services

   Service income is recognized when services are provided.

<u>2017</u>

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Revenue from the sale of goods

   Revenue from the sale of goods is recognized when all the following conditions are satisfied:

   a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

2) Revenue from the rendering of services

   Service income is recognized when services are provided.

   Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Dividend and interest income

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

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

n. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

a) Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

b) Land leased under operating leases refer to land use rights for land in mainland China amortized on a straight-line basis over its lease term.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Business model assessment for financial assets - 2018

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or at fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Group understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

b. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

d. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss of receivables, the Group takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

e. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 4,543	$ 3,656
Checking accounts and demand deposits	2,074,247	2,165,249
Cash equivalents		
Time deposits (with original maturities of less than 3 months)	602,521	1,272,827
	$ 2,681,311	$ 3,441,732

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2018	2017
Bank balance	0.001%-3.43%	0.001%-3.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2018	2017
Financial assets at FVTPL - current		
Financial assets held for trading		
Non-derivative financial assets		
Domestic listed shares	$ -	$ 53,710
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 68,498	$ -
Mutual funds	124,078	-
	192,576	-
	$ 192,576	$ 53,710
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	$ 13,696	$ -
Overseas unlisted shares	40,403	-
	$ 54,099	$ -

8. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017
Non-current	
Domestic emerging market shares	
Gigastone Corporation	$ 5,260
Tiga Gaming Inc.	11,000
Overseas unlisted ordinary shares	
Hercules BioVenture, L.P.	15,754
Foxfortune Technology Limited	32,650
	$ 64,664
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 64,664

Management believed that the above unlisted equity investments held by the Group had fair values which cannot be reliably measured, because the range of reasonable fair value estimates was so significant. Therefore, they were measured at cost less impairment at the end of the reporting period.

During 2017, the Group recognized impairment loss with a carrying amount of $898 thousand.

9. OTHER FINANCIAL ASSETS - CURRENT

	December 31, 2017
Current	
Other financial assets - current (Note 28)	$ 14,026

10. TRADE RECEIVABLES, NET

	December 31	
	2018	2017
At amortized cost		
Gross carrying amount	$ 3,052,623	$ 2,683,618
Less: Allowance for impairment loss	(13,253)	(12,357)
	$ 3,039,370	$ 2,671,261

In 2018

The average credit period of sales of goods was 135 days. No interest was charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2018

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	4.97%	19.95%	40.01%	96.83%	-
Gross carrying amount	$ 2,897,382	$ 128,006	$ 23,447	$ 2,557	$ 1,231	$ 3,052,623
Loss allowance (Lifetime ECL)	-	(6,360)	(4,678)	(1,023)	(1,192)	(13,253)
Amortized cost	$ 2,897,382	$ 121,646	$ 18,769	$ 1,534	$ 39	$ 3,039,370

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

	2018
Balance at January 1, 2018 per IAS 39	$ 12,357
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	12,357
Add: Net remeasurement of loss allowance	1,130
Foreign exchange gains and losses	(234)
Balance at December 31, 2018	$ 13,253

In 2017

The Group applied the same credit policy in 2018 and 2017. The Group recognized an allowance for impairment loss of 100% against all receivables past due over 365 days because historical experience was that receivables that are past due beyond 365 days are not recoverable. Allowance for impairment loss was recognized against trade receivables between 0 days and 365 days based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31, 2017
Non-overdue	$ 2,621,578
1-30 days	24,334
31-90 days	29,819
91-180 days	2,352
Over 180 days	5,535
	$ 2,683,618

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

The movements of the allowance for doubtful trade receivables were as follows:

	Collectively Assessed for Impairment
Balance at January 1, 2017	$ 25,115
Less: Impairment losses reversed	(5,781)
Less: Amounts written off during the year as uncollectible	(6,238)
Foreign exchange translation gains and losses	(739)
Balance at December 31, 2017	$ 12,357

11. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 242,846	$ 215,055
Work in progress	120,010	96,612
Raw materials	209,407	192,179
	$ 572,263	$ 503,846

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $6,774,744 thousand and $6,817,212 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $21,772 thousand and $13,265 thousand. The reversals of previous write-downs for the year ended December 31, 2017 resulted from the sale of inventory that were written down.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Activities	2018	2017
Syncmold Enterprise Corp.	Syncmold Enterprise (Samoa) Corp.	The commerce and commercial related practices of all metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China.	100	100
	Grand Advnace Inc.	The commerce, imports, exports and investments of electronic parts.	100	100
	Syncmold Enterprise (USA) Corp.	The commerce, imports and exports of electronic parts.	100	100
Grand Advnace Inc.	Canford International Limited	Import and export trade and investment career.	100	100
	Fullking Development Limited	Import and export trade and investment career.	100	100
	Full Glary Holding Limited	Import and export trade and investment career.	100	100
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Forever Business Development Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Full Celebration Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Fuzhou Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
	Fujian Khuan Hua Precise Mold., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.	100	100
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Full Big Limited	Shenzhen Fulfil Tech Co., Ltd.	The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.	- (Note)	100
Forever Business Development Limited	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.	100	100
Canford International Limited	Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Fullking Development Limited	Zhongshan Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Full Glary Holding Limited	Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories.	100	100
Full Celebration Limited	Chongqing Fulfil Tech Co., Ltd.	The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.	100	100

Note: Shenzhen Fulfil Tech Co., Ltd. has been liquidated on November 6, 2018.

The information on the subsidiaries included in the consolidated financial statements for the years ended December 31, 2018 and 2017 in the table above was based on the financial statements of the subsidiaries audited by the auditors for the same periods.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Associates that are not individually material		
Unlisted company		
High Grade Tech Co., Ltd.	$ 123,713	$ 102,665

Aggregate information of associates that are not individually material

	December 31	
	2018	2017
The Group's share of:		
Net profit of the year	$ 32,448	$ 7,602

The share of profit or loss of associates accounted for using the equity method in 2017 and 2018 were calculated based on the associates' financial statements which have been audited for the same periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2017	$ 65,187	$ 304,026	$ 682,827	$ 22,680	$ 38,701	$ 55,702	$ 1,169,123
Additions	-	5,893	48,158	3,067	5,020	6,268	68,406
Disposals	-	(2,438)	(46,800)	(3,767)	(3,646)	(11,145)	(67,796)
Reclassification	-	(100)	4,828	61	712	(87)	5,414
Effect of foreign currency exchange differences	-	(4,618)	(13,292)	(439)	(682)	(2,020)	(21,051)
Balance at December 31, 2017	$ 65,187	$ 302,763	$ 675,721	$ 21,602	$ 40,105	$ 48,718	$ 1,154,096
Accumulated depreciation and impairment							
Balance at January 1, 2017	$ -	$ 149,028	$ 333,191	$ 14,933	$ 23,813	$ 36,366	$ 557,331
Disposals	-	(2,438)	(30,873)	(3,390)	(3,333)	(10,113)	(50,147)
Depreciation expenses	-	24,566	61,706	2,439	5,637	5,649	99,997
Reclassification	-	-	33	1	114	(148)	-
Effect of foreign currency exchange differences	-	(2,372)	(6,183)	(300)	(414)	(1,624)	(10,893)
Balance at December 31, 2017	$ -	$ 168,784	$ 357,874	$ 13,683	$ 25,817	$ 30,130	$ 596,288
Carrying amounts at December 31, 2017	$ 65,187	$ 133,979	$ 317,847	$ 7,919	$ 14,288	$ 18,588	$ 557,808
Cost							
Balance at January 1, 2018	$ 65,187	$ 302,763	$ 675,721	$ 21,602	$ 40,105	$ 48,718	$ 1,154,096
Additions	-	34,528	38,045	1,848	4,877	9,439	88,737
Disposals	-	(4,790)	(104,112)	(544)	(2,203)	(3,627)	(115,276)
Reclassified as held for sale	-	1,091	46,631	2,212	24	2,382	52,340
Effect of foreign currency exchange differences	-	(3,102)	(5,823)	(256)	(432)	1,207	(8,406)
Balance at December 31, 2018	$ 65,187	$ 330,490	$ 650,462	$ 24,862	$ 42,371	$ 58,119	$ 1,171,491

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 168,784	$ 357,874	$ 13,683	$ 25,817	$ 30,130	$ 596,288
Disposals	-	(4,790)	(56,271)	(461)	(2,077)	(3,754)	(67,353)
Depreciation expenses	-	25,592	59,579	2,453	5,208	6,486	99,318
Reclassified as held for sale	-		(23)	-	-	23	-
Effect of foreign currency exchange differences	-	(1,294)	(869)	(94)	(234)	1,871	(620)
Balance at December 31, 2018	$ -	$ 188,292	$ 360,290	$ 15,581	$ 28,714	$ 34,756	$ 627,633
Carrying amounts at December 31, 2018	$ 65,187	$ 142,198	$ 290,172	$ 9,281	$ 13,657	$ 23,363	$ 543,858

(Concluded)

No impairment assessment was performed for the years ended December 31, 2018 and 2017 as there was no indication of impairment.

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

Buildings	
Main buildings	45 years
Electromechanical power equipment	4-5 years
Equipment	3-10 years
Transportation equipment	5-10 years
Office equipment	3-8 years
Other equipment	3-10 years

15. INTANGIBLE ASSETS

	Computer Software Cost
Cost	
Balance at January 1, 2017	$ 48,025
Additions	7,819
Derecognitions	(10,390)
Effect of foreign currency exchange differences	(325)
Balance at December 31, 2017	$ 45,129
Accumulated amortization and impairment	
Balance at January 1, 2017	$ (22,742)
Amortization expenses	(11,471)
Derecognitions	10,390
Effect of foreign currency exchange differences	183
Balance at December 31, 2017	$ (23,640)
Carrying amount at December 31, 2017	$ 21,489

(Continued)

	Computer Software Cost
Cost	
Balance at January 1, 2018	$ 45,129
Additions	12,778
Derecognitions	(11,231)
Effect of foreign currency exchange differences	(282)
Balance at December 31, 2018	$ 46,394
Accumulated amortization and impairment	
Balance at January 1, 2018	$ (23,640)
Amortization expenses	(11,794)
Derecognitions	11,231
Effect of foreign currency exchange differences	117
Balance at December 31, 2018	$ (24,086)
Carrying amount at December 31, 2018	$ (22,308)

(Concluded)

Computer software costs were amortized on a straight-line basis over one to five years.

16. PREPAYMENTS FOR LEASES

	December 31 2018	December 31 2017
Land-use rights	$ 7,906	$ 8,291
Prepayments for leases	41,211	42,470
	$ 49,117	$ 50,761
Current assets (included other current assets)	$ 26,317	$ 15,628
Non-current assets	22,800	35,133
	$ 49,117	$ 50,761

17. BORROWINGS

	December 31 2018	December 31 2017
Short-term borrowings		
Unsecured borrowings - line of credit borrowings	$ 230,000	$ -

The range of weighted average effective interest rates on bank loans was 0.93%-0.95% per annum as of December 31, 2018.

18. OTHER PAYABLES

	December 31	
	2018	2017
Payables for salaries or bonuses	$ 241,675	$ 231,472
Payables for processing and mold fees	32,626	18,299
Others	135,499	107,618
	$ 409,800	$ 357,389

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The subsidiaries operate a defined contribution retirement benefit plan for all qualifying employees of its subsidiaries in China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

b. Defined benefit plans

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

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

	December 31	
	2018	2017
Present value of defined benefit obligation	$ 21,666	$ 21,150
Fair value of plan assets	(23,968)	(23,045)
Net defined benefit assets	$ (2,302)	$ (1,895)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2017	$ 20,784	$ (21,463)	$ (679)
Service cost			
Current service cost	68	-	68
Finance costs (income)	234	(253)	(19)
Recognized in profit or loss	302	(253)	49
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	65	65
Actuarial loss - Experience adjustments	64	-	64
Recognized in other comprehensive income	64	65	129
Contributions from the employer	-	(1,394)	(1,394)
Balance at December 31, 2017	21,150	(23,045)	(1,895)
Finance costs (income)	238	(259)	(21)
Recognized in profit or loss	238	(259)	(21)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(664)	(664)
Actuarial (gain) loss			
Changes in demographic assumptions	58	-	58
Changes in financial assumptions	239	-	239
Experience adjustments	(19)	-	(19)
Recognized in other comprehensive income	278	(664)	(386)
Balance at December 31, 2018	$ 21,666	$ (23,968)	$ (2,302)

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rate	1.000%	1.125%
Expected rate(s) of salary increase	1.500%	1.500%
Mortality rate	According to the fifth experience life table of the insurance industry in Taiwan	According to the fifth experience life table of the insurance industry in Taiwan
Turnover rate	0%-13.5%	0%-18%

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

	December 31	
	2018	**2017**
Discount rate(s)		
25% increase	$ (474)	$ (498)
25% decrease	$ 493	$ 519
Expected rate(s) of salary increase		
25% increase	$ 482	$ 508
25% decrease	$ (466)	$ (490)

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

	December 31	
	2018	**2017**
Expected contributions to the plans for the next year	$ -	$ -
Average duration of the defined benefit obligation	8.9 years	9.6 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2018	**2017**
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	123,724	163,573
Shares issued	$ 1,237,242	$ 1,635,733
Advance receipts for ordinary shares	$ -	$ 13,923

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

The authorized shares include 3,000 thousand shares allocated for the exercise of employee stock options.

In order to increase the return on equity and adjust the capital structure, the board of directors resolved to reduce capital, which was approved by the shareholders during the shareholders' meeting held on June 29, 2018. The capital reduction was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on August 20, 2018 under Rule No. 1070328691 and the record date of capital reduction approved by the board of directors was September 3, 2018, following the resolution of the board meeting. The aforementioned capital was reduced by approximately 25%, which amounted to $412,414 thousand and comprises 41,241 thousand ordinary shares. After reducing capital, the paid-in capital was $1,237,242 thousand with a par value of $10 (in dollars) per share, consisting of 123,724 thousand ordinary shares.

In 2018, 1,392 thousand ordinary shares were converted from the second domestic unsecured convertible bonds. On March 27, 2017, the record date of capital increase, the Corporation transferred 1,392 thousand shares from the advance receipts of share capital to ordinary shares.

In 2017, 13,717 thousand ordinary shares were converted from the second domestic unsecured convertible bonds. The respective record dates for the capital increase were November 9, 2017, August 10, 2017, May 3, 2017, and March 17, 2017, on which the Corporation transferred 2,036 thousand shares, 3,013 thousand shares, 5,143 thousand shares, and 3,525 thousand shares from the advance receipts of share capital to ordinary shares, respectively.

b. Capital surplus

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

Capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

The capital surplus generated from the stock option of the convertible bonds could not be used for other purposes.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 21-b.

As the Corporation is currently in the growth stage, the Corporation considers its industry development and long-term interests of shareholders as well as its programs to maintain operating efficiency and meet its financial goals when determining the distribution of bonuses in shares or cash. The board of directors shall propose allocation ratios every year and propose such allocation ratio at the shareholder's meeting. For the distribution of bonuses to shareholders, cash dividends are preferred. Distribution of earnings may also be made in the form of stock dividends; provided that the ratio of cash dividends distributed is 5% to 100% of the total dividends distributed.

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

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

The appropriations of earnings for 2017 and 2016 which were approved in the shareholders' meetings on June 29, 2018 and June 13, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
Special reserve	$ 145,733	$ -		
Legal reserve	86,944	90,926		
Cash dividends	824,828	880,000	$5.00	$5.64

In 2016, due to the conversion of corporate bonds, the number of outstanding shares was affected, and thus, the distribution yield was also affected. The Corporation's shareholders resolved to issue cash dividends at $5.44766688 per share from the capital surplus in the shareholders' meeting on June 13, 2017.

The appropriation of earnings for 2018 had been proposed by the Corporation's board of directors on March 14, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Special reserve	$ 54,857	
Legal reserve	88,996	
Cash dividends	804,207	$6.50

The appropriation of earnings for 2018 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 20, 2019.

d. Special reserve

	December 31	
	2018	2017
Balance at January 1	$ 230,916	$ 230,916
Appropriated special reserve		
Exchange differences on translating the financial statements of foreign operations	145,733	-
Balance at December 31	$ 376,649	$ 230,916

On the initial application of the IFRSs, the net increase arising from the retained earnings was not enough for the special reserve appropriation; thus, the Group appropriated a special reserve at the amount of $230,916 thousand. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter, distributed.

21. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense:

	2018			2017		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Defined contribution plan	$ 36,223	$ 16,702	$ 52,925	$ 36,599	$ 15,635	$ 52,234
Defined benefit plan	-	(21)	(21)	-	49	49
Other employee benefits	1,061,557	382,250	1,443,807	1,028,584	372,326	1,400,910
	$ 1,097,780	$ 398,931	$ 1,496,711	$ 1,065,183	$ 388,010	$ 1,453,193
Depreciation	$ 69,429	$ 29,889	$ 99,318	$ 68,734	$ 31,263	$ 99,997
Amortization	$ 263	$ 11,531	$ 11,794	$ 374	$ 11,097	$ 11,471

b. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2018 and 2017, which were approved by the Corporation's board of directors on March 14, 2019 and March 21, 2018, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	6.56%	6.56%
Remuneration of directors and supervisors	1.44%	1.44%

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees’ compensation	$ 75,903	$ 70,096
Remuneration of directors and supervisors	16,662	15,387

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

The Corporation held a board of directors’ meeting on March 21, 2018 and the meeting resulted in the actual amounts of the employees’ compensation and remuneration of directors and supervisors paid for 2017 to differ from the amounts recognized in the consolidated financial statements. The differences were adjusted to profit and loss for the year ended December 31, 2018.

	For the Year Ended December 31, 2017	
	Employees’ Compensation	Remuneration of Directors and Supervisors
Amounts approved in the board of directors’ meeting	$ 70,000	$ 16,000
Amounts recognized in the annual consolidated financial statements	$ 70,096	$ 15,387

There was no difference between the actual amounts of employees’ compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2016.

Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Corporation’s board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Loss on disposal of property, plant and equipment	$ (18,379)	$ (9,292)
Allowance and subsidies	13,191	8,243
Others	(646)	27,611
	$ (5,834)	$ 26,562

d. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	2017
Foreign exchange gains	$ 268,418	$ 127,268
Foreign exchange losses	(139,919)	(224,049)
Net foreign exchange gains (losses)	$ 128,499	$ (96,781)

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current period	$ 396,395	$ 557,905
Adjustments for prior periods	(820)	(1,354)
	395,575	556,551
Deferred tax		
In respect of the current period	52,897	(204,447)
Adjustments to deferred tax attributable to changes in tax rates and laws	27,115	-
	80,012	(204,447)
Income tax expense recognized in profit or loss	$ 475,587	$ 352,104

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

	For the Year Ended December 31	
	2018	2017
Profit before tax	$ 1,365,548	$ 1,221,544
Income tax expense calculated at the statutory rate	$ 507,441	$ 307,216
Permanent differences	(53,597)	42,231
Unrecognized deductible temporary differences	(733)	-
Unrecognized loss carry-forwards	(3,819)	4,011
Effect of tax rate changes	27,115	-
Adjustments for prior years' tax	(820)	(1,354)
Income tax expense recognized in profit or loss	$ 475,587	$ 352,104

In 2017, the applicable corporate income tax rate used by the group entities in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. In addition to the applicable tax rate of 15% for Chongqing Fulfil Tech Co., Ltd., the applicable tax rate used by other subsidiaries in China was 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences of the additional 5% income tax on the 2018 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31 2018	2017
Current tax assets		
Tax refund receivable (included other current assets)	$ 3,309	$ 3,309
Current tax liabilities		
Income tax payable	$ 160,105	$ 207,298

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Exchange Differences	Effect of Tax Rate Changes	Closing Balance
Temporary differences						
Allowance loss for exceeding limits	$ 2,533	$ 998	$ -	$ (60)	$ 30	$ 3,501
Allowance for inventory valuation and obsolescence losses	15,295	(4,032)	-	(183)	17	11,097
Unrealized exchange losses	89	(89)	-	-	-	-
Impairment loss recognized on financial assets measured at cost	4,268	-	-	-	753	5,021
Others	4,979	2,399	-	(123)	82	7,337
	$ 27,164	$ (724)	$ -	$ (366)	$ 882	$ 26,956

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Exchange Differences	Effect of Tax Rate Changes	Closing Balance
Temporary differences						
Gain on investments accounted for using the equity method	$ 157,194	$ 49,400	$ -	$ -	$ 27,740	$ 234,334
Unrealized exchange gains	1,589	2,776	-	(23)	294	4,636
Others	537	(3)	171	(4)	(37)	664
	$ 159,320	$ 52,173	$ 171	$ (27)	$ 27,997	$ 239,634

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Exchange Differences	Closing Balance
Temporary differences					
Allowance for exceeding limits	$ 4,445	$ (1,800)	$ -	$ (112)	$ 2,533
Allowance for inventory valuation and obsolescence losses	18,427	(2,729)	-	(403)	15,295
Unrealized exchange losses	824	(732)	-	(3)	89
Impairment loss recognized on financial assets measured at cost	4,116	152	-	-	4,268
Others	8,170	(2,990)	-	(201)	4,979
	$ 35,982	$ (8,099)	$ -	$ (719)	$ 27,164

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compreh-ensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	$ 371,446	$ (214,252)	$ -	$ -	$ 157,194
Unrealized exchange gains	124	1,470	-	(5)	1,589
Others	327	236	(22)	(4)	537
	$ 371,897	$ (212,546)	$ (22)	$ (9)	$ 159,320

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2018	2017
Deductible temporary differences	$ 171,924	$ 200,042
Loss carryforwards	2,205	100,626
	$ 174,129	$ 300,668

The unrecognized deductible temporary differences are goodwill amortization and loss allowance that has exceeded limit.

e. Income tax assessments

The income tax returns of the Corporation through 2015 have been assessed by the tax authorities, and the income tax returns of its subsidiaries in mainland China through 2017 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Corporation	$ 889,961	$ 869,440
Effect of potentially dilutive ordinary shares		
Convertible bonds	-	3,638
Earnings used in the computation of diluted earnings per share	$ 889,961	$ 873,078

Shares

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

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	151,407	160,513
Effect of potentially dilutive ordinary shares		
Employees' compensation	1,413	1,339
Convertible bonds	-	4,270
Weighted average number of ordinary shares used in the computation of diluted earnings per share	152,820	166,122

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

24. OPERATING LEASE ARRANGEMENTS

The Group is a lessee, and its operating leases relate to leases of land and buildings with lease terms between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-year market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2018	2017
Not later than 1 year	$ 149,256	$ 131,749
Later than 1 year and not later than 5 years	264,058	248,628
Later than 5 years	18,030	52,102
	$ 431,344	$ 432,479

As of December 31, 2018, the total future minimum sublease payments expected to be received under non-cancellable subleases was $22,755 thousand.

25. CAPITAL MANAGEMENT

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

The strategy for managing the capital structure of the Group is based on the scale of the business, the future growth of the industry and the blueprints of the products' development. The Group calculates trading fund and cash based on its production capacity in order to have a long-term and completed plan. The Group takes into account product competition to estimate the products' contribution, operating profit margin and cash flow. It also considers the business cycle and the product's' life cycle and risks when deciding the appropriate capital structure.

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Generally, the Group uses a cautious risk management strategy.

26. FINANCIAL INSTRUMENTS

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

December 31, 2018

None.

December 31, 2017

None.

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 68,498	$ -	$ -	$ 68,498
Emerging market shares	-	-	13,696	13,696
Mutual funds	124,078	-	-	124,078
Overseas unlisted shares	-	-	40,403	40,403
	$ 192,576	$ -	$ 54,099	$ 246,675

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets-held for trading	$ 53,710	$ -	$ -	$ 53,710
Available-for-sale financial assets				
Financial assets measured at cost - non-current	-	-	64,664	64,664
	$ 53,710	$ -	$ 64,664	$ 118,374

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

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

For the year ended December 31, 2018

	Financial Assets at FVTPL
	Equity Instruments
Balance at January 1, 2018	$ 51,585
Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss)	2,514
Balance at December 31, 2018	$ 54,099

For the year ended December 31, 2017

	Available-for-sale Financial Assets
	Unquoted Equity Instruments
Balance at January 1, 2017	$ 62,557
Additions	3,005
Recognized in profit or loss (included in impairment loss recognized on financial assets)	(898)
Balance at December 31, 2017	$ 64,664

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Fair values of emerging market shares are measured using the market approach, while the fair values of overseas unlisted shares are measured using the asset approach.

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at FVTPL		
Held for trading	$ -	$ 53,710
Mandatorily classified as at FVTPL	246,675	-
Loans and receivables (1)	-	6,530,201
Available-for-sale financial assets (2)	-	64,664
Financial assets at amortized cost (3)	6,239,300	-
Financial liabilities		
Financial liabilities at amortized cost (4)	2,172,413	1,981,348

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, and refundable deposits.

2) The balances include the carrying amount of available-for-sale financial assets measured at cost.

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

4) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable and trade payables, other payables, and guarantee deposits received.

d. Financial risk management objectives and policies

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). There is no change in the method of the measurement of market risk.

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

a) Foreign currency risk

Several subsidiaries of the Corporation have foreign currency sales and purchases, which exposes the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be positive.

	2018	2017
USD impact		
USD:NTD	$ 2,120	$ (7,245)
USD:RMB	$ (31,007)	$ (19,724)

(Continued)

	2018	2017
RMB impact		
RMB:NTD	$ (2,049)	$ (2,063)
RMB:USD	$ (1,478)	$ (457)

(Concluded)

This was mainly attributable to the exposure on outstanding receivables in USD and RMB which were not hedged at the end of the reporting period.

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

b) Interest rate risk

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

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

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 602,521	$ 1,272,827
Financial liabilities	230,000	-
Cash flow interest rate risk		
Financial assets	2,071,375	2,175,880

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by $20,714 thousand and $21,759 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic listed shares, domestic emerging market shares, mutual funds and overseas unlisted shares. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $2,467 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2017 would have increased/decreased by $537 thousand, as a result of the changes in fair value of held-for-trading investments.

2) Credit risk

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

In order to reduce credit risk, the management team of the Group designated a special team to decide the credit ratings of counterparties and other monitoring procedures to make sure there are appropriate actions taken to collect the overdue receivables. Additionally, on each balance sheet date, the Group reviews the recoverable amounts to ensure appropriate allowances have been made for doubtful accounts. Therefore, the Group considers its credit risk to be significantly reduced.

The Group continuously assesses the financial conditions of customers with outstanding receivables.

As the counterparties of the Group are financial institutions and companies with good credit ratings, the Group has limited credit risk.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	$ 484,574	$ 956,465	$ 500,845	$ -
Fixed interest rate liabilities	230,185	-	-	-
	$ 714,759	$ 956,465	$ 500,845	$ -

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	$ 652,030	$ 903,188	$ 423,622	$ -

The amounts included above for floating rate non-derivative financial liabilities are subject to change if changes in floating rates differ from those estimates of floating rates as determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2018	2017
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 230,000	$ -
Amount unused	1,092,860	1,193,440
	$ 1,322,860	$ 1,193,440

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
High Grade Tech Co., Ltd.	Associate
Chen Chien Hung	Related party in substance
Chen Chien Yuan	Related party in substance

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2018	2017
Sales	Associate	$ -	$ 226

The sale of goods and collection terms to related parties were the same as the sale of goods and collection terms to non - related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2018	2017
Associate	$ 40	$ -

The purchase of goods and payment terms to related parties were the same as the purchase of goods and payment terms to non - related parties.

d. Operating expenses

Related Party Category/Name	December 31 2018	2017
Associate	$ 635	$ 9
Related party in substance	2,247	3,178
	$ 2,882	$ 3,187

For the lease contracts with other related parties, the rental amounts are negotiated based on market prices and payment is made based on general terms and conditions.

e. Prepayments

Line Item	Related Party Category/Name	December 31 2018	2017
Prepaid expense (including other current assets)	Related party in substance	$ 78	$ 76

f. Compensation of key management personnel

	For the Year Ended December 31 2018	2017
Short-term employee benefits	$ 42,748	$ 40,643
Post-employment benefits	226	255
	$ 42,974	$ 40,898

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariffs of imported raw materials guarantees or the deposits for hiring foreign workers:

	December 31	
	2018	**2017**
Other financial assets - current	$ -	$ 14,026

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 35,103	30.715 (USD:NTD)	$ 1,078,189
USD	120,364	6.8632 (USD:RMB)	3,696,980
RMB	45,825	4.472 (RMB:NTD)	204,929
RMB	33,053	0.1456 (RMB:USD)	147,813
Non-monetary items			
Financial assets at FVTPL- current			
USD	4,000	30.715 (USD:NTD)	124,078
Financial assets at FVTPL- non-current			
USD	1,500	30.715 (USD:NTD)	40,403
Financial liabilities			
Monetary items			
USD	42,005	30.715 (USD:NTD)	1,290,184
USD	19,414	6.8632 (USD:RMB)	596,301

December 31, 2017

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 69,386	29.76 (USD:NTD)	$ 2,064,927
USD	80,685	6.5342 (USD:RMB)	2,401,186
RMB	45,343	4.549 (RMB:NTD)	206,265
RMB	10,052	0.1529 (RMB:USD)	45,727
Non-monetary items			
Financial assets measured at cost			
USD	1,500	29.76 (USD:NTD)	48,404
Financial liabilities			
Monetary items			
USD	45,040	29.76 (USD:NTD)	1,340,390
USD	14,408	6.5342 (USD:RMB)	428,782

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

	For the Year Ended December 31			
	2018		2017	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	$ (5,801)	1 (NTD:NTD)	$ 3,637
USD	30.715 (USD:NTD)	(2,171)	29.76 (USD:NTD)	21,755
RMB	4.472 (RMB:NTD)	136,471	4.549 (RMB:NTD)	(122,173)
		$ 128,499		$ (96,781)

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

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

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

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 7)

11) Information on investees (Table 9)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 5, 6 and 9):

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

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

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

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

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

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

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” were electronic equipment and molding.

No operating segments were closed during the year.

a. Segment revenue and results

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

	Income 2018	Income 2017	Loss 2018	Loss 2017
Equipment - electronic parts	$ 8,197,244	$ 7,907,828	$ 1,587,235	$ 1,561,761
- plastic molding	611,641	962,930	63,008	118,937
Revenue from continuing operations	$ 8,808,885	$ 8,870,758	1,650,243	1,680,698
Share of profit of associates			32,448	7,602
Impairment loss recognized on financial assets			-	(898)
Interest income			48,719	44,303
Net foreign exchange gain (loss)			128,499	(96,781)
Net gain on financial assets at fair value through profit or loss			15,314	10,012
Interest expenses			(819)	(3,706)
Other gains and losses			(5,834)	26,562
General and administrative expenses			(503,022)	(446,248)
Income before tax			$ 1,365,548	$ 1,221,544

The above segment revenues and results were generated from the transactions with external customers. There were no inter-segment transactions in 2018 and 2017.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, interest income, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets

The Group has no key operational personnel to monitor segment performance, and thus, the amount of segment assets is zero.

c. Other segment information

	Depreciation and Amortization 2018	Depreciation and Amortization 2017
Plastic molding department	$ 51,161	$ 52,129
Electronic parts department	55,875	54,952
	$ 107,036	$ 107,081

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2018	2017
Display Hinges	$ 8,197,244	$ 7,907,828
Molding equipment	611,641	962,930
	$ 8,808,885	$ 8,870,758

e. Geographical information

The Group operates in three principal geographical areas - Samoa, China and Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	For the Year Ended December 31	
	2018	2017
China	$ 5,700,780	$ 5,308,076
Taiwan	3,012,804	3,231,775
Samoa	95,301	330,907
	$ 8,808,885	$ 8,870,758

f. Information about major customers

Revenue in 2018 and 2017 were $8,808,885 thousand and $8,870,758 thousand, respectively, and out of the total revenue approximately $2,174,287 thousand and $2,230,782 thousand, respectively, arose from sales to the Group's largest customer.

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2018		2017	
Client Code	**Sales**	**% of Revenue**	**Sales**	**% of Revenue**
A	$ 2,174,287	25	$ 2,230,782	25
B	1,416,540	16	1,172,242	13
C	1,159,161	13	863,270	10
D	(Note)		969,597	11

Note: Revenue is less than 10% of the Group's revenue.

TABLE 1

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	$ 100,000	$ 100,000	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	100,000	100,000	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
1	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	61,430	61,430	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Celebration Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	153,575	153,575	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
2	Grand Advance Inc.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	138,218	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	184,290	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fuzhou Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (USA) Corp.	Other receivables from related parties	Yes	15,358	15,358	12,286	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	184,290	138,218	46,073	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	399,295	399,295	261,078	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
3	Fuzhou Fulfil Tech. Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	$ 71,605	$ 71,605	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	71,605	71,605	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	71,605	71,605	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	71,605	71,605	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fuqing Foqun Electronic Hardware Tech Co., Ltd	Other receivables from related parties	Yes	71,605	71,605	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	71,605	71,605	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
4	Full Big Limited	Forever Business Development Limited	Other receivables from related parties	Yes	27,644	18,429	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	27,644	18,429	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	27,644	18,429	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	58,359	43,001	24,572	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
5	Fullking Development Limited	Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
6	Zhongshan Fulfil Tech Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
7	Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
8	Forever Business Development Limited	Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	$ 13,822	$ 13,822	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	13,822	13,822	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	13,822	13,822	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

Note 1: The authorized amount of loans was approved by the board of directors.

Note 2: The highest balance, ending balance, and the actual amount borrowed were calculated based on the exchange rate at the end of 2018.

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Subsidiary	$1,666,679 (Net worth of the corporation 30%)	$ 61,430 (US$ 2,000 thousand)	$ 61,430 (US$ 2,000 thousand) (Notes 1 and 5)	$ -	$ -	1.11	$2,777,799 (Net worth of the corporation 50%)	Y	-	-
		Full Big Limited	Subsidiary	$1,666,679 (Net worth of the corporation 30%)	813,948 (US$ 26,500 thousand)	813,948 (US$ 26,500 thousand) (Notes 2, 3, 4 and 5)	-	-	14.65	$2,777,799 (Net worth of the corporation 50%)	Y	-	-
		Forever Business Development Limited	Subsidiary	$1,666,679 (Net worth of the corporation 30%)	737,160 (US$ 24,000 thousand)	737,160 (US$ 24,000 thousand) (Notes 3, 4 and 5)	-	-	13.27	$2,777,799 (Net worth of the corporation 50%)	Y	-	-
		Fullking Development Limited	Subsidiary	$1,666,679 (Net worth of the corporation 30%)	813,948 (US$ 26,500 thousand)	813,948 (US$ 26,500 thousand) (Notes 2, 3, 4 and 5)	-	-	14.65	$2,777,799 (Net worth of the corporation 50%)	Y	-	-
		Full Celebration Limited	Subsidiary	$1,666,679 (Net worth of the corporation 30%)	76,788 (US$ 2,500 thousand)	76,788 (US$ 2,500 thousand) (Notes 2 and 5)	-	-	1.38	$2,777,799 (Net worth of the corporation 50%)	Y	-	-

Note 1: The co-financing amount of endorsement and guarantees by Syncmold Enterprise (Samoa) Corp. to bank A is $61,430 thousand.

Note 2: The co-financing amount of endorsement and guarantees by Full Big Limited, Fullking Development Limited and Full Celebration Limited to bank B is $76,788 thousand.

Note 3: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank C is $522,860 thousand.

Note 4: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank D is $307,150 thousand.

Note 5: The Corporation co-financed most of the endorsement and guarantee amounts; the Corporation's total balance for endorsements and guarantees is $968,228 thousand, and the Group's total amount for endorsements and guarantees is $968,228 thousand.

TABLE 3

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Syncmold Enterprise Corporation	Stock							
	Gigastone Corporation	-	Financial assets at FVTPL - non-current	847,011	$ 8,879	1.66	$ 8,879	(Note 4)
	Tiga Gaming Inc.	-	Financial assets at FVTPL - non-current	1,100,000	4,817	5.16	4,817	(Note 4)
	Foxfortune Technology Limited	-	Financial assets at FVTPL - non-current	-	27,775	2.25	27,775	(Note 4)
	Hercules BioVenture, L.P.	-	Financial assets at FVTPL - non-current	-	12,628	5.80	12,628	(Note 4)
	Hu Lane Associate Inc.	-	Financial assets at FVTPL - current	110,000	9,031	0.11	9,031	(Notes 2 and 4)
	Jarllytec Corporation Ltd.	-	Financial assets at FVTPL - current	920,000	53,912	1.53	53,912	(Notes 2 and 4)
	Wiwynn Corporation	-	Financial assets at FVTPL - current	20,000	5,555	0.01	5,555	(Notes 2 and 4)
	Mutual fund							
	Parvest Money Market USD	-	Financial assets at FVTPL - current	19	124,078	-	124,078	(Notes 3 and 4)

Note 1: The negotiable securities in the table above are the shares, bonds and mutual funds recognized under IFRS 9 - financial instruments.

Note 2: The share is calculated at the strike price as of December 31, 2018.

Note 3: The mutual fund is calculated at its net worth as of December 31, 2018.

Note 4: No guarantees, pledged collateral or other restricted situations.

Note 5: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Shares	Amount
Syncmold Enterprise Corporation	Structured product Yuanta interest rate principal guaranteed note in NTD	Financial assets at FVTPL - current	-	-	-	$ -	825,500	$ 825,500	825,500	$ -	$ 825,500	$ 737 (Note)	-	$ -

Note: Gain on disposal came from interest revenue as stated in the contract.

TABLE 5

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Syncmold Enterprise Corporation	Zhongshan Fufil Tech Co., Ltd.	Subsidiary	Purchase	$ 1,307,813	46	Note 1	$ -	-	$ (469,593)	(46)	
	Suzhou Fulfil Electronics Co., Ltd.	Subsidiary	Purchase	943,068	33	Note 1	-	-	(291,201)	(29)	
	Chongqing Fulfil Tech Co., Ltd.	Subsidiary	Purchase	280,695	10	Note 1	-	-	(90.525)	(11)	
	Fuzhou Fulfil Tech Co., Ltd.	Subsidiary	Purchase	314,019	11	Note 1	-	-	(127,122)	(13)	
Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Indirect subsidiary	Purchase	570,987	20	Note 1	-	-	(82,162)	(13)	
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	137,943	5	Note 1	-	-	(34,205)	(5)	
	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiary	Purchase	139,643	5	Note 1	-	-	(16,382)	(3)	
							-	-			
Fuzhou Fulfil Tech Co., Ltd.	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	326,895	23	Note 1	-	-	(29,427)	(8)	
Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(1,307,813)	(75)	Note 1	-	-	469,593	65	
Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(570,987)	(99)	Note 1	-	-	82,162	99	
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	Indirect subsidiary	Sales	(326,895)	(69)	Note 1	-	-	29,427	43	
	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(137,943)	(29)	Note 1	-	-	34,205	50	
Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(943,068)	(27)	Note 1	-	-	291,201	21	
Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(280,695)	(29)	Note 1	-	-	90,525	32	
Fuzhou Fulfil Tech Co., Ltd.	Syncomld Enterprise Corporation	Parent company	Sales	(314,019)	(17)	Note 1	-	-	127,122	26	
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(139,643)	(31)	Note 1	-	-	16,382	14	

Note 1: Payment terms are the same as the payment term of non-related parties.

Note 2: The transactions in the table above have been eliminated in the preparation of the consolidated financial statements.

TABLE 6

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Grand Advance Inc.	Syncmold Enterprise Corporation	Parent company	$ 261,078 (Note 1)	-	$ -	-	$ -	$ -
Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	469,593	-	-	-	238,303	-
Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	127,122	-	-	-	61,816	-
Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	291,201	-	-	-	70,182	-
Canford International Limited	Syncmold Enterprise Corporation	Subsidiary	102,932 (Note 2)	-	-	-	-	-

Note 1: Financing.

Note 2: Dividends receivable.

Note 3: All the transactions in the table above have been eliminated during the preparation of the consolidated financial statements.

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Samoa	Trading and related import and export businesses of metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China	$ 110,598	$ 110,598	3,545,584	100	$ 2,574,051	$ 426,780	$ 426,780	(Note 1)
	Grand Advance Inc.	Samoa	Trading, import and export and investment in electronic parts	506,240	506,240	-	100	2,547,600	500,232	500,232	(Note 1)
	Syncmold Enterprise (USA) Corp.	USA	Trading and import and export of electronic parts	32	32	-	100	(2,044)	(1,207)	(1,207)	(Note 1)
	High Grade Tech Co., Ltd.	Taipei	The design and sale of television hangers and related import and export businesses	36,075	36,075	2,280,000	38	123,713	85,389	32,448	(Note 1)
Grand Advance Inc.	Canford International Limited	Samoa	Import and export trade and investment business	119,342	119,342	-	100	1,071,516	308,766	308,766	(Note 1)
	Fullking Development Limited	Hong Kong	Import and export trade and investment business	160,175	160,175	-	100	751,833	186,973	186,973	(Note 1)
	Full Glary Holding Limited	Hong Kong	Import and export trade and investment business	259,720	259,720	-	100	254,830	32,067	32,067	(Note 1)
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	16,643	16,643	-	100	243,925	22,333	22,333	(Note 1)
	Forever Business Development Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	125,957	125,957	-	100	284,149	(9,180)	(9,180)	(Note 1)
	Full Celebration Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	147,710	147,710	-	100	443,994	159,420	159,420	(Note 1)

Note 1: Calculated based on the audited financial statements of the investee company and the Group’s shareholding ratio.

Note 2: Please refer to Table 8 for related information of investees from mainland China.

Note 3: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements, except for High Grade Tech Co., Ltd.

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outward	Inward						
Fuzhou Fulfil Tech. Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	$ 43,371	Invest through Syncmold Enterprise (Samoa) Corp.	$ 63,979 (US$ 2,083 thousand)	$ -	$ -	$ 63,979 (US$ 2,083 thousand)	$ 255,947	100	$ 255,228	$ 1,003,743	$ 1,665,552 (US$ 54,226 thousand)
Fujian Khuan Hua Precise Mold., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds	111,053	Invest through Syncmold Enterprise (Samoa) Corp.	41,650 (US$ 1,356 thousand)	-	-	41,650 (US$ 1,356 thousand)	7,268	100	7,408	309,258	-
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	59,185	Invest through Syncmold Enterprise (Samoa) Corp.	-	-	-	-	3,639	100	4,406	198,420	24,633 (US$ 802 thousand)
Shenzhen Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	-	Invest through Full Big Limited	-	-	-	-	(103)	- (Note 2)	(103)	-	718,792 (US$ 23,402 thousand)
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds	125,490	Invest through Forever Business Development Limited	-	-	-	-	(11,818)	100	(11,746)	195,728	-
Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	18,521	Invest through Canford International Limited	-	-	-	-	313,963	100	313,963	968,568	1,043,696 (US$ 33,980 thousand)
Zhongshan Fufil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	152,731	Invest through Fullking Development Limited	-	-	-	-	191,235	100	187,461	821,406	923,170 (US$ 30,056 thousand)
Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories	234,531	Invest through Full Glary Holding Limited	184,290 (US$ 6,000 thousand)	-	-	184,290 (US$ 6,000 thousand)	31,069	100	31,598	254,829	-
Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	139,426	Invest through Full Celebration Limited	-	-	-	-	159,952	100	160,095	443,984	335,991 (US$ 10,939 thousand)

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$417,939 (US$13,607 thousand)	$1,315,585 (US$42,832 thousand)	$3,333,359

Note 1: Calculated based on the audited financial statements of the investee company and the Corporation's shareholding ratio.

Note 2: Shenzhen Fulfil Tech. Co., Ltd. Has completed liquidation on November 6, 2018.

Note 3: The profit and loss of investments in between reinvested companies, investments accounted for using the equity method, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements.

(Concluded)

TABLE 9

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		Payment Terms	% of Total Sales or Asset (Note 3)
				Financial Statement Account	Price		
0	Syncmold Enterprise Corporation	Fuzhou Fulfil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	$ 73,165	Based on the contract between both parties	1
		Fuzhou Fulfil Tech Co., Ltd.	1	Trade receivables from related parties	35,730	Based on the contract between both parties	-
		Fujian Khuan Hua Precise Mold., Ltd.	1	Other receivables from related parties	18,638	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	1	Trade receivables from related parties	80,637	Based on the contract between both parties	1
		Suzhou Fulfil Electronics Co., Ltd.	1	Other operating revenue - royalty revenue	138,892	Based on the contract between both parties	2
		Zhongshan Fufil Tech Co., Ltd.	1	Trade receivables from related parties	68,289	Based on the contract between both parties	1
		Zhongshan Fufil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	68,368	Based on the contract between both parties	1
		Chongqing Fulfil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	35,307	Based on the contract between both parties	-
1	Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	1,307,813	No significant difference with non-related parties	15
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	469,593	No significant difference with non-related parties	6
2	Grand Advance Inc.	Syncmold Enterprise Corporation	2	Other receivables from related parties	261,078	Based on the contract between both parties	3
		Fullking Development Limited	3	Other receivables from related parties	46,073	Based on the contract between both parties	1
3	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	3	Sales	326,895	No significant difference with non-related parties	4
		Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	29,427	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	34,205	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	137,943	No significant difference with non-related parties	2
4	Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	314,019	No significant difference with non-related parties	4
		Syncmold Enterprise Corporation	2	Account receivables from related parties	127,122	No significant difference with non-related parties	2
5	Dongguan Kwan Huang Precision Mold Plastic Co., Ltd.	Forever Business Development Limited	3	Sales	85,349	No significant difference with non-related parties	1
		Zhongshan Fufil Tech Co., Ltd.	3	Trade receivables from related parties	17,155	No significant difference with non-related parties	-
		Zhongshan Fufil Tech Co., Ltd.	3	Sales	74,979	No significant difference with non-related parties	1
		Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	16,551	No significant difference with non-related parties	-
		Fuzhou Fulfil Tech Co., Ltd.	3	Sales	75,990	No significant difference with non-related parties	1
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	16,382	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	139,643	No significant difference with non-related parties	2
6	Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	280,695	No significant difference with non-related parties	3
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	90,525	No significant difference with non-related parties	1
7	Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	3	Sales	570,987	No significant difference with non-related parties	6
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	82,162	No significant difference with non-related parties	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		Payment Terms	% of Total Sales or Asset (Note 3)
				Financial Statement Account	Price		
8	Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	$ 943,068	No significant difference with non-related parties	11
			2	Trade receivables from related parties	291,201	No significant difference with non-related parties	3
9	Forever Business Development Limited	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	3	Other receivables from related parties	51,521	No significant difference with non-related parties	1
10	Canford International Limited	Suzhou Fulfil Electronics Co., Ltd.	3	Other receivables from related parties	102,932	Based on the contract between both parties	1
11	Full Big Limited	Fullking Development Limited	3	Other receivables from related parties	24,572	Based on the contract between both parties	-
12	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	3	Other receivables from related parties	45,219	Based on the contract between both parties	1

Note 1: 0 represents the parent company and the subsidiaries are numbered from 1.

Note 2: 1 represents transactions from the parent company to the subsidiaries, 2 represents transactions from the subsidiaries to the parent company, and 3 represents transactions between the subsidiaries.

Note 3: The monetary amount of the transaction is calculated based on percentage of total sales or assets. If the account is an asset or a liability, the ratio is calculated using the ending balance. If the account is in the income statement, the ratio is calculated using cumulative amount during that period.

Note 4: All the transactions in the table above have been eliminated during the preparation of the consolidated financial statements.

(Concluded)