Syncmold Enterprise Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, relevant information that should 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 13, 2020

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 (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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 (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, 2019 and 2018, 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, 2019. 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.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is stated as follows:

<u>Occurrence of Sales Revenue</u>

The sales revenue of the Group is mainly generated from the sales of monitor hinge products. Most of the sales were highly concentrated on major customers, which revenue accounted for 55% of total sales revenue in 2019. Due to the high frequency and significant amounts of transactions with major customers, the occurrence of sales revenue was deemed as a key audit matter for the year ended December 31, 2019. Refer to Note 4 to the consolidated financial statements for the related revenue recognition policies.

In response to this key audit matter, our main audit procedures performed in the assessment of the recognition of sales revenue of the Group were as follows:

1. We understood and assessed the operating effectiveness of design and implementation of the relevant internal controls.

2. We performed detailed verification tests on the selected samples of sales revenue, and checked transaction vouchers and future collection potential of major customers to confirm the valid occurrence of sales revenue.

Other Matter

We did not audit the financial statements of associates accounted for using the equity method, these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for associates accounted for using the equity method, is based solely on the report of other auditors. As of December 31, 2019 and 2018, the investments accounted for using the equity method were NT$168,252 thousand and NT$123,713 thousand, respectively, which accounted for 1.68% and 1.47% of the Group's total assets, respectively. For the years ended December 31,2019 and 2018, the shares of profit of associates accounted for using the equity method were NT$3,939 thousand and NT$32,448 thousand, respectively, which accounted for 0.53% and 3.88% of the Group's 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, 2019 and 2018 on which we have issued an unmodified opinion with 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 13, 2020

Notice to Readers

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

For the convenience of readers, the 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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,889,307	29	$ 2,681,311	32
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	91,989	1	192,576	2
Financial assets at amortized cost - current (Notes 4 and 8)	173,894	2	-	-
Notes receivable	401,766	4	433,256	5
Trade receivables, net (Notes 4 and 9)	3,088,959	31	3,039,370	36
Inventories (Notes 4 and 10)	747,098	7	572,263	7
Other current assets (Notes 4, 17, 24 and 29)	258,484	2	248,641	3
Total current assets	7,651,497	76	7,167,417	85
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	60,882	1	54,099	1
Investments accounted for using the equity method (Notes 4 and 12)	168,252	2	123,713	2
Property, plant and equipment (Notes 4, 13 and 30)	1,225,581	12	543,858	7
Right-of-use assets (Notes 3, 4 and 14)	436,868	5	-	-
Goodwill (Notes 4, 5 and 15)	324,597	3	366,777	4
Intangible assets (Notes 4 and 16)	26,637	-	22,308	-
Deferred tax assets (Notes 4 and 24)	70,538	1	26,956	-
Prepayments for equipment	22,455	-	27,704	-
Refundable deposits	31,272	-	36,568	1
Defined benefit assets (Notes 4 and 21)	2,269	-	2,302	-
Long-term prepayments for leases (Notes 4 and 17)	4,662	-	22,800	-
Total non-current assets	2,374,013	24	1,227,085	15
TOTAL	$ 10,025,510	100	$ 8,394,502	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18 and 30)	$ 1,006,982	10	$ 230,000	3
Notes payable and trade payables	1,959,612	20	1,773,944	21
Other payables (Note 20)	405,651	4	409,800	5
Current tax liabilities (Notes 4 and 24)	113,470	1	160,105	2
Lease liabilities - current (Notes 3, 4 and 14)	123,884	1	-	-
Current portion of bonds payable (Notes 19 and 30)	150,000	2	-	-
Other current liabilities	26,838	-	25,077	-
Total current liabilities	3,786,437	38	2,598,926	31
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	276,152	3	239,634	3
Lease liabilities - non-current (Notes 3, 4 and 14)	232,119	2	-	-
Guarantee deposits received	215	-	344	-
Provisions (Notes 4 and 21)	10,956	-	-	-
Total non-current liabilities	519,442	5	239,978	3
Total liabilities	4,305,879	43	2,838,904	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	1,237,242	12	1,237,242	15
Capital surplus	2,591,280	26	2,591,280	31
Retained earnings				
Legal reserve	810,515	8	721,519	8
Special reserve	431,506	4	376,649	4
Unappropriated earnings	1,053,851	11	1,060,414	13
Total retained earnings	2,295,872	23	2,158,582	25
Other equity				
Exchange differences on translating the financial statements of foreign operations	(631,443)	(6)	(431,506)	(5)
Share of other comprehensive income of subsidiaries accounted for using the equity method	(2,577)	-	-	-
Total other equity	(634,020)	(6)	(431,506)	(5)
Total equity attributable to owners of the Corporation	5,490,374	55	5,555,598	66
NON-CONTROLLING INTERESTS	229,257	2	-	-
Total equity	5,719,631	57	5,555,598	66
TOTAL	$ 10,025,510	100	$ 8,394,502	100

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

(With Deloitte & Touche auditors' report dated March 13, 2020)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 4)	$ 8,582,344	100	$ 8,808,885	100
OPERATING COSTS (Notes 4, 10, 23 and 29)	6,317,305	74	6,774,744	77
GROSS PROFIT	2,265,039	26	2,034,141	23
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	289,010	3	235,560	3
General and administrative expenses	526,348	6	503,022	6
Research and development expenses	170,127	2	147,208	1
Expected credit loss on trade receivables	1,559	-	1,130	-
Total operating expenses	987,044	11	886,920	10
PROFIT FROM OPERATIONS	1,277,995	15	1,147,221	13
NON-OPERATING INCOME AND EXPENSES				
Interest income	26,755	-	48,719	1
Gain from bargain purchase - acquisition of subsidiaries (Notes 4 and 26)	63,669	1	-	-
Other gains and losses (Notes 14 and 23)	35,471	-	(5,834)	-
Net foreign exchange gain (Note 31)	59,115	1	128,499	1
Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	40,794	-	15,314	-
Share of profit of subsidiaries and associates (Notes 4 and 12)	3,939	-	32,448	-
Interest expenses	(20,568)	-	(819)	-
Impairment loss on goodwill (Notes 4 and 15)	(42,180)	-	-	-
Total non-operating income and expenses	166,995	2	218,327	2
PROFIT BEFORE INCOME TAX	1,444,990	17	1,365,548	15
INCOME TAX EXPENSE (Notes 4 and 24)	502,395	6	475,587	5
NET PROFIT FOR THE YEAR	942,595	11	889,961	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(380)	-	386	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	-	(171)	-

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SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (200,576)	(2)	$ (54,857)	(1)
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(2,577)	-	-	-
Other comprehensive loss for the year	(203,522)	(2)	(54,642)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 739,073	9	$ 835,319	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 941,542	11	$ 889,961	10
Non-controlling interests	1,053	-	-	-
	$ 942,595	11	$ 889,961	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 738,983	9	$ 835,319	9
Non-controlling interests	90	-	-	-
	$ 739,073	9	$ 835,319	9
EARNINGS PER SHARE (Note 25)				
Basic	$ 7.61		$ 5.88	
Diluted	$ 7.55		$ 5.82	

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

(With Deloitte & Touche auditors' report dated March 13, 2020) (Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 22)																
			Capital Surplus (Notes 4 and 20)					Retained Earnings				Other Equity					
	Share Capital	Advance Receipts for Ordinary Shares	Share Premium	Difference Between Actual Acquisition Price and Carrying Amount	Chang in Equity	Consolidation Excess	Total	Legal Surplus	Special Reserve	Unappropri-ated Earnings	Total	Operations Differences on Translating the Financial Statements of Foreign Operation	Share of Other Comprehen-sive Income of Subsidiaries Accounted for Using Equity Method	Total	Aggregate Amount	Non-controlling Interests (Notes 4, 22 and 26)	Total Equity
BALANCE AT JANUARY 1, 2018	$ 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)	$ -	$ (376,649)	$ 5,970,600	$ -	$ 5,970,600
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	-	-	(13,079)	(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)	-	(376,649)	5,957,521	-	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)	-	(824,828)
	-	-	-	-	-	-	-	86,944	145,733	(1,057,505)	(824,828)	-	-	-	(824,828)	-	(824,828)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	889,961	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)	-	(54,857)	(54,642)	-	(54,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	-	(54,857)	835,319	-	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	-	(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)	-	(431,506)	5,555,598	-	5,555,598
Appropriation of 2018 earnings																	
Legal reserve	-	-	-	-	-	-	-	88,996	-	(88,996)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	54,857	(54,857)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	(804,207)	(804,207)	-	-	-	(804,207)	-	(804,207)
	-	-	-	-	-	-	-	88,996	54,857	(948,060)	(804,207)	-	-	-	(804,207)	-	(804,207)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,542	941,542	-	-	-	941,542	1,053	942,595
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	(45)	(45)	(199,937)	(2,577)	(202,514)	(202,559)	(963)	(203,522)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,497	941,497	(199,937)	(2,577)	(202,514)	738,983	90	739,073
Actual acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229,167	229,167
BALANCE AT DECEMBER 31, 2019	$ 1,237,242	$ -	$ 1,184,809	$ 410,949	$ 143,150	$ 852,372	$ 2,591,280	$ 810,515	$ 431,506	$ 1,053,851	$ 2,295,872	$ (631,443)	$ (2,577)	$ (634,020)	$ 5,490,374	$ 229,257	$ 5,719,631

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

(With Deloitte & Touche auditors' report dated March 13, 2020)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,444,990	$ 1,365,548
Adjustments for:		
Depreciation expenses	240,560	99,318
Amortization expenses	14,435	11,794
Expected credit loss recognized on trade receivables	1,559	1,130
Net gain on financial assets at fair value through profit or loss	(40,794)	(15,314)
Share of profit of associates	(3,939)	(32,448)
Interest expenses	20,568	819
Interest income	(26,755)	(48,719)
Dividend income	-	(1,573)
Loss on disposal of property, plant and equipment	6,870	18,379
Write-downs (reversal) of inventories	37,854	(21,772)
Impairment loss on goodwill	42,180	-
Gain from bargain purchase	(63,669)	-
Net loss on unrealized foreign currency exchange	23,718	4,251
Changes in operating assets and liabilities		
Notes receivable	29,998	(102,818)
Trade receivables	91,134	(306,880)
Inventories	(117,947)	(30,263)
Prepayments for leases	-	341
Other current assets	(25,007)	1,273
Other non-current assets	712	-
Notes payable and trade payables	36,272	(138,409)
Other payables	(55,284)	45,516
Other current liabilities	(1,999)	(10,183)
Net defined benefit assets	44	(21)
Cash generated from operations	1,655,500	839,969
Interest paid	(20,430)	(634)
Income tax paid	(508,623)	(398,938)
Net cash generated from operating activities	1,126,447	440,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,021,306)	(1,370,112)
Disposal of financial assets at fair value through profit or loss	1,153,032	1,244,320
Acquisition of associates	(52,000)	-
Acquisition of property, plant and equipment	(92,991)	(88,737)
Proceeds from disposal of property, plant and equipment	11,387	29,544
Decrease in refundable deposits	4,835	12,626
Purchase of intangible assets	(18,681)	(12,778)
Purchase of financial assets at amortized cost	(173,801)	-
Net cash outflow on business combinations	(246,525)	-
Decrease in other financial assets - current	-	14,209
Increase in prepayments for equipment	-	(36,112)

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SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Interest received	$ 26,755	$ 48,719
Dividends received	11,400	12,973
Net cash used in investing activities	(397,895)	(145,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	447,468	230,000
Refunds of guarantee deposits received	(152)	(2,200)
Repayment of the principal portion of lease liabilities	(128,057)	-
Dividends paid	(804,207)	(824,828)
Capital reduction by cash	-	(412,414)
Changes in non-controlling interests	(963)	-
Net cash used in financing activities	(485,911)	(1,009,442)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(34,645)	(46,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	207,996	(760,421)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,681,311	3,441,732
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,889,307	$ 2,681,311

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

(With Deloitte & Touche auditors' report dated March 13, 2020) (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 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 13, 2020.

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) IFRS 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

      <u>Definition of a lease</u>

      The Group elects 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

The Group recognizes 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 are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Group presents 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 statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

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 (adjustment is made for prepaid or finance lease payable, which was previously accounted for) 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 Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

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

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

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

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 4.71%. The difference of future minimum lease payments of non-cancellable operating lease on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 409,224
Less: Recognition exemption for short-term leases	(9,438)
Undiscounted amounts on January 1, 2019	$ 399,786
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 359,675
Lease liabilities recognized on January 1, 2019	$ 359,675

The Group as lessor

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

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayment for lease - current	$ 33,415	$ (30,510)	$ 2,905
Prepayment for lease - non-current	22,800	(22,800)	-
Right-of-use assets	-	412,985	412,985
Total effect on assets	$ 56,215	$ 359,675	$ 415,890
Lease liabilities - current	$ -	$ 111,105	$ 111,105
Lease liabilities - non-current	-	248,570	248,570
Total effect on liabilities	$ -	$ 359,675	$ 359,675

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.

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2019.

b. The IFRSs issued by IASB and endorsed by FSC which will be effective in 2020

New, Revised or Amended Standards and Interpretations (the "New IFRSs")	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: 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 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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 continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note)
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 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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 Group and the entities controlled by the Group (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 Group.

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

See Note 11 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured at fair value. Other types of non-controlling interests are measured at fair value.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

f. 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 Group and the group entities (including subsidiaries in other countries that use currencies which are different from the currency of the Group) 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.

g. 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.

h. 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 consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

i. 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.

j. 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.

k. 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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

l. 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.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL 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 28.

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, notes receivable, trade receivables, other receivables, other receivables from related parties 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.

b) Impairment of financial assets

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.

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.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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.

4) Ordinary corporate bonds

The Group issued corporate bonds payable at initial recognition measured at fair value minus transaction costs, the difference between redemption values is recognized as the premium and discount of bonds payable, and as the addition and deduction of bonds payable; the effective interest method is subsequently adopted to recognize net profit/loss for the year based on the amortized costs during the bond circulation period as the adjustment of financial costs.

n. Revenue recognition

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.

3) Licensing revenue

Royalty revenue is recognized when the technique remains functional without updates and technical supports. When the customer uses the intellectual property for mass production, the price is decided based on production, sales or other methods, and revenue is recognized according to royalty arrangements.

o. Leasing

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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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

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

p. 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.

q. Employee benefits

1) Short-term employee benefits

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

r. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

Key Sources of Estimation Uncertainty

- 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	$ 2,509	$ 4,543
Checking accounts and demand deposits	2,427,533	2,074,247
Cash equivalents		
Time deposits (with original maturities of less than 3 months)	459,265	602,521
	$ 2,889,307	$ 2,681,311

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

	December 31	
	2019	2018
Bank balance	0.001%-2.5%	0.001%-3.43%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 39,800	$ 68,498
Mutual funds	-	124,078
	39,800	192,576
Hybrid financial assets		
Structured deposits	52,189	-
	$ 91,989	$ 192,576
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	$ 10,271	$ 13,696
Overseas unlisted shares	50,611	40,403
	$ 60,882	$ 54,099

The Group entered into a 1 to 3 months structured time deposit contract with bank in 2019. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months	$ 173,894	$ -

The interest rates for time deposits with original maturities of more than 3 months were ranging approximately 3.50%-4.15% per annum as of December 31, 2019.

9. TRADE RECEIVABLES, NET

	December 31	
	2019	2018
At amortized cost		
Gross carrying amount	$ 3,103,403	$ 3,052,623
Less: Allowance for impairment loss	(14,444)	(13,253)
	$ 3,088,959	$ 3,039,370

The average credit period of sales of goods was 150 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, 2019

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	4.71%	16.99%	46.79%	99.75%	-
Gross carrying amount	$ 3,003,292	$ 73,753	$ 17,597	$ 1,434	$ 7,327	$ 3,103,403
Loss allowance (Lifetime ECLs)	-	(3,475)	(2,989)	(671)	(7,309)	(14,444)
Amortized cost	$ 3,003,292	$ 70,278	$ 14,608	$ 763	$ 18	$ 3,088,959

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 ECLs)	-	(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:

	2019	2018
Balance at January 1	$ 13,253	$ 12,357
Add: Acquisitions through business combinations	17	-
Add: Net remeasurement of loss allowance	1,559	1,130
Foreign exchange gains and losses	(385)	(234)
Balance at December 31	$ 14,444	$ 13,253

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 301,455	$ 242,846
Work in progress	197,681	120,010
Raw materials	247,962	209,407
	$ 747,098	$ 572,263

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $6,317,305 thousand and $6,774,744 thousand, respectively. The cost of goods sold included reversals of inventory write-downs (loss) of $(37,854) thousand and $21,772 thousand. The reversals of previous write-downs resulted from selling of slow moving inventories.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2019	2018
Syncmold Enterprise Corp.	Syncmold Enterprise (Samoa) Corp.	The trading 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 trading, imports, exports and investments of electronic parts.	100	100
	Syncmold Enterprise (USA) Corp.	The trading, imports and exports of electronic parts.	100	100
	Gatetech Technology Inc.	Precision molding and magnesium alloy die caster manufacturing and transaction business	72.81 (Note)	-
Grand Advnace Inc.	Canford International Limited	Import and export trade and investment.	100	100
	Fullking Development Limited	Import and export trade and investment.	100	100
	Full Glary Holding Limited	Import and export trade and investment.	100	100
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Reinvesting subsidiaries of mainland China and international business.	100	100
	Forever Business Development Limited	Reinvesting subsidiaries of mainland China and international business.	100	100
	Full Celebration Limited	Reinvesting subsidiaries of mainland China and international business.	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
Gatetech Technology Inc.	Gatetech Holding Ltd.	General investment business	100 (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 laptop components such as precision 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
Gatetech Holding Ltd.	Gatetech International Ltd.	General investment business	100	-
Gatetech International Ltd.	Gatetech (Suzhou) Tech. Co., Ltd.	Aluminum and magnesium alloy manufacturing and trading	100 (Note)	-

Note: On November 29, 2019, the Corporation completed the acquisition of Gatetech Technology Inc. for a cash consideration of $550,000 thousand; after the acquisition, the Corporation's percentage of ownership in Gatetech Technology Inc. was 72.81%. Refer to Note 26 to the consolidated financial statements for more information.

Information on the subsidiaries included in the consolidated financial statements for the years ended December 31, 2019 and 2018 in the table above was based on the financial statements of the subsidiaries audited by the auditors for the same periods.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2019	December 31 2018
Associates that are not individually material		
Unlisted company		
High Grade Tech Co., Ltd.	$ 121,500	$ 123,713
Corebio technologies Co., Ltd.	46,752	-
	$ 168,252	$ 123,713

Aggregate information of associates that are not individually material

	December 31 2019	December 31 2018
The Group's share of:		
Net profit of the year	$ 3,939	$ 32,448

In January 2019, the Corporation subscribed for shares of Corebio Technologies Co., Ltd. for a cash consideration of $25,000 thousand; after the subscription, the Corporation's percentage of ownership in Corebio Techonlogies Co., Ltd. was 23.83% and the Corporation was able to exercise significant influence over Corebio Technologies Co., Ltd., and as of December 31, 2019, the Corporation subscribed for additional new shares at a cash consideration of $27,000 thousand, which increased the Corporation's percentage of ownership to 38.56%.

The shares of profit or loss of associates accounted for using the equity method in 2019 and 2018 were calculated based on the associates' financial statements which have been audited for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2019	$ 65,187	$ 330,490	$ 650,462	$ 24,862	$ 42,371	$ 58,119	$ 1,171,491
Additions	-	6,028	74,784	2,970	4,781	4,428	92,991
Disposals	-	(37,294)	(109,417)	(3,243)	(5,308)	(9,051)	(164,313)
Acquisitions through business combinations	419,264	353,919	514,778	8,750	1,769	26,911	1,325,391
Reclassified as held for sale	-	(2,112)	8,431	-	(237)	(1,107)	4,975
Effect of foreign currency exchange differences	-	(9,997)	(19,905)	(943)	(1,596)	5,115	(27,326)
Balance at December 31, 2019	$ 484,451	$ 641,034	$ 1,119,133	$ 32,396	$ 41,780	$ 84,415	$ 2,403,209
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 188,292	$ 360,290	$ 15,581	$ 28,714	$ 34,756	$ 627,633
Disposals	-	(35,051)	(95,551)	(2,921)	(3,949)	(8,584)	(146,056)
Depreciation expenses	-	13,827	60,789	2,390	4,766	13,884	95,656
Acquisitions through business combinations	-	159,201	432,134	4,587	1,022	22,745	619,689
Reclassified as held for sale	-	-	3,089	-	(18)	(1,207)	1,864
Effect of foreign currency exchange differences	-	(5,299)	(12,937)	(567)	(1,100)	(1,255)	(21,158)
Balance at December 31, 2019	$ -	$ 320,970	$ 747,814	$ 19,070	$ 29,435	$ 60,339	$ 1,177,628
Carrying amounts at December 31, 2019	$ 484,451	$ 320,064	$ 371,319	$ 13,326	$ 12,345	$ 24,076	$ 1,225,581

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
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
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, 2019 and 2018 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	5-60 years
Electromechanical power equipment	4-5 years
Equipment	3-10 years
Transportation equipment	5-10 years
Office equipment	3-10 years
Other equipment	3-10 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Lands	$ 53,158
Buildings	383,134
Transportation equipment	576
	$ 436,868

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 142,982
Depreciation charge for right-of-use assets	
Lands	$ 268
Buildings	144,387
Transportation equipment	249
	$ 144,904
Income from the subleasing of right-of-use assets (presented in other income)	$ (17,485)

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 123,884
Non-current	$ 232,119

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	0.94%-4.90%
Transportation equipment	0.94%

c. Subleases

Sublease of right-of-use assets - 2019

The Group subleases its right-of-use assets for buildings under operating leases with lease terms of 5 years and with the priority to extend the lease. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

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

	December 31, 2019
Year 1	$ 8,386

Sublease of lease arrangements under operating leases - 2018

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

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 14,696
Total cash outflow for leases	$ (158,201)

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

15. GOODWILL

	For the Year Ended December 31	
	2019	2018
Cost		
Balance at January 1	$ 366,777	$ 366,777
Balance at December 31	$ 366,777	$ 366,777
Balance at January 1	$ -	$ -
Impairment losses recognized	(42,180)	-
Balance at December 31	$ (42,180)	$ -
Carrying amounts at December 31	$ 324,597	$ 366,777

The Group acquired FulFil Tech Co., Ltd. in June 27, 2007 and recognized goodwill of $366,777 thousand relating to molding department and electronic components department. The goodwill is mainly arising from the expected benefit from sales growth of electronic components and molding products, and the potential of developing new electronic models.

As of 2019, the operations of some plastic molding departments ceased due to the expected increase in bargaining pressure, raw materials, and labor cost of molded plastic products, as well as intra-group rearrangements and adjustments. Since the estimated recoverable amount of plastic molding department was smaller than its carrying amount, goodwill impairment loss of $42,180 thousand was recognized thousand in 2019.

16. INTANGIBLE ASSETS

	Computer Software Cost
Cost	
Balance at January 1, 2019	$ 46,394
Additions	18,681
Derecognitions	570
Acquisitions through business combinations	(16,099)
Effect of foreign currency exchange differences	(719)
Balance at December 31, 2019	$ 48,827
Accumulated amortization and impairment	
Balance at January 1, 2019	$ (24,086)
Amortization expenses	(112)
Derecognitions	(14,435)
Acquisitions through business combinations	16,099
Effect of foreign currency exchange differences	344
Balance at December 31, 2019	$ (22,190)
Carrying amount at December 31, 2019	$ 26,637
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)

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

17. PREPAYMENTS FOR LEASES

	December 31	
	2019	2018
Land-use rights	$ -	$ 7,906
Prepayments for leases	195	41,211
	$ 195	$ 49,117
Current assets (included other current assets)	$ 195	$ 26,317
Non-current assets (included other non-current assets)	-	22,800
	$ 195	$ 49,117

18. BORROWINGS

	December 31	
	2019	2018
Short-term borrowings		
Unsecured borrowings - line of credit borrowings	$ 1,006,982	$ 230,000

The weighted average effective interest rates on bank loans were ranging from 0.88%-2.80% and 0.93%-0.95% per annum as of December 31, 2019 and 2018, respectively

19. BONDS PAYABLE

	December 31	
	2019	2018
Secured domestic bonds	$ 150,000	$ -
Less: Current portions	(150,000)	-
	$ -	$ -

Due to funding needs, the Group issued a guaranteed ordinary corporate bond of $150,000 thousand in December 2016 based on its book value, with a coupon rate of 1.59%, annual interest payments and a bond repayment due in December 2018. The Group issued a guaranteed ordinary corporate bond of $150,000 thousand in December 2018 based on its book value, with a coupon rate of 1.45%, annual interest payments and a bond repayment due in December 2020, as well as an advanced repayment of bond in March 2020.

20. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries or bonuses	$ 242,155	$ 241,675
Payables for processing and mold fees	8,010	32,626
Others	155,486	135,499
	$ 405,651	$ 409,800

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group 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 Group 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 Group 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	
	2019	**2018**
Present value of defined benefit obligation	$ 42,157	$ 21,666
Fair value of plan assets	(33,470)	(23,968)
Net defined benefit liabilities (assets)	$ 8,687	$ (2,302)

The net defined benefit liabilities (assets) were $(2,269) thousand and $10,956 thousand recognized in the consolidated balance sheets for the year ended December 31, 2019.

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, 2018	$ 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)
Acquisition through business combinations	21,241	(10,352)	10,889
Service cost			
Current service cost	111	-	111
Net interest expense (income)	462	(361)	101
Recognized in profit or loss	573	(361)	212
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,218)	(1,218)
Actuarial (gain) loss			
Changes in demographic assumptions	52	-	52
Changes in financial assumptions	985	-	985
Experience adjustments	561	-	561
Recognized in other comprehensive income	1,598	(1,218)	380
Contributions from the employer	-	(492)	(492)
Benefits paid	(2,921)	2,921	-
Balance at December 31, 2019	$ 42,157	$ (33,470)	$ 8,687

Through the defined benefit plans under the Labor Standards Law, the Group 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	
	2019	**2018**
Discount rate	0.625%-1.000 %	1.000%
Expected rate(s) of salary increase	1.000%-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%-10%	0%-13.5%

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	
	2019	**2018**
Discount rate(s)		
25% increase	$ (952)	$ (474)
25% decrease	$ 991	$ 493
Expected rate(s) of salary increase		
25% increase	$ 986	$ 482
25% decrease	$ (952)	$ (466)

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	
	2019	**2018**
Expected contributions to the plans for the next year	$ 493	$ -
Average duration of the defined benefit obligation	8.3-14.1 years	8.9 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	**2018**
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	123,724
Shares issued	$ 1,237,242	$ 1,237,242

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 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 Group 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 Group 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 Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group'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 Group 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 Group'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 23-b.

As the Group is currently in the growth stage, the Group 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 Group's paid-in capital. The legal reserve may be used to offset deficits. If the Group has no deficit and the legal reserve has exceeded 25% of the Group'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 Group.

The appropriations of earnings for 2018 and 2017 which were approved in the shareholders' meetings on June 20, 2019 and June 29, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 88,996	$ 86,944		
Special reserve	54,857	145,733		
Cash dividends	804,207	824,828	$6.50	$5.00

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 Group'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 2019 had been proposed by the Group's board of directors on March 13, 2020. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 94,150	
Special reserve	202,514	
Cash dividends	556,759	$4.50

The appropriation of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 18, 2020.

d. Special reserve

	December 31	
	2019	2018
Balance at January 1	$ 376,649	$ 230,916
Appropriated special reserve		
Exchange differences on translating the financial statements of foreign operations	54,857	145,733
Balance at December 31	$ 431,506	$ 376,649

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.

e. Non-controlling interests

	For the Year Ended December 31, 2019
Balance at January 1	$ -
Share in profit for the year	1,053
Other comprehensive income (loss) during the year	
Exchange differences on translating the financial statements of foreign entities	(875)
Remeasurement of defined benefit plans	(88)
Non-controlling interests arising from acquisition of Gatetech Technology Inc. (Note 26)	229,167
Balance at December 31	$ 229,257

23. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense:

	2019			2018		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Defined contribution plan	$ 54,134	$ 15,794	$ 69,928	$ 36,223	$ 16,702	$ 52,925
Defined benefit plan	9	(13)	(4)	-	(21)	(21)
Other employee benefits	1,126,802	405,235	1,532,037	1,061,557	382,250	1,443,807
	$ 1,180,945	$ 421,016	$ 1,601,961	$ 1,097,780	$ 398,931	$ 1,496,711
Depreciation	$ 149,803	$ 90,757	$ 240,560	$ 69,429	$ 29,889	$ 99,318
Amortization	$ 1,401	$ 13,034	$ 14,435	$ 263	$ 11,531	$ 11,794

b. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles of Incorporation, 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, 2019 and 2018, which were approved by the Corporation's board of directors on March 13, 2020 and March 14, 2019, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	6.56%	6.56%
Remuneration of directors and supervisors	1.44%	1.44%

Amount

	For the Year Ended December 31	
	2019	**2018**
	Cash	**Cash**
Employees' compensation	$ 79,339	$ 75,903
Remuneration of directors and supervisors	17,416	16,662

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 board of directors' meetings on March 14, 2019 and March 21, 2018 and the meeting resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2018 and 2017 to differ from the amounts recognized in the consolidated financial statements. The differences were adjusted to profit and loss for the years ended December 31, 2019 and December 31, 2018.

	For the Year Ended December 31			
	2019		**2018**	
	Employees' Compensation	**Remuneration of Directors and Supervisors**	**Employees' Compensation**	**Remuneration of Directors and Supervisors**
Amounts approved in the board of directors' meeting	$ 76,000	$ 17,000	$ 70,000	$ 16,000
Amounts recognized in the annual consolidated financial statements	$ 75,903	$ 16,662	$ 70,096	$ 15,387

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2020 and 2019 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	
	2019	2018
Loss on disposal of property, plant and equipment	$ (6,870)	$ (18,379)
Allowance and subsidies	17,277	13,191
Revenue from rental income	17,485	18,616
Others	7,579	(19,262)
	$ 35,471	$ (5,834)

24. 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	
	2019	2018
Current tax		
In respect of the current period	$ 458,147	$ 396,395
Adjustments for prior periods	7,937	(820)
	466,084	395,575
Deferred tax		
In respect of the current period	36,311	52,897
Adjustments to deferred tax attributable to changes in tax rates and laws	-	27,115
	36,311	80,012
Income tax expense recognized in profit or loss	$ 502,395	$ 475,587

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 1,444,990	$ 1,365,548
Income tax expense calculated at the statutory rate	$ 549,073	$ 507,441
Permanent differences	(60,289)	(53,597)
Unrecognized deductible temporary differences	5,021	(733)
Unrecognized loss carry-forwards	653	(3,819)
Effect of tax rate changes	-	27,115
Adjustments for prior years' tax	7,937	(820)
Income tax expense recognized in profit or loss	$ 502,395	$ 475,587

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Current tax assets and liabilities

	December 31 2019	December 31 2018
Current tax assets		
Tax refund receivable (included other current assets)	$ 3,309	$ 3,309
Current tax liabilities		
Income tax payable	$ 113,470	$ 160,105

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, 2019

Deferred Tax Assets	Opening Balance	Acquisitions through business combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences						
Allowance loss for exceeding limits	$ 3,501	$ -	$ 323	$ -	$ (146)	$ 3,678
Allowance for inventory valuation and obsolescence losses	11,097	-	8,367	-	(784)	18,680
Unrealized exchange losses	5,021	-	(5,021)	-	-	-
Impairment loss recognized on financial assets measured at cost	831	44,483	(1,862)	-	(33)	43,419
Others	6,506	-	(1,573)	-	(172)	4,761
	$ 26,956	$ 44,483	$ 234	$ -	$ (1,135)	$ 70,538

Deferred Tax Liabilities	Opening Balance	Acquisitions through business combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences						
Gain on investments accounted for using the equity method	$ 234,334	$ -	$ 32,701	$ -	$ -	$ 267,035
Unrealized exchange gains	4,636	-	1,797	-	(8)	6,425
Others	664	-	2,047	(11)	(8)	2,692
	$ 239,634	$ -	$ 36,545	$ (11)	$ (16)	$ 276,152

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Effect of Tax Rate Changes	Closing Balance
Temporary differences						
Allowance 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 Comprehensive 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

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

	December 31	
	2019	**2018**
Deductible temporary differences	$ 172,802	$ 171,924
Loss carryforwards	215,933	2,205
	$ 388,735	$ 174,129

The unrecognized deductible temporary differences are goodwill amortization, loss allowance, and impairment loss recognized on financial assets measured at cost that has exceeded limit.

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	**Expiry Year**
$ 155,565	2020
68,959	2021
66,621	2022
81,788	2023
44,201	2024
21,082	2025
$ 438,216	

f. Income tax assessments

The income tax returns of the Group through 2017, except 2016 have been assessed by the tax authorities, and the income tax returns of its subsidiaries in mainland China through 2018 have been assessed by the tax authorities.

25. 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	
	2019	**2018**
Earnings used in the computation of diluted earnings per share	$ 941,542	$ 889,961

Shares

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

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	123,724	151,407
Effect of potentially dilutive ordinary shares		
Employees' compensation	1,061	1,413
Weighted average number of ordinary shares used in the computation of diluted earnings per share	124,785	152,820

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

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Gatetech Technology Inc.	Metal casting and selling of aluminum alloy and magnesium alloy	November, 29, 2019	72.81%	$550,000

Gatetech Technology Inc. was acquired in order to further enhance the Group's supply chain integration.

b. Consideration transferred

	Gatetech Technology Inc.
Cash	$ 550,000

c. Assets acquired and liabilities assumed at the date of acquisition

	Gatetech Technology Inc.
Current assets	
Cash and cash equivalents	$ 303,475
Trade and other receivables	224,959
Inventories	110,504
Other current assets	18,959
Non-current assets	
Property, plant and equipment	705,702
Right-of-use assets	45,198
Intangible assets	458
Prepayments for equipment	1,907
Deferred tax assets	44,483
Other non-current assets	6,374
Current liabilities	
Short-term borrowings	(330,000)
Trade and notes payables	(81,592)
Other payables	(44,545)
Other current liabilities	(2,877)
Non-current liabilities	
Bonds payable	(150,000)
Net defined benefit liabilities	(10,889)
	$ 842,836

d. Gain from bargain purchase recognized on acquisitions

	Gatetech Technology Inc.
Consideration transferred	$ 550,000
Plus: Non-controlling interests (27.19% in Gatetech Technology Inc.)	229,167
Less: Fair value of identifiable net assets acquired	(842,836)
Gain from bargain purchase recognized on acquisitions	$ 63,669

The gain from bargain purchase recognized in the acquisitions of Gatetech Technology Inc. is generated from the differences between consideration transferred and the acquisition of fair value of identifiable net assets acquired, which was recognized as net profit/loss for the year.

e. Net cash outflow on the acquisition of subsidiaries

	Gatetech Technology Inc.
Consideration paid in cash	$ 550,000
Less: Cash and cash equivalent balances acquired	(303,475)
	$ 246,525

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, are as follows:

	Gatetech Technology Inc.
Revenue	$ 78,740
Profit	$ 3,872

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been $9,203,029 thousand, and the profit would have been $953,982 thousand for the year ended December 31, 2019. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

27. 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.

28. FINANCIAL INSTRUMENTS

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

December 31, 2019

None.

December 31, 2018

None.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 39,800	$ -	$ -	$ 39,800
Emerging market shares	3,473	-	6,798	10,271
Structured deposits	52,189	-	-	52,189
Overseas unlisted shares	-	-	50,611	50,611
	$ 95,462	$ -	$ 57,409	$ 152,871

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

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, 2019

	Financial Assets at FVTPL
	Equity Instruments
Balance at January 1, 2019	$ 54,099
Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss)	3,301
Purchases	3,482
Transfers out of Level 3	(3,473)
Balance at December 31, 2019	$ 57,409

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

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	
	2019	2018
Financial assets		
Mandatorily classified as at FVTPL	$ 152,871	$ 246,675
Financial assets at amortized cost (1)	6,621,835	6,239,300
Financial liabilities		
Financial liabilities at amortized cost (2)	3,280,305	2,172,413

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

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

d. Financial risk management objectives and policies

The Group’s major financial instruments include cash and cash equivalents, financial assets mandatorily classified as at FVTPL, financial assets at amortized costs, equity investment, trade receivables, trade payables, accounts payable, bonds payable, short-term borrowings and lease liabilities. The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including 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 Group 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 31.

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.

	2019	**2018**
USD impact		
USD:NTD	$ 3,367	$ 2,120
USD:RMB	$ (30,719)	$ (31,007)
RMB impact		
RMB:NTD	$ (1,953)	$ (2,049)
RMB:USD	$ (950)	$ (1,478)

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	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 685,348	$ 602,521
Financial liabilities	1,512,984	230,000
Cash flow interest rate risk		
Financial assets	2,424,021	2,071,375

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, 2019 and 2018 would decrease/increase by $24,240 thousand and $20,714 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 years ended December 31, 2019 and 2018 would have increased/decreased by $1,529 thousand and $2,467 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

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, 2019 and 2018, 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, 2019

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-interest bearing liabilities	$ 483,052	$ 1,003,735	$ 636,183	$ -
Lease liabilities	12,669	27,777	95,681	249,343
Fixed interest rate liabilities	150,138	656,982	350,000	-
	$ 645,859	$ 1,688,494	$ 1,081,864	$ 249,343

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	$ -

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	
	2019	2018
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,006,982	$ 230,000
Amount unused	1,443,018	1,092,860
	$ 2,450,000	$ 1,322,860

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, 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. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	2019	2018
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.

c. Operating expenses

Related Party Category/Name	December 31 2019	December 31 2018
Associate	$ -	$ 635

d. Contract liabilities

Related Party Category/Name	December 31 2019	December 31 2018
Lease expense		
Related party in substance	$ 3,193	$ 3,061

The rental amounts agreed in lease contracts between the Group and other related parties are determined based on market prices and general payment terms.

e. Prepayments

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Prepaid expense (including other current assets)	Related party in substance	$ 76	$ 78

f. Compensation of key management personnel

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 48,408	$ 42,748
Post-employment benefits	253	226
	$ 48,661	$ 42,974

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for short-term borrowings and current portion of bonds payable:

	December 31 2019	December 31 2018
Investments accounted for using the equity method	$ 317,694	$ -
Property, plant and equipment	529,385	-
	$ 847,079	$ -

31. 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, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,587	29.980 (USD:NTD)	$ 1,246,778
USD	106,932	6.9762 (USD:RMB)	3,205,821
RMB	45,357	4.305 (RMB:NTD)	195,262
RMB	22,072	4.143 (RMB:USD)	95,020
Non-monetary items			
Financial assets at FVTPL - non-current			
USD	1,500	29.980 (USD:NTD)	50,611
Financial liabilities			
Monetary items			
USD	52,819	29.980 (USD:NTD)	1,583,514
USD	4,468	6.9762 (USD:RMB)	133,951

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

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			
	2019		2018	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	$ 8,740	1 (NTD:NTD)	$ (5,801)
USD	29.980 (USD:NTD)	733	30.715 (USD:NTD)	(2,171)
RMB	4.305 (RMB:NTD)	49,642	4.472 (RMB:NTD)	136,471
		$ 59,115		$ 128,499

32. 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 9)

11) Information on investees (Table 7)

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.

33. 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		Loss	
	2019	2018	2019	2018
Equipment - electronic parts	$ 8,058,052	$ 8,197,244	$ 1,723,443	$ 1,587,235
- plastic molding	524,292	611,641	80,900	63,008
Revenue from continuing operations	$ 8,582,344	$ 8,808,885	1,804,343	1,650,243
Interest income			26,755	48,719
Gain from bargain purchase - acquisitions of subsidiaries			63,669	-
Other gains and losses			35,471	(5,834)
Net foreign exchange gain			59,115	128,499
Net gain on financial assets at fair value through profit or loss			40,794	15,314
Share of profit of associates			3,939	32,448
Interest expenses			(20,568)	(819)
Impairment loss on goodwill			(42,180)	-
General and administrative expenses			(526,348)	(503,022)
Income before tax			$ 1,444,990	$ 1,365,548

The above segment revenues and results were generated from the transactions with external customers. There were no inter-segment transactions in 2019 and 2018.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, gain from bargain purchase - acquisitions of subsidiaries, other gains and losses, net foreign exchange gain, net gain on financial assets at fair value through profit or loss, share of profit of associates, interest expense, goodwill impairment loss 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	
	2019	2018
Plastic molding department	$ 75,794	$ 51,161
Electronic parts department	179,201	55,875
	$ 254,995	$ 107,036

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	
	2019	**2018**
Display hinges	$ 8,058,052	$ 8,197,244
Molding equipment	524,292	611,641
	$ 8,582,344	$ 8,808,885

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	
	2019	**2018**
China	$ 5,154,081	$ 5,700,780
Taiwan	3,386,230	3,012,804
Samoa	42,033	95,301
	$ 8,582,344	$ 8,808,885

f. Information about major customers

Revenue in 2019 and 2018 were $8,582,344 thousand and $8,808,885 thousand, respectively and each single customer contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2019		**2018**	
Client Code	**Sales**	**% of Revenue**	**Sales**	**% of Revenue**
A	$ 2,315,820	27	$ 2,174,287	25
B	1,299,662	15	1,495,137	17
C	1,135,567	13	1,159,161	13

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	$ -	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,196,150 (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	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,196,150 (40% of the net worth of the Corporation)
		GatetechTechnology Inc.	Other receivables from related parties	Yes	200,000	200,000	50,000	1.25	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,196,150 (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	59,960	59,960	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	89,940	89,940	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	89,940	89,940	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	89,940	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Full Celebration Limited	Other receivables from related parties	Yes	89,940	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	89,940	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	149,900	149,900	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
2	Grand Advance Inc.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	89,940	89,940	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	89,940	89,940	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	89,940	89,940	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	209,860	209,860	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	209,860	209,860	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fuzhou Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	209,860	209,860	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	209,860	209,860	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Syncmold Enterprise (USA) Corp.	Other receivables from related parties	Yes	14,990	14,990	11,992	0.00	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	134,910	134,910	44,970	0.00	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% 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		
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	$ 389,740	$ 389,740	$ 344,770	0.00	Short-term financing	$ -	Operating capital	$ -	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
3	Fuzhou Fulfil Tech Co., Ltd	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	68,760	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	68,760	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	68,760	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	68,760	68,760	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Other receivables from related parties	Yes	68,760	68,760	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	68,760	68,760	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
4	Full Big Limited	Forever Business Development Limited	Other receivables from related parties	Yes	17,988	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	17,988	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	17,988	17,988	11,992	0.00	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	41,972	41,972	23,984	0.00	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
5	Fullking Development Limited	Zhongshan Fulfil Tech. Co., Ltd.	Other receivables from related parties	Yes	35,976	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	35,976	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	35,976	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	35,976	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
6	Zhongshan Fulfil Tech Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	34,380	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	34,380	34,380	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	34,380	34,380	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	34,380	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	34,380	34,380	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% 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		
7	Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	$ 38,678	$ 38,678	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	38,678	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	38,678	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
8	Forever Business Development Limited	Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	13,491	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	13,491	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	13,491	-	-	-	Short-term financing	-	Operating capital	-	-	-	$1,098,075 (20% of the net worth of the Corporation)	$2,745,187 (50% 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 2019.

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

(Concluded)

TABLE 2

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	$1,647,112 (30% of the net worth of the Corporation)	$ 59,960 (US$ 2,000 thousand)	$ 59,960 (US$ 2,000 thousand) (Notes 1 and 4)	$ -	$ -	1.09	$2,745,187 (50% of the net worth of the Corporation)	Y	-	-
		Full Big Limited	Subsidiary	$1,647,112 (30% of the net worth of the Corporation)	794,470 (US$ 26,500 thousand)	659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4)	-	-	12.01	$2,745,187 (50% of the net worth of the Corporation)	Y	-	-
		Forever Business Development Limited	Subsidiary	$1,647,112 (30% of the net worth of the Corporation)	719,520 (US$ 24,000 thousand)	659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4)	-	-	12.01	$2,745,187 (50% of the net worth of the Corporation)	Y	-	-
		Fullking Development Limited	Subsidiary	$1,647,112 (30% of the net worth of the Corporation)	794,470 (US$ 26,500 thousand)	659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4)	-	-	12.01	$2,745,187 (50% of the net worth of the Corporation)	Y	-	-
		Full Celebration Limited	Subsidiary	$1,647,112 (30% of the net worth of the Corporation)	74,950 (US$ 2,500 thousand)	-	-	-	-	$2,745,187 (50% of the net worth of the Corporation)	Y	-	-

Note 1: The co-financing amount of endorsement and guarantees by Syncmold Enterprise (Samoa) Corp. to bank A is $59,960 thousand.

Note 2: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank C is $719,920 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 D is $299,800 thousand.

Note 4: The Corporation co-financed most of the endorsement and guarantee amounts, and the Corporation's total balance for endorsements and guarantees is $1,079,680 thousand. The Corporation and its subsidiaries' total amount for endorsements and guarantees is $1,079,680 thousand.

TABLE 3

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				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	$ 3,473	1.66	$ 3,473	(Notes 2 and 4)
	Tiga Gaming Inc.	-	Financial assets at FVTPL - non-current	1,332,132	6,798	5.06	6,798	(Note 4)
	Foxfortune Technology Limited	-	Financial assets at FVTPL - non-current	-	33,612	5.80	33,612	(Note 4)
	Hercules BioVenture, L.P.	-	Financial assets at FVTPL - non-current	-	16,999	2.25	16,999	(Note 4)
	Advanced Wireless Semiconductor Company	-	Financial assets at FVTPL - current	400,000	39,800	0.28	39,800	(Notes 2 and 4)
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Structured deposit							
	Regular structured deposit from Bank of Communications	-	Financial assets at FVTPL - current	12,000,000	52,189	-	52,189	(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, 2019.

Note 3: The mutual fund is calculated at its net worth as of December 31, 2019.

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, 2019
(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	-	-	-	$ -	354,000	$ 354,000	354,000	$ -	$ 354,000	$ 257 (Note)	-	$ -

Note: Gain on disposal arose from interest income as stated in the contract.

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, 2019
(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	$ 1,466,013	46	Note 1	$ -	-	$ (562,084)	(47)	
	Suzhou Fulfil Electronics Co., Ltd.	Subsidiary	Purchase	1,070,426	34	Note 1	-	-	(409,564)	(34)	
	Chongqing Fulfil Tech Co., Ltd.	Subsidiary	Purchase	225,993	10	Note 1	-	-	(81,906)	(7)	
	Fuzhou Fulfil Tech Co., Ltd.	Subsidiary	Purchase	338,556	11	Note 1	-	-	(126,092)	(11)	
Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Indirect subsidiary	Purchase	515,343	19	Note 1	-	-	(106,975)	(15)	
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	193,094	7	Note 1	-	-	(38,340)	(6)	
	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiary	Purchase	150,163	5	Note 1	-	-	(30,426)	(4)	
							-	-			
Fuzhou Fulfil Tech Co., Ltd.	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	343,253	26	Note 1	-	-	(30,323)	(12)	
Zhongshan Fufil Tech Co., Ltd.	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiary	Purchase	112,319	9	Note 1	-	-	(32,216)	(7)	
	Syncmold Enterprise Corporation	Parent company	Sales	(1,466,013)	(79)	Note 1	-	-	562,084	78	
Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(515,343)	(100)	Note 1	-	-	106,975	94	
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	Indirect subsidiary	Sales	(343,253)	(56)	Note 1	-	-	30,323	32	
	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(193,094)	(32)	Note 1	-	-	38,340	40	
Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(1,070,426)	(32)	Note 1	-	-	409,564	29	
Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(225,993)	(36)	Note 1	-	-	81,906	26	
Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(338,556)	(19)	Note 1	-	-	126,092	26	
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(150,163)	(38)	Note 1	-	-	30,426	31	
	Zhongshan Fufil Tech Co., Ltd.	Indirect subsidiary	Sales	(112,319)	(29)	Note 1	-	-	32,216	33	

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

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

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, 2019
(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	$ 344,770 (Note)	-	$ -	-	$ 89,940	$ -
Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	562,084	-	-	-	169,211	-
Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	126,092	-	-	-	56,172	-
Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	409,564	-	-	-	184,434	-
Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	106,975	-	-	-	106,975	-

Note 1: Financing.

Note 2: 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, 2019
(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, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	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	3,546	100.00	$ 2,614,645	$ 405,388	$ 405,388	(Note 1)
	Grand Advance Inc.	Samoa	Trading, import and export and investment in electronic parts	506,240	506,240	-	100.00	2,749,104	521,737	521,737	(Note 1)
	Syncmold Enterprise (USA) Corp.	USA	Trading, import and export in electronic parts	32	32	-	100.00	(2,437)	(455)	(455)	(Note 1)
	High Grade Tech Co., Ltd.	Taiwan	The design and sale of television hangers and related import and export businesses	36,075	36,075	2,280	38.00	121,500	24,176	9,187	(Note 1)
	Corebio Technologies Co., Ltd.	Taiwan	Medical technology and precision instrument wholesale and retail	52,000	-	5,200	38.56	46,752	(23,366)	(5,248)	(Note 1)
	GatetechTechnology Inc.	Taiwan	Precise molding and magnesium alloy die caster manufacturing and transaction business	550,000	-	41,849	72.81	613,910	3,872	2,818	(Note 1)
Grand Advance Inc.	Canford International Limited	Samoa	Import and export trade and investment business	119,342	119,342	-	100.00	1,264,707	293,439	293,439	(Note 1)
	Fullking Development Limited	Hong Kong	Import and export trade and investment business	160,175	160,175	-	100.00	837,128	285,773	285,773	(Note 1)
	Full Glary Holding Limited	Hong Kong	Import and export trade and investment business	259,720	259,720	-	100.00	252,081	7,062	7,062	(Note 1)
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	16,643	16,643	-	100.00	245,078	7,196	7,196	(Note 1)
	Forever Business Development Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	125,957	125,957	-	100.00	287,503	13,489	13,489	(Note 1)
	Full Celebration Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	147,710	147,710	-	100.00	371,051	58,467	58,467	(Note 1)
GatetechTechnology Inc.	GatetechHoldings Ltd.	Samoa	General investment business	647,041	647,041	20,130	100.00	599,372	12,512	2,949	(Note 1)
GatetechHoldings Ltd.	GatetechInternational	Samoa	General investment business	657,284	657,284	20,268	100.00	599,347	12,513	2,950	(Note 1)

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

Note 2: Refer to Table 8 for related information on investees from mainland China.

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Fuzhou Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	$ 41,647	Invested through Syncmold Enterprise (Samoa) Corp.	$ 62,448 (US$ 2,083 thousand)	$ -	$ -	$ 62,448 (US$ 2,083 thousand)	$ 294,143	100.00	$ 294,143	$ 1,103,925	$ 1,768,700 (US$ 58,996 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	106,640	Invested through Syncmold Enterprise (Samoa) Corp.	40,653 (US$ 1,356 thousand)	-	-	40,653 (US$ 1,356 thousand)	12,159	100.00	7,985	304,784	-
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	56,833	Invested through Syncmold Enterprise (Samoa) Corp.	-	-	-	-	23,750	100.00	23,750	213,415	24,044 (US$ 802 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	120,503	Invested through Forever Business Development Limited	-	-	-	-	11,985	100.00	11,985	199,779	-
Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	17,785	Invested through Canford International Limited	-	-	-	-	294,927	100.00	294,927	1,213,121	1,066,509 (US$ 35,574 thousand)
Zhongshan Fufil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	146,661	Invested through Fullking Development Limited	-	-	-	-	282,646	100.00	282,646	905,030	1,061,472 (US$ 35,406 thousand)
Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories	225,210	Invested through Full Glary Holding Limited	179,880 (US$ 6,000 thousand)	-	-	179,880 (US$ 6,000 thousand)	7,078	100.00	7,078	252,081	-
Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	133,885	Invested through Full Celebration Limited	-	-	-	-	59,160	100.00	59,160	371,040	440,916 (US$ 14,707 thousand)
Gatetech(Suzhou) Inc.	Aluminum and magnesium alloy die caster	728,514	Invested through Gatetech International	728,514 (US$ 24,300 thousand)	-	-	728,514 (US$ 24,300 thousand)	3,978	72.81	2,980	597,988	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$1,136,452 (US$37,907 thousand)	$2,012,617 (US$67,132 thousand)	$3,294,224

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

Note 2: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the equity of investee companies were all eliminated during the preparation of the consolidated financial statements

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	Trade receivables from related parties	$ 33,521	Based on the contract between both parties	-
		Fuzhou Fulfil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	70,462	Based on the contract between both parties	1
		Suzhou Fulfil Electronics Co., Ltd.	1	Trade receivables from related parties	74,423	Based on the contract between both parties	1
		Suzhou Fulfil Electronics Co., Ltd.	1	Other operating revenue - royalty revenue	135,150	Based on the contract between both parties	2
		Zhongshan Fufil Tech Co., Ltd.	1	Trade receivables from related parties	69,949	Based on the contract between both parties	1
		Zhongshan Fufil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	71,850	Based on the contract between both parties	1
		Fujian Khuan Hua Precise Mold., Ltd.	1	Other receivables from related parties	14,938	Based on the contract between both parties	-
		Chongqing Fulfil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	34,029	Based on the contract between both parties	-
		GatetechTechnology Inc.	1	Other receivables from related parties	50,003	Based on the contract between both parties	-
1	Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	1,446,013	No significant difference with non-related parties	17
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	562,084	No significant difference with non-related parties	6
2	Dongguan Kwan Huang Precision Mold Plastic Co., Ltd.	Zhongshan Fufil Tech Co., Ltd.	3	Sales	112,319	No significant difference with non-related parties	1
		Zhongshan Fufil Tech Co., Ltd.	3	Trade receivables from related parties	32,216	No significant difference with non-related parties	-
		Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	10,115	No significant difference with non-related parties	-
		Fuzhou Fulfil Tech Co., Ltd.	3	Sales	88,403	No significant difference with non-related parties	1
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	150,163	No significant difference with non-related parties	2
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	30,426	No significant difference with non-related parties	-
3	Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Accounts receivable from related parties	126,092	No significant difference with non-related parties	1
		Syncmold Enterprise Corporation	2	Sales	338,556	No significant difference with non-related parties	4
4	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	3	Sales	343,253	No significant difference with non-related parties	4
		Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	30,323	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	193,094	No significant difference with non-related parties	2
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	38,340	No significant difference with non-related parties	-
		Zhongshan Fufil Tech Co., Ltd.	3	Sales	74,745	No significant difference with non-related parties	1
		Zhongshan Fufil Tech Co., Ltd.	3	Trade receivables from related parties	11,698	No significant difference with non-related parties	-
5	Grand Advance Inc.	Syncmold Enterprise Corporation	2	Other receivables from related parties	344,770	Based on the contract between both parties	3
		Fullking Development Limited	3	Other receivables from related parties	44,970	Based on the contract between both parties	-
6	Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	2	Trade receivables from related parties	409,564	No significant difference with non-related parties	4
		Syncmold Enterprise Corporation	2	Sales	1,070,426	No significant difference with non-related parties	12

(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		
7	Full Big Limited	Grand Advance Inc.	3	Other receivables from related parties	$ 11,992	Based on the contract between both parties	-
		Fullking Development Limited	3	Other receivables from related parties	23,984	Based on the contract between both parties	-
8	Forever Business Development Limited	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	3	Other receivables from related parties	37,363	No significant difference with non-related parties	-
9	Fujian Khuan Hua Precise Mold., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	3	Other receivables from related parties	23,250	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Other receivables from related parties	12,892	No significant difference with non-related parties	-
10	Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	106,975	No significant difference with non-related parties	1
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	515,343	No significant difference with non-related parties	6
11	Canford International Limited	Suzhou Fulfil Electronics Co., Ltd.	3	Other receivables from related parties	51,570	Based on the contract between both parties	1
12	Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	225,993	No significant difference with non-related parties	3
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	81,906	No significant difference with non-related parties	1
13	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	3	Other receivables from related parties	43,175	Based on the contract between both parties	-

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: The disclosure standard of the table above was 10% of the specified account and reached to $10,000 thousand.

Note 5: All the transactions in the table above have been eliminated during the preparation of the consolidated financial statements.

(Concluded)