Stock Code：1582

Syncmold Enterprise Corp.

2018 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Annual Report Website

Market Observation Post System：http://mops.twse.com.tw

Company Website：http://www.syncmold.com.tw

Printing Date：June 5, 2019

I. Contact Information of Spokesperson and Deputy Spokesperson：

Spokesperson	Deputy Spokesperson
Name：Connie, Hsu	Name：Daphne, Chang
Title：Deputy General Manager	Title：Associate General Manager
Contact Number：(02)6621－5888	Contact Number：(02)6621－5888
E-mail：conniehsu@syncmold.com.tw	E-mail：daphne.chang@syncmold.com.tw

II. Contact Information of the Head Office, Branch Offices and Factories：

Item	Address	Telephone
Head Office	9F., No. 168, Jiankang Rd., Zhonghe Dist., New Taipei City	(02)6621－5888
Branch Office	n/a	n/a
Factory	No. 6, Ln. 403, Min'an Rd., Xinzhuang Dist., New Taipei City	(02)2202－9108

III. Contact Information of the Share Transfer Agency：

Name：CTBC Bank Co., Ltd Share Transfer Agency

Add：5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Tel：(02)6636-5566

Website：http：//www.chinatrust.com.tw

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report：

CPAFirm:Deloitte&Touche

Auditors：Tung-Feng Lee and Chih-Yuan Chen.

Add：20F, No. 100, Songren Rd., Xinyi Dist., Taipei City

Tel：(02)2725－9988

Website：http://www.deloitte.com.tw

V. Overseas Trade Places for Listed Negotiable Securities：n/a.

VI. Company Website：www.syncmold.com.tw

Syncmold Enterprise Corp

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I. Letter to Shareholders

Dear shareholders,

Thank you for participating in the 2018 Shareholders' meeting.

Over the past year, the overall performance experienced a gradual growth slowdown in the computer products, as well as adverse effects from trade wars and the rising price of raw materials. With the efforts from all our employees and the goal of continuous growth in EPS, we managed to deliver the best profit to our shareholders. In the following year, we have prepared ourselves in all aspects in this changing environment to meet the demands from our clients and to maximize returns for shareholders, including cultivation of R&D team, new product development, evaluation of new production sites, training on sales team and more. Here is the overview of 2018 performance:

In terms of base products, our main products are LCD monitor stand base, LCD TV stand base, and AIO computer stand base. For LCD monitor stand base, due to the slowing growth in the personal computer market, the total shipments are between 120 million and 130 million units in recent years. Our global market share is around 20% in 2018. The gaming monitor stand base is more competitive than our peers which driving the growth in monitor base. As for LCD TV stand, the global LCD TV shipments in the past few years ranged from 210 million to 220 million units. We produce mostly high-end TV stand and account for around 1% market share in 2018. In terms of AIO computer base, the global shipments in 2018 are about 11.5 million units and the company's market shares are about 20%. In summary, the company focuses on developing high-end stand products with steering function to earn higher gross profit margins. At the same time, we work closely with international brand clients and OEM clients to complete the development of the entire base. By doing so, it can save R&D costs for clients and speed up the process of mass production.

In terms of plastic molds business, our main activities are plastic injection moldings and the manufacturing for injection molds. They are used as LCD monitor shell and LCD TV shell. Also, we provide products for the group's internal need and external clients need to achieve cost controlling and increase revenues.

Looking forward to 2019, to enhance product competitiveness, the company continues to focus on the R&D of patented technology on hinge products and promote automation on the production line. The 2018 operating performance report is as follows:

I.1 Annual Operating Performance Report:

1.1.1 Operating results of 2018

The Company's consolidated revenues for the year of 2018 was NT$$ 8,808,885,000, which was roughly equivalent to that of 2017, NT$ $8,870,758,000. The 2018 gross profit margin was 23.09%, which was equivalent to the gross profit margin in 2017. Based on the weighted average share capital, the company's 2018 earnings per share (EPS) was NT$$ 5.88. The EPS would be NT$$ 7.19 if the capital reduction in the year-end of 2018 is taking into consideration.

1.1.2. Implementation on Budget Plan：

Unit：NT$ in thousands

item	2018 actual	2018 forecast	Achieving rate (%)
Operating income	8,808,885	9,015,212	97.71
Operating costs	6,774,744	6,858,928	98.77
Net operating margin	2,034,141	2,156,284	94.34
Operating expenses	886,920	876,904	101.14
Non-operating incomes and expenses	218,327	31,880	684.84
Profit before income tax	1,365,548	1,311,260	104.14

1.1.3 .Financial and Profitability Analysis：

(1) Financial Analysis

Item	2018	2017	Amount change	Percentage change
Interest incomes	48,719	44,303	4,416	9.97
Interest expenses	819	3,706	(2,887)	(77.90)

(2) Profitability

Item	2018	2017
Return on Assets （%）	10.49	9.89
Return on equity （%）	15.44	15.05
Operating Profit to Paid-in Capital （%）	92.72	74.83
Net Income before Tax to Paid-in Capital （%）	110.37	74.05
Net Profit Margin （%）	10.10	9.80
Earnings per share （NT$）	5.88	5.42

1.1.4. Research & Development：

For the past years, there is a trend of thinner, larger, and lighter LCD panels on monitors, LCD TVs, and other display screens. This trend is also expected in the near future. Therefore, while monitors face this thinner and larger trend, our hinges require to meet new gravity balance with higher strength in supporting and steering demands.

In 2018, we developed and obtained more than 70 inventions and new patents mostly related to LCD monitor stand products, such as cartridge quick release bracket set,、thin carrier plate、supporting frame、liftable device etc.,. Our R&D mainly focus on LCD monitor stand and TV stand. With increasing demands on gaming monitor and medical monitor, the company has committed to the development of the related patent of these stand base.

1.2 2019 Annual summary of the business plan

1.2.1. Operating strategy:

(1) Introduce automatic production equipment to improve product quality.

(2) Increase R&D manpower and salesforce, cultivate talents, and expand future

growth momentum.

(3) Enhance environmental friendliness and recycling equipment to achieve higher responsibility for environmental protection.

(4) Enhance the quality of the Group-made parts to meet the development of automatic production.

(5) Strengthen the efficiency of inventory management and improve the efficiency of capital turnover.

1.2.2. Expected sales quantity：

Item	Expected sales volume
Molds	369 unit
Stands	31,000.000 unit

The company's 2019 expected sales volume is based on the actual sales volume in 2018, taking into account the following factors. They are economic condition of LCD monitors, LCD TVs, AIO computers and gaming monitors, the number of new products developed, market shares of major clients, time to reach mass production and supply chain capacity.

1.2.3.Important production and marketing policy：

In 2019, the company will expand automatic production equipment to various production sites to improve product quality. At the same time, in response to the rapid changes in the global trading environment, the company will moderately produce the products in advance in order to respond to customers' shipment scheduling around the world.

1.2.4. Future corporate development strategy, influences on outside competition, regulatory and macro economy：

Dedicating to the R&D for hinge patented technology and promoting production automation will be the main theme of our company. Also, we will devote to the development of new materials to enhance product quality and the company's competitiveness.

The company is a leading manufacturer in display hinge products. Although the competition in the industry is very intense, we are able to maintain our lead due to our superior steering technique, technical capability, production capacity, and delivery capability.

The Company and our subsidiaries have carried out various operational matters in accordance with the relevant laws and regulations. The stricter regulatory environment does not have a significant impact on the company. In recent years, the growth of personal computer and LCD TV industry has to slow down and the global demand has reached a steady state. Therefore, revenue and profit growth rely on enterprises competitiveness. Our operating results indicated the strength of our competitiveness and showed that macro economy had little impact on us.

We really appreciate the support and confidence of our shareholders and all the hard work contributed by all of our colleagues. The company will keep focusing on the business and maximizing returns for shareholders to show gratitude for the long-lasting support.

Chairman 陳秋郎

CEO 邱柏森

II. Introduction of the Company

2.1 DateofIncorporation

July 7th, 1979

Contact Information of Head Office, Branch Office, and Factory

1. Head Office Address： 9F., No. 168, Jiankang Rd., Zhonghe Dist., New Taipei City
   Tel： (02) 6621-5888。
2. Branch Office：n/a
3. FactoryAddress：No. 6, Ln. 403, Min'an Rd., Xinzhuang Dist., New Taipei City
   Tel： (02) 2202-9108

2.2 CompanyHistory

Year	Item
July 1979	Syncmold Co., Ltd. was established with a capital of NT$ 500,000 and engaged in plastic mold manufacture.
August 1980	Capital increased by Cash of NT$ 1.5 million, Paid-in capital after the capital increase was NT$ 2 million.
June 1987	Expansion led to the acquisition of a new plant in Xin Zhuang city, Taiwan.
November 1988	Synsmold increased capital with cash to NT$ 10,000,000 paid-up capital after capital increase as 12,000,000 and adopted the name: Syncmold Enterprise Corp.
August 1997	Capital increased by Cash of NT$ 13 million, Paid-in capital after the capital increase was NT$ 25million.
December 2004	Capital increased by Cash of NT$ 125 million. Paid-in capital after the capital increase was NT$ 150 million. Grated ISO 9001:2000 Certification.
February 2005	Grated ISO 14001 Certification.
May 2005	Reinvested Fuzhou Fulfil Tech Co., Ltd for the manufacture and sales of monitor hinge products.
June 2005	Capital increased by retained earnings of NT$ 30 million and capital increased by Cash with NT$ 70 million. Paid-in capital after the capital increase was NT$ 250 million.
November 2005	Financial Supervisory Commission approved the request for a public offering.
December 2005	Syncmold stocks formally traded over the counter.
December 2005	Reinvested Wuhan Fulfil Electronic Hardware Co., Ltd 100% ownership from third place company for the manufacture and sales of molds and hinge products.
December 2005	Reinvested Fujian Khuan Hua Precise Mold Co., Ltd (51.4% ownership) for the manufacture and sales of molds.
April 2006	Reinvested Fuqing Foqun Co., Ltd 100% ownership for the manufacture and sales of cast products.
April 2006	Wuhan Fulfil Electronic Hardware Co., Ltd, the subsidiary of Synsmold, adopted the name: Wuhan Foqun Electronic Hardware Co., Ltd.
May 2006	Fujian Khuan Hua Precise Mold Co., Ltd became wholly owned subsidiary of Syncmold. After the 48.6% reinvestment.
May 2006	Reinvested Highgrade Tech Co, Ltd (51.4% ownership) for the design and sales

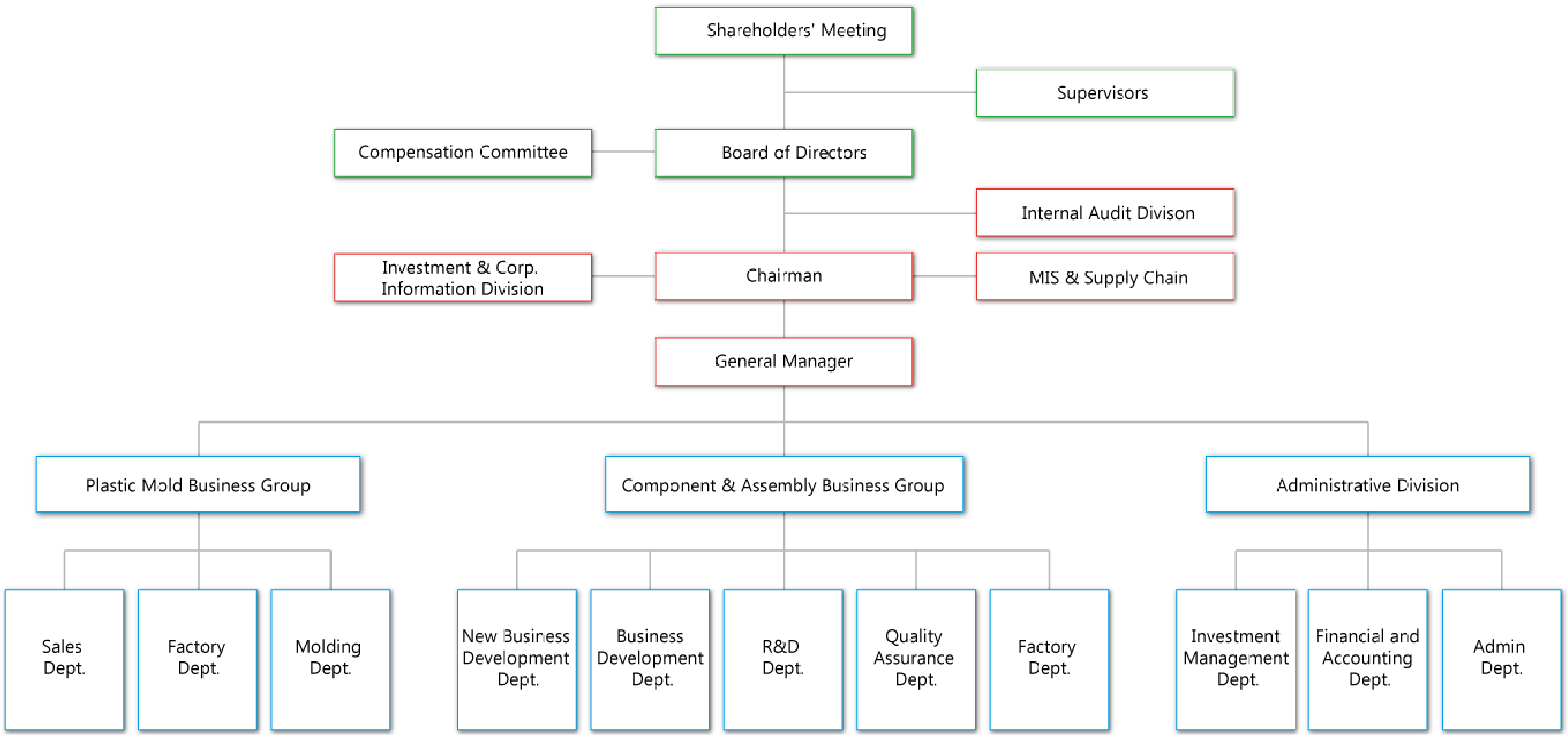
	of TV wall mount and projector ceiling mount products.
2006 June	Reinvested Tianjin Foqun Electronic Hardware Tech. Co., Ltd 100% ownership for the manufacture and sales of molds and hinge products.
2006 October	Capital increased by retained earnings of NT$ 58.1 million. Paid-in capital after the capital increase was NT$ 308.1 million.
November 2006	IPO on OTC was approved.
January 2007	Syncmold officially listed on OTC. Capital increased by cash of 41.9 million. Paid-in capital after the capital increase was NT$ 350 million.
May 2007	Obtained 100% of the shares of Full Big Limited through subsidiary situated in another country, engages in investments in subsidiaries in China and international trade.
September 2007	Capital increased by retained earnings of NT$ 65 million. Paid-in capital after the capital increase was NT$ 415 million.
December 2007	Obtained 100% of the shares of Forever Business Development Limited, engages in investments in subsidiaries in China and international trade.
April 2008	Boards approved the merge with Shenzhen Fulfil Tech. Co., Ltd.
June 2008	Reinvested Shenzhen Fulfil Tech. Co., Ltd for the manufacture and sales of hinge products.
September 2008	Capital increased by retained earnings of NT$ 30.75million and employee stock option certificates to common share of 4.815 million. Paid-in capital after the increase was NT$ 455.65 million.
December 2008	Merged with Fulfil Tech. Co., Ltd with new issuance of NT$ 901.12 million. The capital was NT$ 1,351.685 million.
August 2009	Employee stock option certificates to common share of NT$ 2.07 million. Paid-in capital after the increase was NT$ 1,353.755 million.
December 2009	Syncmold officially listed on TSE.
April 2010	Employee stock option certificates to common share of NT$ 4.7 million. Paid-in capital after the increase was NT$ 1,358.455 million.
September 2010	Employee stock option certificates to common share of NTD 1.953 million. Paid-in capital after the increase was NT$ 1,360.4075 million.
July 2011	Corporate bond to common share of 5.976 million， Paid-in capital after the increase was NT$ 1,366.38355 million.
October 2012	Bond option certificates to common share of NTD 11.774million. Paid-in capital after the increase was NT$ 1,378.15765 million.
November 2012	Invested 100% equity of Chongqing Fulfil Tech Co., Ltd. through a third location subsidiary, engaging in the sales and manufacture of base and hinge products.
February 2013	Corporate bond to common share of NT$ 44.354 million. Paid-in capital after the increase was NT$ 1,422.5117 million.
April 2013	Corporate bond to common share of NT$ 46.220 million. Paid-in capital after the increase was NT$ 1,468.73206 million.
August 2013	Corporate bond to common share of NT$ 17.188 million. Paid-in capital after the increase was NT$ 1,485.92078 million.
December 2013	Corporate bond to common share of NT$ 12.642million. Paid-in capital after the

	increase was NT$ 1,498.56339 million.
June 2016	Syncmold Enterprise Co., Ltd. was founded, engaging in the sales of electronic components.
May 2017	Corporate bond to common share of NT$ 35.25 million. Paid-in capital after the increase was NT$ 1,533.81309 million.
June 2017	Corporate bond to common share of NT$ 51.428 million. Paid-in capital after the increase was NT$ 1,585.24088 million.
September 2017	Corporate bond to common share of NT$ 30.130 million. Paid-in capital after the increase was NT$ 1,615.37043 million.
December 2017	Corporate bond to common share of NT$ 20.362 million. Paid-in capital after the increase was NT$ 1,635.73231 million.
April 2018	Corporate bond to common share of NT$ 13.923 million. Paid-in capital after the increase was NT$ 1,648.65561 million.
September 2018	Capital reduction by cash of NT$ 412.414 million. Paid-in capital after the reduction was NT$ 1,237.24171 million.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Functions
General Manager	1.Responsible for all shareholders according to the resolution of the board of directors. 2. Ensure the company's operations and future development direction. 3.Approval of major decisions of the company and the signing of important contracts. 4.Determination of the company's overall business objectives and implementation plans.
Internal Auditing	1.Inspection and evaluation of the soundness, rationality, and effectiveness of the company's internal control system. 2.Investigation and evaluation of the efficiency of each department in the company in implementing the company's plans or policies and its assigned functions.
Information and Supply Chain Management	1.Planning and integration of group ERP system management. 2.Coordination of the Group's computer hardware and software and planning of network security and system integration. 3.Group supply chain management, process improvement, and cost control.
Investment and Corporate Information	1.Responsible for external communications with institutions and the press on behalf of the Group. 2. Planning for external investment assessment, execution of plan and management of follow-up.
Business	1.Determination of sales budget and execution. 2.Product quotation, order receipt, and collection of payment. 3.Maintenance of existing customer service, development of new customers and new orders.。
Factory Affairs	1.Responsible for production scheduling, manufacturing process, and quality confirmation. 2.Maintenance of manufacturing equipment maintenance. 3.Maintenance measures for personal safety and quality of the work environment, and maintain 5S cleanness. 4.Warehouse layout and shelf planning, entry and exit of material and inventory management, maintenance of warehouse security, etc.
Research and Development	1.Research and development of patents and technologies for hinge products. 2.Development of hinges and bases for various monitors, TVs, and 3C products. 3.Trial of various 3C product base samples and verification of customer recognition.
New Business	1.Development and design of new products, market research and analysis, and budgeting of new product development. 2.Design of new product, production of sample and coordination of work.
General Administration	1.Responsible for the production and analysis of group accounting, taxation, customs, and financial statements. 2.Responsible for the management of the Group’s funds and budget, analysis of cost and evaluation of business performance. 3.Recruitment, attendance management, employee education and training, performance appraisal planning and execution. 4.Procurement for general affairs and asset management. 5.Shareholder's affair and related matters.

3.2 **Directors, Supervisors, and Management Team**

3.2.1 Directors and Supervisors

3.2.1.1 Information on Directors and Supervisors

April 22, 2019

Title	Nationality or Place of Registration	Name	Gender	First Elected Date	Elected Date	Term	Shares held when elected		Current shareholding		Shares currently held by their spouses and minor children		Shares Held in the name of others		Main working (education) experience	Concurrent positions in the Company and other companies	Other heads, directors, or supervisors as spouse or kin within the second degree		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Republic of China	Chiu-Lang, Chen	Male	1979.07.07	2017.06.13	3 year	5,627,615	3.53%	5,308,211	4.29%	93,022	0.08%	2,300,000	1.86%	Yang-Tze High School	Chairman of： -Syncmold Enterprise(SAMOA) Corp -Full Big Limited -Forever Business Development Ltd. -Grand Advance Inc. -Fullking Development Ltd. -Canford International Ltd. -ZhongShan Fulfil Tech Co., Ltd. -Shenzhen Fulfil Tech Co., Ltd. -Full Glary Holding Ltd. -Full Celebration Ltd. -Syncmold Enterprise (USA) Corp.	—	—	—
Director (Note 1)	Republic of China	Posen,Chiu	Male	2009.6.19	2017.06.13	(Note 1)	5,016,108	3.15%	—	—	—	—	—	—	Mechanical Engineering, National Taiwan University of	President, Syncmold Enterprise Corp.	—	—	—

															Science and Technology				
Director	Republic of China	Tim,Weng	Male	2009.6.19	2017.06.13	3 year	3,930,442	2.47%	2,747,581	2.22%	—	—	—	—	Mechanical Engineering, Lee-Ming Institute of Technology Sales Manager, Kernan Technology Co., Ltd. Sales Manager, Cherng Jyieh Corp.	President, Component Assembly BG, Syncmold Enterprise Corp.	—	—	—
Director	Republic of China	Chen-Tung,Chen	Male	2010.06.24	2017.06.13	3 year	600,000	0.38%	450,000	0.36%	—	—	—	—	Ger-Jyh High School	None	—	—	—
Director	Republic of China	Shu-Yen, Chuang	Female	2017.06.13	2017.06.13	3 year	2,558,246	1.61%	1,918,684	1.55%	—	—	—	—	Kuo-Kou High School	Chairman of Tai Hsin Investment Co., Ltd., and Chia Hsuan Investment L Co., Ltd.	—	—	—
Independent Director	Republic of China	Yung-Lu, Tsai	Male	2005.05.24	2017.06.13	3 year	—	—	—	—	—	—	—	—	MBA., University of Missouri, U.S. B.B.A., Transportation and Logistics Management, Chiao Tung University	None	—	—	—
Independent Director	Republic of China	Wen-Hung, Kao	Male	2005.12.13	2017.06.13	3 year	—	—	—	—	—	—	—	—	Chien Hsin University of Science and Technology President, Joe Tai Precision Industrial. Co., Ltd.	None	—	—	—

Supervisor	Republic of China	Tung-Ping,Cheng	Male	2005.12.13	2017.06.13	3 year	580,000	0.36%	435,000	0.35%	—	—	—	—	Taipei Shixin High School Sales Manager, Chun Peng Technology Co., Ltd.	Chairman of Hui Ying Tung Electronic Co., Ltd. and Bunion Electronic Co., Ltd.	—	—	—
Supervisor	Republic of China	Chin-Chang, Pao	Male	2005.05.24	2017.06.13	3 year	—	—	—	—	86	0.00%	—	—	M.B.A., The City University of New York (CUNY), U.S. Manager, Listing Examination Dept., GreTai Securities Market (TPEx)	Supervisor, Macauto Industrial Co., Ltd. Independent Director, Apex Biotechnology Corp.	—	—	—
Supervisor	Republic of China	Jui-Tai,Wu	Male	2008.06.27	2017.06.13	3 year	420,588	0.26%	368,000	0.30%	—	—	—	—	Assistant Manager, Capital Markets Dept., Fubon Securities Co.Ltd. Manager, Xepex Electronics Co., Ltd.	Chairman, J-MAS Enterprise Co., Ltd. Director, Borden Technology Corp.	—	—	—

Note 1：Director Posen Chiu was discharged on 2018.4.30 due to transfer of more than half of his holding during his term.

3.2.1.2 **Professional qualifications and independence analysis of directors and supervisors**

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Chiu-Lang, Chen	–	–	✓	–	–	–	–	✓	✓	✓	✓	✓	✓	–
Posen, Chiu (Note 1)	–	–	✓	–	–	–	–	✓	✓	✓	✓	✓	✓	–
Tim, Weng	–	–	✓	–	–	–	–	✓	✓	✓	✓	✓	✓	–
Chen-Tung, Chen	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–
Shu-Yen, Chuang	–	–	✓	✓	✓	–	–	✓	✓	✓	✓	✓	✓	–
Yung-Lu, Tsai	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–
Wen-Hung, Kao	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–
Tung-Ping, Cheng	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–
Chin-Chang, Pao	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Jui-Tai, Wu	–	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.
1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.
9. Not being a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or it's representative as defined in Article 27 of the Company Law.

Note 1：Director Posen Chiu was discharged on 2018.4.30 due to the transfer of more than half of his holding during his term.

3.2.2 President、V.P.、A.V.P.、Management Team

April 22, 2019

Title	Nationality or Place of Registration	Name	Gender	Elected Date	Current shareholding		Shares currently held by their spouses and minor children		Shares Held in the name of others		Main working (education) experience	Concurrent positions in the Company and other companies	Spouse or relatives within two degrees who are managers			Management obtains employee stock option certificate
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Posen, Chiu	Male	2008.12.31	1,023,081	0.83%	—	—	—	—	Mechanical Engineering, National Taiwan University of Science and Technology	—	—	—	—	—
President Component Assembly BG	Republic of China	Tim, Weng	Male	2008.12.16	2,747,581	2.22%	—	—	—	—	Mechanical Engineering, Lee-Ming Institute of Technology Sales Manager, Kernan Technology Co., Ltd. Sales Manager, Cherng Jyieh Corp.	—	—	—	—	—
V.P.	Republic of China	Connie, Hsu	Female	2006.6.1	2,888	0.00%	—	—	—	—	Accounting, National Taiwan University E.M.B.A., National Taiwan University V.P., Fubon Securities Co.Ltd. CPA	—	—	—	—	—
V.P.	Republic of China	Gray, Yan	Male	2008.12.16	9,000	0.01%	—	—	—	—	Master, Mechanical Engineering, National Cheng-Kung University (NCKU) Researcher, BenQ Corporation Manager, SHL Technology Co., Ltd.	—	—	—	—	—
V.P.	Republic of China	Alex, Cheng	Male	2015.7.1	15,926	0.01%	—	—	—	—	Lunghwa University of Science and Technology (LHU) Factory Chief, Heng Rise Co., Ltd.	President, FuZhon Fulfil Tech Co., Ltd.	—	—	—	—
A.V.P. (Note 1)	Republic of China	S.Y., Tang	Male	2010.12.1	—	—	—	—	—	—	Takushoku University, J.P. Manager, Gvision Incorporated	—	—	—	—	—

											Assistant Manager, GVC, INC.					
A.V.P.	Republic of China	Y.Y., Hsieh	Male	2011.5.16	—	—	—	—	—	—	Mechanical Engineering, Chung Yuan Christian University Manager, Attotek Technology Co., Ltd.	—	—	—	—	
A.V.P.	Republic of China	Daphne, Chang	Female	2013.4.22	—	—	—	—	—	—	M.B.A., National Taiwan University Manager, Winbond Electronics Corp. Research Assistant Manager, China Development Financial Holding Corp. Supervisor, Cathay Life Insurance Co., Ltd.	—	—	—	—	
A.V.P.	Republic of China	Cindy, Chang	Female	2014.3.10	—	—	—	—	—	—	E.M.B.A., National Taiwan University Senior Director, LITE-ON Technology Corp. International Sales, Test Rite Internaional Co., Ltd.	—	—	—	—	
A.V.P. (Note 1)	Republic of China	Y.C., Huang	Male	2013.1.8	—	—	—	—	—	—	Management, Yuan Ze University Chief Audit Executive, AWEA Mechantronic Co., Ltd. Chief Audit Executive, Syncmold Enterprise Corp.	—	—	—	—	
A.V.P.	Republic of China	Phillip, Cheng	Male	2015.7.1	—	—	—	—	—	—	Accounting, TungHai University Senior Manager, Fubon Securities Co.Ltd.	—	—	—	—	
A.V.P.	Republic of China	Randy, Lin	Male	2015.2.24	1,500	0.00%	—	—	—	—	LiRen Private High School Manager, United Fu Shen ChenTechnology Corp.	—	—	—	—	
A.V.P. (Note 1)	Republic of China	Wing, Lin	Male	2017.10.17	—	—	—	—	—	—	Tourism Management, Hsing Wu University Section Manager, ABA Locks Manufacturer Co.Ltd.	—	—	—	—	

Title	Nationality or Place of Registration	Name	Gender	Elected Date	Current shareholding		Shares currently held by their spouses and minor children		Shares held in the name of others		Shares held in the name of others	Concurrent positions in the Company and other companies	Spouse or relatives within two degrees who are managers			Management obtains employee stock option certificate
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
A.V.P. (Note 2)	Republic of China	Monty, Chen	Male	2019.1.1	—	—	2,250	0.00%	—	—	Mechanical Engineering, China University of Science and Technology	—	—	—	—	
A.V.P. (Note 2)	Republic of China	Toni, Kao	Male	2019.1.1	—	—	—	—	—	—	Sports and Leisure, National Dong Hwa University (NDHU) Sales manager, Universal Weight Electronic Co., Ltd.	—	—	—	—	
Executive Assistant of Chairman (Note 2)	Republic of China	YI-CHUN, HUANG	Male	2019.5.9	—	—	—	—	—	—	Accounting, Tamkang University Financial Officer, Unity Opto Technology co., Ltd. Financial Officer, Casing Macron Technology Co., Ltd.	Legal representative ssupervisor of TIGA GAMING INC. Legal representative director of High Grade Tech Co., Ltd.	—	—	—	—
Chief Audit Executive	Republic of China	Carrie, Wang	Female	2017.12.29	—	—	—	—	—	—	Accounting and Information, Chang Jung Christian University (CJCU) Auditor, UHY L&C Company, CPAs Internal Auditor, Yem Chio Co.Ltd. CPA (Accountant of higher examination) CIA (Certified Internal Auditor)		—	—	—	

Note 1：A.V.P. S.Y. Tang resigned on 2018.10.1, A.V.P.Y. C. Huang dismissed on 2018.8.1, A.V.P. Wing Lin dismissed on 2018.8.1.

Note 2：A.V.P. Monty,Chen resigned on 2019.1.1,A.V.P. Toni, Kao resigned on 2019.1.1,Executive Assistant of Chairman,YI-CHUN,HUANG resigned on 2019.5.9。

3.2.3. Remuneration paid to Directors and management team

3.2.3.1 Remunerations of Directors for 2018

unit：NT$ in thousands

Title	Name	Remunerations of Directors (Note 1)								Ratio of Total Remuneration (A+B+C+D) to net income %		Relevant Remuneration Received by Directors who are Also Employees (Note 1)								Ratio of Total Compensation (A+B+C+D+E+F+G) to net income %		Compensation Paid to Directors from an Invested Company Other than the Company's subsidiary
		Basic Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, bonuses and allowance (E)		Severance Pay (F)		Employee Compensation (G)						
		Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold	From All Consolidated Entities	Syncmold		From All Consolidated Entities		Syncmold	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	Chiu-Lang, Chen	-	-	-	-	13,500	13,500	360	360	1.56％	1.56％	3,914	12,893	-	-	5,300	-	5,300	-	2.59%	3.560%	N/A
Director (Note 1)	Posen, Chiu																					
Director	Tim, Weng																					
Director	Chen-Tung, Chen																					
Director	Shu-Yen, Chuang																					
Director	Yung-Lu, Tsai																					
Director	Wen-Hung, Kao																					

In addition to above table, director remuneration for their services in the most recent year: NT$ 60,000.

Range of Remuneration

Range of Director Remuneration	Names of Directors			
	First four categories of remuneration (A+B+C+D)		First seven categories of remuneration (A+B+C+D+E+F+G)	
	Syncmold	Consolidated subsidiaries (H)	Syncmold	Consolidated subsidiaries (I)
Under NT$2,000,000	Posen, Chiu(Note 1)、Chen-Tung, Chen、Shu-Yen, Chuang	Posen, Chiu(Note 1)、Chen-Tung, Chen、Shu-Yen, Chuang	Chen-Tung, Chen、Shu-Yen, Chuang	Chen-Tung, Chen、Shu-Yen, Chuang
NT$2,000,001 – NT$5,000,000	Chiu-Lang, Chen、Tim, Weng、Yung-Lu, Tsai、Wen-Hung, Kao	Chiu-Lang, Chen、Tim, Weng、Yung-Lu, Tsai、Wen-Hung, Kao	Posen, Chiu(Note 1)、Yung-Lu, Tsai、Wen-Hung, Kao	Posen, Chiu(Note 1)、Yung-Lu, Tsai、Wen-Hung, Kao
NT$5,000,001 – NT$10,000,000	0	0	Chiu-Lang, Chen、Tim, Weng	Chiu-Lang, Chen
NT$10,000,001 – NT$15,000,000	0	0	0	Tim, Weng
NT$15,000,001 – NT$30,000,000	0	0	0	0
NT$30,000,001 – NT$50,000,000	0	0	0	0
NT$50,000,001 – NT$100,000,000	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	7	7	7	7

Note 1：Director Posen Chiu was discharged on 2018.4.30 due to transfer of more than half of his holding during his term.

3.2.3.2 Remunerations of Supervisor for 2018

Unit：NT$ in thousands

Title	Name	SupervisorRemuneration (Note)						Ratio of Total Compensation (A+B+C+D+E+F+G) to net income %		Compensation Paid to Directors from an Invested Company Other than the Company's subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		Syncmold	Consolidated subsidiaries	Syncmold	Consolidated subsidiaries	Syncmold	Consolidated subsidiaries	Syncmold	Consolidated subsidiaries	
Supervisor	Jui-Tai, Wu	–	–	3,500	3,500	170	170	0.41%	0.41%	N/A
Supervisor	Tung-Ping, Cheng									
Supervisor	Chin-Chang, Pao									

<u>Range of remuneration</u>

Range of Supervisor Remuneration	Name of supervisors	
	First three categories of remuneration (A+B+C)	
	Syncmold	Consolidated subsidiaries (D)
Under NT$2,000,000	Jui-Tai ,Wu、Tung-Ping ,Cheng、Chin-Chang ,Pao	Jui-Tai ,Wu、Tung-Ping ,Cheng、Chin-Chang ,Pao
NT$2,000,001 – NT$5,000,000	0	0
NT$5,000,001 – NT$10,000,000	0	0
NT$10,000,001 – NT$15,000,000	0	0
NT$15,000,001 – NT$30,000,000	0	0
NT$30,000,001 – NT$50,000,000	0	0
NT$50,000,001 – NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	3	3

3.2.3.3 Remunerations of President and V.P. for 2018

Unit：NT$ in thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowance etc. (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income</th><th rowspan="3">Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's subsidiary</th></tr>
<tr><th rowspan="2">Syncmold</th><th rowspan="2">Consolidated subsidiaries</th><th rowspan="2">Syncmold</th><th rowspan="2">Consolidated subsidiaries</th><th rowspan="2">Syncmold</th><th rowspan="2">Consolidated subsidiaries</th><th colspan="2">Syncmold</th><th colspan="2">Consolidated subsidiaries</th><th rowspan="2">Syncmold</th><th rowspan="2">Consolidated subsidiaries</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Posen, Chiu</td><td rowspan="5">3,739</td><td rowspan="5">3,739</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">17,292</td><td rowspan="5">8,000</td><td rowspan="5">-</td><td rowspan="5">8,000</td><td rowspan="5">-</td><td rowspan="5">1.32%</td><td rowspan="5">3.26%</td><td rowspan="5">N/A</td></tr>
<tr><td>President Component Assembly BG</td><td>Tim, Weng</td></tr>
<tr><td>V.P.</td><td>Connie, Hsu</td></tr>
<tr><td>V.P.</td><td>Gray, Yan</td></tr>
<tr><td>V.P.</td><td>Alex, Cheng</td></tr>
</table>

Note 1： Retirement pension for president and V.P. totals NT$ 225,000 in 2018.

Range of remuneration

Range of V.P. Remuneration	Name of President and V.P.	
z	Syncmold	Consolidated subsidiaries (E)
Under NT$2,000,000	Posen, Chiu	Posen, Chiu
NT$2,000,001 – NT$5,000,000	Tim, Weng、Alex, Cheng Connie, Hsu、Gray, Yan	Connie ,Hsu、Gray ,Yan
NT$5,000,001 – NT$10,000,000	0	Tim ,Weng、Alex ,Cheng
NT$10,000,001 – NT$15,000,000	0	0
NT$15,000,001 – NT$30,000,000	0	0
NT$30,000,001 – NT$50,000,000	0	0
NT$50,000,001 – NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	5	5

3.1.3.4 Remunerations of Managers and Range of Remuneration for 2018

Unit：NT% in thousands

	Title	Name	Stock	Cash	Total	Total remuneration to net income after tax （%）
Managers	President	Posen, Chiu	-	18,979	18,979	2.13%
	President Component Assembly BG	Tim, Weng				
	V.P.	Connie, Hsu				
	V.P.	Gray, Yan				
	V.P.	Alex, Cheng				
	A.V.P. (Note 1)	S.Y., Tang				
	A.V.P.	Y.Y., Hsieh				
	A.V.P.	Daphne, Chang				
	A.V.P.	Cindy, Chang				
	A.V.P.	Randy, Lin				
	A.V.P.	Phillip, Cheng				
	A.V.P. (Note 1)	Y.C., Huang				
	A.V.P. (Note 1)	Wing, Lin				
	Manager	Carrie, Wang				

Note 1：A.V.P. S.Y. Tang resigned on 2018.10.1, A.V.P.Y. C. Huang dismissed on 2018.8.1, A.V.P. Wing Lin dismissed on 2018.8.1.

4. Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents：

Title	Ratio of 2017 total remuneration to net income for Directors, Supervisors, President and Vice Presidents (%)		Ratio of 2018 total remuneration to net income for Directors, Supervisors, President and Vice Presidents (%)	
	Syncmold	Consolidated subsidiaries	Syncmold	Consolidated subsidiaries
Directors	2.62％	3.41％	2.59％	3.60％
Supervisor	0.37％	0.37％	0.41％	0.41％
President & V.P.	1.14％	3.08％	1.32％	3.26％

The issuance of salaries, bonuses and employee bonuses to the directors, supervisors, managers, shall be handled in accordance with the relevant regulations of the Articles of Incorporation and the organization and regulations of the Remuneration Committee.

In accordance with the provisions of the company's articles of incorporation, the directors' remuneration shall be based on the profit before income tax of the current year after deducting the employee's remuneration and the benefits of the director's compensation and retaining the accumulated loss amount. If there is still a balance, the employee's remuneration shall not be less than 3%, while the director's compensation shall not be more than 2% in reference of the company's operating results, its contribution to the company's performance to provide reasonable compensation. The president and VP's policy of remuneration shall be handled in accordance with the relevant regulations of the company's remuneration committee depending on the position and responsibility of the company and its contribution to the company's operational objectives, taking into account the characteristics of the industry and the nature of the company's business. Relevant performance appraisal and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations, so as to balance the company's sustainable operation with risk control.

The company has established a remuneration committee in December 2011, and the relevant remuneration of directors, supervisors and managers will be reviewed by the Remuneration Committee and executed after the Board of Directors approves it.

3.3 Corporate Governance

3.3.1 Information on implementation of Board of Directors：

Six meetings （A） were held by the Board of Directors in the most recent year (2018) with their attendance shown as follow：

Title	Name	Attendance in person (Ｂ)	By proxy	Attendance rate in person (%) 【Ｂ/Ａ】	Remarks
Chairman	Chiu-Lang, Chen	6	0	100	
Director	Posen, Chiu	0	0	0	tor Posen Chiu was discharged on 2018.4.30 due to transfer of more than half of his holding during his term.
Director	Tim, Weng	6	0	100	
Director	Chen-Tung, Chen	6	0	100	
Director	Shu-Yen, Chuang	6	0	100	
Independent Director	Yung-Lu, Tsai	6	0	100	
Independent Director	Wen-Hung, Kao	6	0	100	

Other noteworthy matters：

1. State the Board Meeting's date, session, proposal contents, all Independent directors' opinions and the company's actions in response to the opinions if any of the following occurred：

(1) Matters specified in Article 14.3 of Taiwan's Securities and Exchange Act:

BOD	Content of the Motion and Follow-up	Securities and Exchange Article 14-3	Opinions of independent directors
First 2018/3/21	1. Discussion on cash reduction	✓	None
	2. Amendment to the Measures for Acquiring or Disposing of Assets	✓	None
	3. Reconfirmation on derivation products	✓	None
	4. Discussion on loading funds	✓	None
	5. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Taipei Fubon Commercial Bank	✓	None
	6. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Bank SinoPac	✓	None
	7. Amendment on written internal control system	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		
Second 2018/5/9	1. Discussion on loading funds	✓	None
	2. Reconfirmation on derivation products	✓	None
	3. Amendment on written internal control system	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		

Third 2018/8/7	1. Discussion on loading funds	✓	None
	2. Reconfirmation on derivation products	✓	None
	3.Reconfirmation on borrowing amount and assurance for subsidiary endorsement by E Sun Bank	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		
Forth 2018/9/3	1.Discussion on dates and matters related to cash reduction	✓	None
	2. Reconfirmation on derivation products	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		
Fifth 2018/11/5	1. Discussion on loading funds	✓	None
	2. Reconfirmation on derivation products	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		
Sixth 2018/12/28	1.Evaluation and appointment of accountants.	✓	None
	2.Reconfirmation on borrowing amount and assurance by CTBC Bank.	✓	None
	3.Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Mega Bank	✓	None
	4. Reconfirmation on derivation products	✓	None
	5.Amendment on written internal control system	✓	None
	Opinions of independent directors：None.		
	Company's treatment of opinions：None.		
	Resolution results：The matters are approved by all the attendees.		

(2) Opinions or records of independent director on other matters：None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Goal and assessment on strengthen the function of the board in most recent year：

   (1) In order to establish a good corporate governance system and implement corporate culture and corporate social responsibility for integrity management, the company has established "Code of Corporate Governance" with reference to the relevant regulations by the Taiwan Stock Exchange Co., Ltd. and the Securities and Futures Trading Centre of the Republic of China. The Code of Corporate Integrity and the Code of Corporate Social Responsibility, which was approved by the Board of Directors on December 30, 2013, and a dedicated unit promotes the development and supervision of integrity management policies and prevention programs. The unit submits a report on the implementation of the Code of Corporate Social Responsibility and the implementation report of the Code of Corporate Integrity to the Board of Directors. The General Administration is responsible to report to the board of directors on the December 28, 2018 with the implementation of the 2018 Code of Corporate Social Responsibility and the Code of Corporate Integrity.

   (2) In order to select and assess the company's accountants, establish a good corporate governance system, and in accordance with Article 29.2of the Code of Corporate Governance, the assessment should be conducted on a regular basis (at least once a year) to assess the professionalism, independence and competence of the employed

accountant. The Company's assessment of Deloitte & Touche Certified Public Accountants, Tung-Feng Lee and Chih-Yuan Chen,are in compliance with the independent evaluation criteria, and can be appointed as the company's accountant. The report was approved by the board of directors on December 28, 2018.

(3) The board meetings' content, procedures and self-discipline of directors are implemented in accordance with the rules of procedure of the board of directors in 2018 and to May 31, 2019.

3.3.2 Audit committee operation or information on supervisors participating in the Board meeting：

(1)Audit committee operation：Not applicable.。

(2) information on supervisors participating in the Board meeting：

Six board meetings （A） with Supervisor attendance shown as follow：

Title	Name	Attendance in Person （B）	Attendance Rate (%) （B/A）	Remarks
Supervisor	Tung-Ping, Cheng	6	100	
Supervisor	Chin-Chang, Pao	5	83	
Supervisor	Jui-Tai, Wu	6	100	

Other noteworthy matters：

1. Supervisor constitution and duty：

(1) Communication between supervisor, employee and shareholder： Supervisor can communicate directly with employees and shareholders when necessary.

(2) Communication between supervisor, audit manager and CPA：

(2)-1. Audit manager submitted audit report to supervisor the following month. Supervisor has no objection.

(2)-2 Audit manager attends and briefs at boards meeting. Supervisor has no objection.

(2)-3.Supervisors communicate with CPA regarding financial situation intermittently.

2. Statements made by supervisors in the board meeting：None.

3.3.3 The difference between the corporate governance implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and reasons:

Evaluation Item	Implementation Status			Deviating from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles for guidelines on the MOPS.	None
2. Equity structure and shareholder rights (1) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures (2) Does the Company have a list of those who ultimately control the major shareholders of the Company? (3) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	V V V		(1) The Company has a spokesperson, stock affairs supervisor, and associated person assigned to effectively handle shareholder's suggestions or disputes. Legal issues, if any, will be handled with the assistance of the legal affair personnel. (2) Regularly disclose the pledge, increase or decrease of shareholding, or the occurrence of other events that may cause significant changes in the shares of the shareholders with over 10% shareholding; also, maintain a good relationship with the major shareholder at any time for control. (3) The management responsibilities of the Company and the affiliated enterprises are clearly defined; also, business transactions are conducted in compliance with the Company's internal control system and the relevant requirements. For strengthening the control mechanism, the procedures for monitoring	None

(4) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	V		subsidiaries are regulated with proper risk control. (4) Syncmold worked out the “Procedure Preventing Insider Trading” for all employees, managers and board members, as well as those who know the information based on the occupation or control relation to prohibit any behaviors that could be involved in the insider trading, so that can protect the rights and interests of the investors and Syncmold.The related information above is disclosed on our website.	
3、Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1) The Company has established a "Code of Practice for Corporate Governance". The Company's "Code of Practice for Corporate Governance" Article 20 on the diversity of board members is listed as follows： The composition of the board of directors should be considered in a diversified manner, and appropriate diversification policies should be formulated for its own operation, operational type and development needs, including but not limited to the following two standards： 1.Basic requirements and values: gender, age, nationality and culture, etc.	None
			2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. Board members should generally have the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows： 1. Operation judgement 2. Accounting and financial knowledge 3. Business management 4. Crisis	

<table>
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<td>dealing 5. Industry knowledge 6. International market view 7. Leadership 8. Decision-making
Implementation on diversity of the board of directors
<table>
<tr><th>Core Item
Directors</th><th>Gender</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th></tr>
<tr><td>Chiu-Lang, Chen</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Shu-Yen, Chuang</td><td>Female</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td></tr>
<tr><td>Tim, Weng</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Chen-Tung, Chen</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td></tr>
<tr><td>Yung-Lu, Tsai</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Wen-Hung, Kao</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
</table>
Diversity of the board of directors is on our website.</td>
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<tr>
<td>(2) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have another functional committee set up voluntarily?</td>
<td></td>
<td>V</td>
<td>(2) In addition to the remuneration committee according to law, company's corporate governance operations are handled by the respective departments, and no other functional committees are set up and will be assessed as needed.</td>
<td></td>
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</table>

Evaluation Item	Implementation Status			Deviating from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Description	
(3) Does the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year?		V	(3) The company has not yet established a board performance appraisal method and its assessment method. In the future, the company will set up a remuneration committee to assess the performance of directors and supervisor if needed.	
(4) Does the Company have the independence of the public accountant evaluated regularly?	V		(4) Each year, the company review and evaluate CPA independence and requires the accountant to provide "audit accountant's independent statement" before the board of directors decide. Once the Company confirms that there is no other financial interest and business relationship between the accountants and the directors or shareholders, the company submits the proposal of the accountant's appointment and fees to Board of Directors. Independent auditors (CPA), Tung-Feng Lee and Chih-Yuan Chen, of Deloitte Taiwan met all the evaluation and were appointed by the board of directors on December 28, 2018.	

4、Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		In 2018, chairman's office is responsible for corporate governance related matters (including but not limited to providing information required by directors, supervisor to conduct business, handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, handling company registration and change registration, producing meeting reports of board of directors and shareholders meeting etc.). The board of directors passed the resolution on May 9, 2019 for the company to establish a corporate governance team. Yi-Chun Huang, the executive assistant of Chairman, was appointed as the head of corporate governance team to protect shareholders' rights and strengthen the functions of the board of directors. The executive assistant, Yi-Chun Huang, equipped more than three years of working experience on financial and shareholder management in listed company. The main duties are to provide directors and supervisors with the information required to conduct business, assist directors and supervisors to comply with laws and regulations, and handle matters related to the board of directors and shareholders' meeting in accordance with the law. Please refer to the company website for related corporate governance matters.	None

5、Does the company establish a communication channel and build a designated section on its website for stakeholders (including but no limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company maintains good relationships with investors, employees, customers, suppliers and other stakeholders, and has a stakeholder area on the company's website to deliver immediate and appropriate responses to issues raised by stakeholders and important corporate social responsibility issues in response to their concerns. (http：//www.syncmold.com.tw/syncmold-2018/item_interested_person_2018.html)	None
6、Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company commissioned a professional stock affairs service agent, CTBC Bank Stock Agent, to handle the Company’s stock service matters, and with the “Guidelines for Handling of Stock Affairs” stipulated to regulate the relevant operations.	None
7、Information disclosure (1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company’s website (www.syncmold.com.tw) has the shareholder’s section setup to disclose financial information and corporate governance; also, to establish a communication channel for communicating to investors.	None
(2) Does the Company have adopted other information disclosure methods (such as, establishing an English website, designating responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company’s website, etc.)?	V		(2) In addition to setting up a website in both Chinese and English, the company has a spokesperson responsible for external communication. And a designated person is responsible for collecting company information to provide spokespersons and relevant business departments with answers to interested parties and authorities. Via MOPS, earnings call, the company's website and	

			newspapers and magazines, etc., the company exposes financial information to the investing public.	
8、 Are there any other important information(including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		(1) Employee rights and employee care: The company has set up special processing channel for various stakeholders. For example, the management department specializes in handling employee rights, and employee welfare committee is set up to care for the needs of employees. Holiday bonuses, travel, birthday allowance and labor festivals subsidies are provided each year. The system operates smoothly.。 (2) Investor Relations: Establish a communication channel for the spokesperson and agency spokesperson system to respond to shareholders' questions. (3) Supplier Relationship: The company has always maintained a good relationship with its suppliers.	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Description	
			(4) Rights of interested parties: The company respects and safeguards the legitimate rights and interests of stakeholders, and maintains good communication channels with customers, employees, suppliers, etc. The business dealings with related companies under the principle of fairness and reasonableness. Written specifications are set for the financial operations and the transfer of interests and unconventional transactions are prohibited. In accordance with the provisions of the competent authority, the company handles relevant information announcements in a timely manner to provide various company information. (5) Directors and Supervisor's training situation: The directors and Supervisors of the Company have professional capabilities in business, financial accounting and business management. Also, the Corporate Governance Act and related information are regularly updated and provided to the Directors and Supervisors for reference, and the Company will take the initiative to inform the Director and Supervisor if they have	

			obtained relevant corporate governance courses. The training situation has been exposed to the MOPS for reference by shareholders and investors. (6) Implementation of risk management policies and risk measurement standards: The company has established various internal regulations and internal control systems in accordance with the law to conduct various risk management and evaluation. Internal auditing unit regularly and irregularly checks the implementation level of the internal control system. (7) Implementation of customer policy: The Company maintains a good relationship with its customers and provides customer service in accordance with various internal management methods, and "customer satisfaction" is an important part of the quality policy. (8) The acquisition of liability insurance for directors :The Company has acquired liability insurance for directors and supervisors.	

9、 Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions? (If yes, please state the opinion of the board of directors, the self-assessment or outsourcing evaluation results, the main nonconformity or suggestion, and implementation of improvement)

The score the Company received in the 5th AnnualCorporateGovernanceEvaluationwasinthe51-65percentile.

According to the results of the corporate governance evaluation, there are improvement to be made, such as: the company's articles stipulates that the director/supervisor elects via a comprehensive candidate nomination system, the company has more than one-thirds of the directors (including at least the one independent directors) attending the shareholders' meeting and the attendance list will be revealed. The shareholders' meeting will be held before the end of May. Before the shareholders' meeting (previous 30 days, previous 7 days), the English version of the meeting notice, the handbook, the supplementary information of the meeting, and the annual report will be uploaded. The implementation of the diversification policy is disclosed in the annual report and the company website. Voluntary provision of more independent directors to the Act, independent director’s opinions on major issues should be disclosed on annual report, setting up the audit committee that meets the requirements, setting up functional committees other than statutory, the communication between the Independent Director and the internal audit supervisor and accountant is disclosed on the company's website, the company's corporate governance staff, the established board performance evaluation methods or procedures, and approved by the board of directors, the company simultaneously declares important information in English, English version of the annual and interim financial reports, preparation of corporate social responsibility reports, and other reports that disclose non-financial information of the company.

Priorities for improvement: The English version of the meeting notice, the meeting manual, the supplementary information and the annual report will be uploaded before the shareholders' meeting. The implementation of the diversification policy has been disclosed in the annual report and the company website (http://www.syncmold.com. Tw/syncmold-2018/item_directorate_2018.html). In the annual report, the opinions of the Independent Director on the board's major proposals has been disclosed in the annual report. The communication between the independent director and the internal audit supervisor and accountant has been disclosed on the company website (http://www.syncmold.com. Tw/syncmold-2018/item_directorate_2018.html), and corporate governance supervisor has been set up.

Prioritized future enhancement: The Company will actively contact the directors to attend the shareholders' general meeting, to achieve more than a-thirds of the directors (including at least the one independent director) and disclose the attendance list in the attendance list.

3.3.4 Remuneration Committee

3.3.4.1 Remuneration Committee members

Identity	Terms / Name	Over five years of experience and the following professional qualifications			Independence criteria								Serving as a Remuneration Committee member of another public company	Remarks
		University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate experiences	1	2	3	4	5	6	7	8		
Independent Director	Yung-Lu ,Tsai	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Independent Director	Wen-Hung ,Kao	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Others	MING-JU,REN	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	

Note: A "✓" is marked in the space beneath the respective column when a director or supervisor has met that condition during the two-year prior to election and during his or her period of service; the conditions are as follows:

(1) Not employed by the Company or an affiliated business.
(2) Not a director or supervisor of the Company or its affiliated company. This restriction does not apply to independent directors of subsidiaries in which the company or its parent company directly or indirectly holds over 50% of the shareholder voting rights.
(3) company shares or being a top-10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement.
(4) Neither a spouse, second-degree relative, nor a fifth degree direct relative of the persons listed under the previous three items.
(5) Neither a director, supervisor or employee of an institutional shareholder directly owning more than 5% of the company's outstanding shares, nor one of the company's top-five institutional shareholder.
(6) Neither a director, supervisor, manager or shareholder holding more than a 5% stake in certain companies or institutions that have a financial or business relationship with the Company.
(7) Not a professional who provides commercial, legal, financial, and accounting services or consulting to the Company or its affiliated companies, proprietor, partner, owner of a company or an institution, partner, director (executive), supervisor (executive), manager, and their spouses.38
(8) Standing does not match any of the scenarios described in Article 30 of the Company Law.

3.4.2 The responsibility of Remuneration Committee：

A. Establish and regularly review the policies, systems, standards and structures of directors, supervisors and managers for performance evaluation and compensation.
B. Regularly evaluate and determine the salary remuneration of directors, supervisors and managers.
C. When the salary remuneration committee performs the functions, it shall be based on the following principles, but the supervisor remuneration proposal shall be submitted to the board of directors for discussion, and the supervisor salary remuneration shall be prescribed by the company's articles of incorporation or the

resolution of the shareholders' meeting authorizing the board of directors to:

a. Supervisor and manager's performance appraisal and salary remuneration should refer to the normal level of the peers, and consider the relevance of individual performance, company operating performance and future risks.

b. Directors and managers should not be led to engage in aggressive risk appetite for the pursuit of salary remuneration.

c. The ratio of dividends paid to the short-term performance of directors and timing of changes in salary compensation to senior managers should be determined by considering the industry characteristics and the nature of the company's business.

D. The salary remuneration referred to in the preceding paragraph includes cash remuneration, stock options, dividend share, retirement benefits or resignation benefits, various allowances and other measures with substantial rewards shall be in accordance with the guidelines for the record of the annual report of the public company. The directors, supervisors and managers are paid the same. When the board of directors advising remuneration committee, it should consider the amount of salary remuneration, the payment method and the company's future risks.

E. The remuneration of the directors and managers of the subsidiaries shall be submitted to the board of directors of the company for discussion. After being advised by the remuneration committee, they are subject to the approval of the board of directors

3.4.3 Operation of remuneration committee

A. There are three members in Remuneration Committee of the Company.

B. Current term of office: June 26, 2017 to June 12, 2020; the most recent year The Board held 3 meetings (A) with the attendance record and qualification of Committee members as follows：

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Yung-Lu,Tsai	3	100	
Independent Director	Wen-Hung,Kao	3	100	
Others	MING- JU,REN	3	100	

Other noteworthy matters：

1. Remuneration committee responsibilities: Establish and regularly review policies, systems, standards and structures for performance evaluation and compensation for directors, supervisors and managers; regularly assess and define the remuneration of directors, supervisors and managers.
2. If the board of directors does not adopt or amend the recommendations from the remuneration committee, it shall state the date and time of the board meeting, the content of the proposal, the results of the resolutions and the company's treatment of the opinions of the compensation committee.(If the salary paid by the board of directors is better than the salary compensation committee's recommendations, the rates and reasons should be stated)： None.
3. If the board of directors does not adopt or amend the recommendations from the remuneration committee, it shall state the date and time of the board meeting, the content of the proposal, the results of the resolutions and the company's treatment of the opinions of the compensation committee.(If the salary paid by the board of directors is better than the salary compensation committee's recommendations, the rates and reasons should be stated)： None.

C. Dates, motions and resolutions of remuneration committee in 2018

Date	Resolution
2018.03.09	1. Review 2017 annual directors' compensation and employee compensation distribution proposal
2018.07.30	1. Review 2017 directors and supervisor compensation distribution proposal. 2. Review 2017 management compensation distribution proposal.
2018.12.14	1. Review the second allocation of 2017 management employee bonus 2. Review 2018 management year-end bonus proposal. 3. Review 2019 manager promotion and salary adjustment plan.

3.3.5 Corporate Social Responsibility

Item	Implementation Status			Deviations from “CorporateSocialResponsibilityBest - PracticePrinciplesforTWSE/GTSMListedCompanies”andReasons
	Yes	No	Summary	
1. Substantiation of corporate governance ( ) Does the Company have the CSR policies or systems established and the implementation effect reviewed?	V		(1) The company has established a Code of Practice for Corporate Social Responsibility, clearly stating to comply with the relevant provisions of corporate social responsibility. The General Administration Division acts as a responsible window. The members include all employees of the General Administration Division. Its role is to integrate all units to promote corporate social responsibility related business. The implementation results are reported to the board of directors every year. The responsible unit of has reported to the board of directors on the December 28, 2018.	None.
(2) Does the Company have the CSR education and training arranged on a regular basis?	V		(3) The Company has successively carried out propaganda instructions for corporate social responsibility for various departments and personnel and continued to hold non-scheduled social training programs according to different themes or according to customer needs.	None.
(3) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(3) The General Administration Division acted as the exclusive window integrating the management department and the production units to jointly promote the corporate social responsibility related business. The report was reported to the	None.

			board of directors on December 28, 2018.	
(4) Does the Company have a reasonable salary and remuneration policy setup, have the employee performance evaluation system combined with corporate social responsibility policies, and have a clear and effective reward and punishment system established?	V		(4) The company regularly evaluates operating costs, profitability, price index, internal and external salary equality and performance management, combines social responsibility considerations to establish a reasonable salary compensation policy, and plans to implement incentives and rewards and punishments in the company's regulations and related management methods.	None.
2. Development of sustainable environment (1) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environment?	V		(1) The company promotes the recycling of paper and promotes the recycling and reuse of waste resources and carries out paperless operations. The company's production process does not have a procedure for harmful substances, and the wastes of the production are receipted and recycled by professional manufacturers.	None.
(2) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(2) Environmental and safety and health management systems have been established and ISO14001, OHSAS 18001 and other certifications have been obtained.	None.
(3) Does the Company pay attention to the impact of climate change on the operational activities, implement greenhouse gas check, and form an energy-saving, carbon-reduction, and greenhouse emissions reduction strategy?	V		(3) The Company pays attention to the impact of climate change on operational activities. The Company and its subsidiaries advocate the closure of power supply, reduces the use of lamps in non-office areas, recycles and reduces	None.

			waste, and promotes the importance of energy conservation and carbon reduction. The office glass window has been fully applied a heat-insulating film. The heat-insulating film reduces the indoor temperature, reduces the electricity consumption of the air conditioner in summer, and continues to achieve energy-saving effects. In August 2017, office windows are fully covered by heat-insulating and heat-insulating film. The heat-insulating film is used to reduce the indoor temperature, so as to reduce the electricity consumption of the summer air-conditioning and achieve energy-saving effects. In 2018, the office building was monitoring by energy-saving manufacturers using data and cloud services, it showed a 30% reduction of electricity consumption.	
3. Maintenance of social welfare (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1) The company respects the internationally recognized basic human rights and fulfills its corporate social responsibilities. All management regulations are in compliance with and comply with relevant government regulations and are committed to complying with international social responsibility regulations to ensure employee rights and interests.	None.
(2) Does the Company have the complaint mechanism and channel established for employees and have it	V		(2) The company has an employee complaints channel and a staff care counseling mechanism	None.

handled properly?			to handle employee complaints or labor dispute mediation.	
(3) Does the Company provide employee with a safe and healthy working environment, and provide safety and health education to employees regularly?	V		(3) The working environment complies with the relevant regulations of the government occupational safety and health and provides various safety and health education and training sessions according to the relevant regulations on occupational safety and health.	None.
(4) Does the Company have established a mechanism of periodical communication with employees and have the employee notified in a reasonable manner regarding the potential impact of the operation changes.	V		(4) Established communication management procedures and a systematic communication mechanism, the management maintains communication with employees through regular interviews. The company has an electronic bulletin board allowing employees to instantly receive important information.	None.
(5) Does the Company have an effective career capacity development training program established for the employees?	V		(5) The company prepares annual employee education, training programs and special lectures every year, covering functional training, logical and innovative thinking and physical and mental development, to enhance the professional competence of employees, innovative thinking and balance physical and mental development.	None.
(6) Does the Company have the relevant consumer protection policies and complaint procedures established in the sense of R&D, procurement, production, operations, and service processes?	V		(6) The company and its subsidiaries have established customer complaint procedures with a satisfaction-oriented quality system and set up stakeholder areas on the company's website to provide employees, customers, suppliers, government agencies, shareholders, investors an effective complaint channel for various	None.

			stakeholders (http://www.syncmold.com.tw/syncmold-2018/item_interested_person_2018.html).	
(7) Does the Company have products and services marketed and labeled in accordance with the relevant regulations and international norms?	V		(7) The base products mainly produced belong to the spare parts of the display products. Therefore, the relevant brand marketing and obvious labeling are not carried out for the terminal use. However, the company will avoid infringement when designing and developing the products and the relevant results will apply for patents and comply with international standards.	None.
(8) Does the Company have the suppliers checked in advance for any records of impacting the environment and society?	V		(8) The company has already complied with relevant regulations on environmental protection, safety or health issues as requested by supplier. When evaluating the procurement target, the implementation system of environmental protection is included in the consideration and the supplier is required to work together to maintain the environment, save energy and reduce carbon. The new third-party vendor evaluation follows three points. (1) Is it clear to the non-use of environmentally hazardous substances? (2) Whether to comply with national and global legal measures (3) Is there a mechanism for not using harmful substances?	None.

			In the supplier contract, the supplier is required to comply with the relevant environmental, safety, occupational health, fire, labor and ethics regulations, and has a compensation clause. If it continues to fail to improve, it will no longer be listed as a qualified supplier of the company.	
(9) Does the contract signed by the Company with the major suppliers entitle the Company to have the contract cancelled or terminated at any time when the suppliers violate the CSR policies that have a significant impact on the environment and society?	V		(9) To make the products comply with the environmental protection related substances specifications, the company clearly declares the requirements for environmental protection related substances to the suppliers. The suppliers are promised that materials violating regulation should not be directly or indirectly flowed into the company through third parties. The supplier guarantees its products fully comply with this regulation. If violated, the company will start the elimination mechanism and prioritize the elimination, at the same time, strengthens cooperation with suppliers and follows corporate social responsibility policies together.	None.
4. Strengthening information disclosure (1) Does the Company have the relevant and reliable CSR information disclosed on the Company's website and MOPS?	V		(1) Pose the plan, operation and implementation of corporate social responsibility on the company's website; and disclose relevant information on fulfilling social responsibility in the annual report. (http://www.syncmold.com.tw/syncmold-2018/item_social_responsibility_2018.html)	None.

5. If the Company has the “Corporate Social Responsibility Best-Practice Principles” stipulated in accordance with the “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies,” please state its deviation: The relevant regulations on corporate social responsibility are set in the company's personnel, environmental protection, safety and health standards, in line with the requirements of the law.

6. Other noteworthy information regarding to SCR：

1.Everionmental, health and safety：

(1) The company has established an environmental, health and safety management system and obtained ISO14001, ISO9001 and other certifications. In 2017 and 2018, we continued to carry out internal education training on ISO9001 and ISO14001, enhance our colleagues' awareness of relevant laws and regulations, implement various systems formulated by the company, achieve product quality assurance, and achieve the goal of saving energy, protecting the environment, and protecting the global environment.

(2) The company is committed to improving the efficiency of the use of various resources, promoting the recycling of paper and other waste resources, and the implementation of paperless operations. The company's production procedures do not produce hazardous substances. The production wastes such are recycled by professional manufacturers.。

(3) The office glass window has been fully applied with heat-insulating film. The heat-insulating film reduces the indoor temperature, the electricity consumption of AC in summer, and achieve energy-saving effects. As of August 2017, all the office windows applied heat-insulating film reducing the indoor temperature and electricity consumption.

(4) In 2018, the office building was monitoring by energy-saving manufacturers using data and cloud services, it showed a 30% reduction of electricity consumption.

2. Following internationally recognized basic human rights, fulfill corporate social responsibility, and protect the basic human rights of all colleagues, customers and stakeholders. According to the company's characteristics and operational development strategy, the company will conduct risk assessments on human rights issues from time to time. Relevant risk issues are as follows:：

(1)Reasonable working hours：

In order to ensure that employees are not at risk of working long hours, the company specifies working hours and overtime hours and regularly care and manage employee attendance.。

(2) Diversity and equal opportunities：

(a) Ensure that employment policies are not treated differently, implement fairness in employment, compensation and benefits, training, assessment and promotion opportunities, and provide appropriate grievance mechanisms to avoid jeopardizing employee rights

(b)The company complies with relevant labor regulations and protects the legitimate rights and interests of employees. The Company has established "Working Rules" in accordance with the " Labor Standards Act " and clearly stipulates the rights and obligations of both employers and employees. Establish a "Labor Safety and Health Work Code" under the "Labor Safety and Health Work Rules" to prevent occupational disasters and safeguard workers' safety and health. According to Article 7 of the "Taipei County Sexual Harassment Prevention and Autonomous Regulations", the "Sexual Harassment Prevention and Control Management Measures" is formulated to prevent sexual harassment in employment and to maintain gender equality and personal dignity. The company also handles various safety and health education and training in accordance with relevant regulations of the government's occupational safety and health education.

(c)The company attaches great importance to employee career development and regularly examines the gaps between employees' ability and organizational needs to plan training plans for staff capacity enhancement or talent development. The company prepares annual employee education and training programs and special lectures, covering functional training, logical innovative thinking and physical and mental development, to enhance the professional competence of employees, innovative thinking and balance physical and mental development.

(3) Health and safe workplace：

(a) Regular environmental safety checks to avoid potential health and safety risks from work.

(b) The company is committed to providing a safe and healthy working environment for employees. In terms of security and access control management, each office has an access control system at the entrance and exit and cooperates with the security personnel to carry out the relevant control operations. In the fire safety of the building, fire safety inspections and fire drills are regularly conducted every year. In terms of water safety of the building, regular inspections were carried out to clean the reservoir and the quality of drinking water for sampling inspection and announcement. Another implementation of the smoke-free workplace decree to plan outdoor smoking areas, the working environment is in line with government occupational safety and health related regulations.

(c) The company sets up employee welfare committees, organizes various activities and provides various welfare measures to encourage staff morale and strengthen labor-management cooperation. The company regularly handles employee health checks. In July 2018, the employee conducts health checks. In addition to the basic inspection items that should be given according to law, the company increases the budget for health check items.

(d) In 2017, the company established the “Measures for Employee Child Care Subsidy”. In 2018, the number of qualified employees has reached 15 with the total of 25 children, totaling NT$ 150,000 to reduce burden of employee.

(4) Freedom of association：

Colleague has freedom of association, establishes associations and actively promotes societies.

(5) Labor negotiation：

The company has established a systematic staff communication mechanism to maintain communication with employees through regular interviews and a staff complaints pipeline to handle employee complaints or labor dispute mediation. The company also has an electronic bulletin board, so employees can instantly receive the company's important information.

(6) Privacy protection：

In order to fully protect the privacy rights of customers and all stakeholders, we will establish a sound information security management mechanism and follow strict management and control practices and protective measures.

3. Social welfare：Actively participate in social charity and philanthropy. The major implementation of the last two years from 2016 to 2017 includes: donation contributed “Tainan 0206 earthquake disaster” NT$3 million on the February 6th, 2016, donation of NT$1 million to the Taitung County government due to typhoon Niebot in 2016. In order to practice corporate social responsibility, the company enhances its social image. In addition to continuously donate to Shy-En Upbring Institution, Ming-Te Education and Nursing Institute, Feng Der Education and Nursing Institute etc., the company performs assistance to raise materials and volunteer services, also, sponsored the Huashan Foundation Zhonghe Station to donate money for the dishes in Chinses New Year for the needed and home delivery services.

7. State if the company's corporate social responsibility report has passed the verification criteria of the relevant verification agency：None.

3.3.6 The Company's implementation of corporate governance

Item	Implementation Status			Deviationsfrom "CorporateSocialResponsibilityBest-PracticePrinciplesforTWSE/GTSMListedCompanies"andReasons
	Yes	No	Summary	
1. Formation of ethical management policies and methods				
(1) Does the Company have the ethical management policy and method declared explicitly in the Articles of Incorporation and external documents; also, the commitment of the board of directors and the management to actively implement the operating policies?	V		(1) The company has established an "integrity management operation procedure". The General Administration Division acts as the concurrent responsibility window and V.P. Connie Hsu is in charge. Their duties are based on the work and scope of each unit, to develop integrity management policies, prevention program and supervision. Also, ensuring the implementation of the Code of Integrity, and reporting the results of implementation to the Board of Directors every year.	None.
(2) Does the Company have the prevention program for any fraud stipulated; also, have the respective operating procedures, guidelines for conduct, disciplinary actions, and complaints system declared explicitly; also have it implemented substantively?	V		(2) The Company has established an "integrity operation procedure", including procedures for how to prevent untrustworthy behavior and accept improper interests. Through the education and training, we will promote the integrity management policy and combine this policy with the employee performance appraisal and human resources policy to establish a clear and effective reward and punishment system.	None.

(3) Does the Company have preventive measures adopted in response to the conducts stated in Article 7 Paragraph 2 of the “Ethical Management Best Practice Principles for TWSE/GTSM Listed Companies” or other business activities subject to higher risk of fraud?	V		(3) The company has an "integrity operation procedure", which clearly stipulates that all employees shall not directly or indirectly provide or accept any unreasonable gifts, hospitality or other improper benefits and avoid employees sacrificing the company's rights and interests for personal gain. An effective accounting system and internal control system have been established and reviewed at any time to ensure that the design and implementation of the system continues to be effective.	None.
2. Substantiation of ethical management				
(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed? (2) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?	V V		(1) The company uses customer credit assessment and supplier evaluation to avoid untrustworthy business activities. The relevant integrity behavior clauses are combined with the parties to ensure that their business operations are fair and transparent, and will not require or accepting bribes. (2) The General Administration Division is responsible for the revision, implementation, interpretation, consulting services, notification content, recording and construction, of the “integrity operation procedures”. The division requires to supervise and execute the “integrity operation procedures” and report to the board of directors on a regular basis.	None. None.

(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(3) The company has established the regulation of the board of directors according to law. If the directors have interests in the resolutions listed by the board, the legal persons of their own or their representatives, which are harmful to the interests of the company, are avoided during discussion and voting.	None.
(4) Does the Company have established effective accounting systems and internal control systems to substantiate ethical management; also, have audits performed by the internal audit unit on a regular basis or by the commission CPAs?	V		(4) In order to implement the integrity management, the company has established an effective accounting system. The internal auditors regularly check the accounting system and the internal control system and make an audit report to the board of directors.	None.
(5) Does the Company have organized ethical management internal and external education and training programs on a regular basis?	V		(5) The company will regularly organize internal and external education training on integrity management. The higher management will convey the importance of integrity to its employees from time to time. In 2018, the company held internal and external education training on integrity management with a total of 86 people and 599 hours (including integrity management regulations, corporate governance practices, accounting systems and internal control).	None.
3. The operation of the Company's Report System				

(1) Does the Company have a specific report and reward system stipulated, a convenient report channel established, and a responsible staff designated to handle the individual being reported?	V		(1) In order to establish the internal and external reporting pipelines and handling systems of the company, the company established regulation on "treatment for illegal and unethical or dishonesty" for the implementation of Code of Ethics and the Code of Business Conduct for the directors, supervisor and managers and ensure the legal rights of prosecutors.	None.
(2) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported?	V		(2) The company's reporting procedures have a confidentiality mechanism for information of the parties.	None.
(3) Does the Company have taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	V		(3) The company's reporting procedures have a confidentiality mechanism that prohibits retaliation against informants.	None.
4. Strengthening information disclosure				
(1) Does the Company have the content of ethical management and its implementation disclosed on the website and MOPS?	V		The company publishes the work plan, operation and execution of integrity management on the website(http://www.syncmold.com.tw/syncmold-2018/item_integrity_management_2018.html), and announces the integrity of business practices, corporate culture and business policies in the MOPS.	None.
5. If the Company has the “Ethical Management Best-Practice Principles” stipulated in accordance with the “Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies,” please state its deviating from the “Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies” in operation: ： The company has “Code of corporate integrity” which in compliance with the “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies.”				

6. Other important information helpful in understanding the ethical management operation: (Such as, the Company has its Ethical Management Best-Practice Principles reviewed and amended, etc.) The company is engaged in commercial activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the policy of honesty and integrity, and actively prevent unscrupulous behaviors, the company has established a “Code of Corporate Integrity” to specifically regulate the matters that employees should pay attention to when conducting business. The company abides by the Company Act, the Securities and Exchange Act, the commercial accounting law and other relevant regulations and the relevant regulations on public company, as the basis for the implementation of integrity management. The company has created a "comment box" on the company's internal website as a complaint mechanism pipeline and reporting procedure and has a dedicated person to handle it. In addition, the comment box is set up on the company's website in the stakeholder area to provide an effective complaint channel for all stakeholders (http：//www.syncmold.com.tw/syncmold-2018/item_interested_person_2018.html).

3.3.7 Query on corporate governance related policies

The company has announced the following policies on the company's website: articles of incorporation, acquisition or disposal of asset, endorsement guarantee operations, fund loans, internal major information management, code of corporate governance, code of integrity practice, code of corporate social responsibility, code of ethic for directors, supervisor and management, treatment of illegal and unethical or dishonest conduct.

3.3.8Other important information helpful in understanding the corporate governance operation

(1) The Company has formulated “Internal Major Information Management Practice” and regularly reminds directors, supervisors, managers and all colleagues to avoid violations on insider trading.

(2) The company announces the code of corporate governance, code of integrity practice, and the code of corporate social responsibility to its internal staff, such as directors, supervisors and managers.

3.3.9 Status of Implementation of Internal Control System

3.3.9.1 2018 Statement of Internal Controls

Syncmold Enterprise Corp.

Statement of Internal Controls

Date：March 14, 2019

According to the examination on internal control system done by the Company itself in 2018, we hereby states as follows:：

1. The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
2. Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
4. The Company has examined the effectiveness of each respected area in the

internal control system based on the Guidelines.

5. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2017 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and company policies

6. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Taiwan's Security and Exchange Act.

7. The Company hereby declares that this statement had been approved by the Board of Directors on March 14, 2019. Among the 6 attending Directors, to the contents of this statement.

3.33.9.2 If the accountant is appointed to examine the internal control system, the accountant's review report should be disclosed：None.

3.3.9.3Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report); important errors committed; and correction and improvement procedures: None

3.3.9.4Important resolutions made by the Shareholders' Meeting and Board of Directors by the end of 2017 and the printing date of the annual report：

(1) Resolutions and Implementation of 2018 Shareholders' Meetings

Meeting Date	Summary	Resolutions	Implementation
2018.06.29	1.Acknowledge 2017 final statement	Approved	
	2. Acknowledge 2017 earnings distributionCash dividends of NT$ 824,827,805, and cash dividends of NT$ 5 per share.	Approved	2018.07.23 is set as cash dividend ex-dividend date and cash dividend of NT$ 824,827,805 on 2018.08.15.
	3.Discussion on cash reductionCash reduction of NT$ 412,413,900 and cash refund of NT$ 2.5 per share.	Approved	The capital reduction case was approved by the Financial Supervisory Commission 2018.08.20 No. 1070328691. The board of directors resolved and announced that the capital reduction base date was 2018.09.03 for the cash reduction of NT$ 412,413,900. and the retirement of 41,241,390 shares. Also, the Ministry of Economic Affairs 2018.09.12 authorized No. 10701117370 approved change of registration The base date of the capital reduction was 2018.11.02, and the new stocks were listed on 2018.11.05 and the old stocks were stop circulation.
	4.Discussion on amendment to the Policies for Acquiring or Disposing of Assets	Approved	Announced on the company's website and implemented in accordance with the revised version.

(2) Resolutions and Implementation of Board Meetings

Meeting Date	Summary	Resolutions
2018.03.21	1. Acknowledgment of 2017 final statement	Approved by all attending directors without objection.
	2. Acknowledgment of the 2017 earnings distribution	Approved by all attending directors without objection.
	3. Remuneration distribution on 2017 employee, director and supervisor	Approved by all attending directors without objection.
	4. Implementation on cash reduction	Approved by all attending directors without objection.
	5. Acknowledgment of 2017 Statement of Internal Controls	Approved by all attending directors without objection.
	6. Amendment to the Measures for Acquiring or Disposing of Assets	Approved by all attending directors without objection.
	7.Issuance of new shares for second domestic unsecured convertible corporate bond	Approved by all attending directors without objection.
	8. Reconfirmation on derivation products	Approved by all attending directors without objection.

	9. Discussion on loading funds	Approved by all attending directors without objection.
	10. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Taipei Fubon Commercial Bank	Approved by all attending directors without objection.
	11. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Bank SinoPac	Approved by all attending directors without objection.
	12 Plan to hold 2018 annual shareholders' meeting	Approved by all attending directors without objection.
	13. Acceptance of shareholder proposals and shareholder related matter on 2018 annual shareholders' meeting	Approved by all attending directors without objection.
	14.Amendment on written internal control system	Approved by all attending directors without objection.
2018.05.09	1. Discussion on loading funds	Approved by all attending directors without objection.
	2. Reconfirmation on derivation products	Approved by all attending directors without objection.
	3. Amendment on written internal control system	Approved by all attending directors without objection.
2018.08.07	1. 2017 remuneration distribution for director and supervisor	Approved by all attending directors without objection.
	2. 2017 remuneration distribution for employee	Approved by all attending directors without objection.
	3. Discussion on loading funds	Approved by all attending directors without objection.
	4. Reconfirmation on derivation products	Approved by all attending directors without objection.
	5. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by E Sun Bank	Approved by all attending directors without objection.
2018.09.03	1.Discussion on dates and matters related to cash reduction	Approved by all attending directors without objection.
	2. Reconfirmation on derivation products	Approved by all attending directors without objection.
2018.11.05	1. Discussion on loading funds	Approved by all attending directors without objection.
	2. Reconfirmation on derivation products	Approved by all attending directors without objection.
2018.12.28	1. 2019 annual operating budget plan	Approved by all attending directors without objection.
	2. 2019 internal audit plan	Approved by all attending directors without objection.
	3. Evaluation on CPAs independence and appointment	Approved by all attending directors without objection.
	4.Reconfirmation on borrowing amount and assurance by CTBC Bank.	Approved by all attending directors without objection.
	5.Reconfirmation on borrowing amount and assurance by Mega Bank.	Approved by all attending directors without objection.
	6. Reconfirmation on derivation products	Approved by all attending directors without objection.
	7.Amendment on written internal control system	Approved by all attending directors without objection.

2019.03.14	1. Amendment on Article of Incorporation	Approved by all attending directors without objection.
	2. Acknowledgment of 2018 final statement	Approved by all attending directors without objection.
	3. Acknowledgment of the 2018 earnings distribution	Approved by all attending directors without objection.
	4. Remuneration distribution on 2018 employee, director and supervisor	Approved by all attending directors without objection.
	5.Amendment to the Measures for Acquiring or Disposing of Assets	Approved by all attending directors without objection.
	6. Amendment on "Funding to Others"	Approved by all attending directors without objection.
	7. Amendment to the “Endorsement Guarantee Measure”	Approved by all attending directors without objection.
	8. 2018 statement of internal controls	Approved by all attending directors without objection.
	9. Discussion on loading funds	Approved by all attending directors without objection.
	10. Reconfirmation on derivation products	Approved by all attending directors without objection.
	11.Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Bank SinoPac	Approved by all attending directors without objection.
	12 Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Taipei Fubon Commercial Bank	Approved by all attending directors without objection.
	13. Plan to hold 2019 annual shareholders’ meeting	Approved by all attending directors without objection.
	14.Acceptance of shareholder proposals and shareholder related matter on 2019 annual shareholders’ meeting	Approved by all attending directors without objection.
	15.Amendment on written internal control system	Approved by all attending directors without objection.
2019.05.09	1.Amendments to the “Code of Practice on Corporate Governance”	Approved by all attending directors without objection.
	2.Established “Standard Operating Procedures for Handing Directors Request”	Approved by all attending directors without objection.
	3.Established “Regulation on Board of Directors Self-assessment or Peer Review”	Approved by all attending directors without objection.
	4. Appointment of Corporate Governance Head	Approved by all attending directors without objection.
	5. Discussion on loading funds	Approved by all attending directors without objection.
	6. Reconfirmation on derivation products	Approved by all attending directors without objection.
	7.Cancellation on discussion of subsidiary loan procedure and endorsement guarantee	Approved by all attending directors without objection.

3.3.9.5 The contents of the board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing in the most recent year or up to the publication of the annual report: None

3.3.9.6The resignation or dismissal of the Company’s Chairman, President, Accounting Officer, Finance Office and Internal Audit Director in the most recent year or up to the publication of the annual report: None

3.4 Audit Fees

Range of Audit Fee

CPA Firm	Name of CPAs		Audit Period	Remark
Deloitte & Touche	Tung-Feng Lee	Chih-Yuan Chen	2018	

Monetary unit：NT$ in thousands

Fee Range	Fees Items	Audit fee (Note)	Non-audit fee	Total
1	Under NT $2,000,000		ˇ	
2	NT$2,000,001 ~ $4,000,000			
3	NT$4,000,001 ~ $6,000,000			
4	NT$6,000,001 ~ $8,000,000	ˇ		ˇ
5	NT$8,000,001 ~ $10,000,000			
6	Over NT$100,000,000			

Note：The audit fee includes Syncmold and its consolidated subsidiary.

3.4.1Non-audit fee account for more than a quarter of audit fee：None

Unit：NT$ in thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fees					Audit Period	Remark
			System Design	Company Registration	Human Resource	Others	Subtotal	Audit Period	
Deloitte & Touche	Tung-Feng Lee Chih-Yuan Chen	6,400	-	-	-	762	762	The year of 2018	1.The audit fee includes Syncmold and its consolidated subsidiary. 2.Other contents include the review of annual report, the direct deduction of business tax, the review of cash reduction and the reports on the transfer pricing.

3.4.2If a new CPA Firm is commissioned to serve for an audit fee less than the year before, please disclose the audit fee amount before and after the CPA replacement arranged and the reason for doing so: None

3.4.3If the audit fee of current year is more than 15% less than the year before, please disclose the audit fee amount and ratio reduced and the root cause of the fee reduction: None

3.5 Information For Change Of CPA

3.5.1 Regarding Former CPA

<table>
<tr><td>Accountant changed date</td><td colspan="4">December 29, 2017</td></tr>
<tr><td>Reason and explanation for the change</td><td colspan="4">The Company's previous certified public account (CPA) had been Tung-Feng Lee and Jing-Ren Chang from Deloitte & Touche Taiwan. Due to internal adjustments from Deloitte & Touche, the Company's current CPA have been changed to Tung-Feng Lee and Chih-Yuan Chen.</td></tr>
<tr><td rowspan="3">Explanation for termination or refusal of appointment from the company or the accountant</td><td colspan="2">Status of the party</td><td>CPA</td><td>Company</td></tr>
<tr><td colspan="2">Active termination of contract</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">No longer accepting commission</td><td>None</td><td>None</td></tr>
<tr><td>Audit opinion and reasons for opinions other than issuance of unqualified-standard wording in the most recent two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences of opinion with financial statement issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statement</td></tr>
<tr><td></td><td colspan="2">Scope of verification or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Comment：None</td></tr>
<tr><td>Other matters of disclosure (disclosed as Article10.5.(1).4)</td><td colspan="4">None</td></tr>
</table>

3.5.2 About successor CPA

Name of the Accounting Firm	Deloitte & Touche Taiwan
Name of CPA	Tung-Feng Lee and Chih-Yuan Chen
Appointed date	December 29, 2017
Consultation for the accounting methods or accounting principles and likely opinions that may be issued for the financial statements and results for specific transactions before appointment	None
Written opinion from successor CPA for expressing different opinions from the previous CPA	None

3.5.3Reply of the former accountant to the publicly listed company annual report should be recorded in the accordance to Article 10, paragraph 5, Item 1 and Item 2：

The Company and the former accountant have no different opinions on the Articles 10, 5, 1 and 2 of the criteria for the record of the public company's annual report.

3.6 The Chairman, President, And Managers Responsible For Finance Or Accounting Who Had Held A Position In The CPA Office Or Its Affiliates：None

3.7 Changes In The Shares Held And Pledged By Directors, Supervisors, Managers, And Major Shareholders Holding Over 10% Of Outstanding Shares In The Most Recent Year And Up To The Publication Of The Annual Report：

3.7.1 Changes in holdings of directors, supervisors, managers and shareholders with holding exceeding 10%：

Unit：Share

Title	Name	2018		As of April 22,2019	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Chairman	Chiu-Lang, Chen	1,450,000 (1,769,404)	0	0	0
Director (Note 1)	Posen, Chiu	(1,737,027)	0	(460,000)	0
Director	Tim, Weng	(915,861)	0	0	0
Director	Chen-Tung, Chen	(639,562)	0	0	0
Director	Shu-Yen, Chuang	(150,000)	0	0	0
Director	Yung-Lu, Tsai	0	0	0	0
Director	Wen-Hung, Kao	0	0	0	0
Supervisor	Tung-Ping, Cheng	(145,000)	0	0	0
Supervisor	Chin-Chang, Pao	0	0	0	0
Supervisor	Jui-Tai, Wu	70,059 (122,674)	0	0	0
V.P.	Connie, Hsu	(20,963)	0	0	0
V.P.	Gray, Yan	11,000 (3,000)	0	0	0
V.P.	Alex, Cheng	(5,309)	0	0	0
A.V.P. (Note 2)	S.Y., Tang	0	0	0	0
A.V.P.	Y.Y., Hsieh	0	0	0	0
A.V.P. (Note 2)	Y.C., Huang	(2,000)	0	0	0
A.V.P.	Daphne, Chang	0	0	0	0
A.V.P.	Cindy, Chang	0	0	0	0
A.V.P.	Randy, Lin	(500)	0	0	0
A.V.P.	Phillip, Cheng	0	0	0	0
A.V.P. (Note 2)	Wing, Lin	(5,000)	0	0	0
A.V.P. (Note 3)	Monty, Chen	0	0	0	0
A.V.P. (Note 3)	Toni, Kao	0	0	0	0
Manager	Carrie, Wang	0	0	0	0

Note 1：Director Posen Chiu was discharged on 2018.4.30 due to transfer of more than half of his holding during his term.

Note 2：A.V.P. S.Y. Tang resigned on 2018.10.1, A.V.P.Y. C. Huang dismissed on 2018.8.1, A.V.P. Wing Lin dismissed on 2018.8.

Note 3：A.V.P. Monty Chen appointed 2019.01.1、A.V.P. Toni Kao appointed on 2019.01.1

3.7.2 Equity transfer information：None

3.7.3 Equity pledge information：None

3.8 Top-10 shareholders being the related party as defined in statement of finance accounting:

Information on relationships among the top ten shareholders

As of April 22, 2019

NAME	CURRENT SHAREHOLDING		SPOUSE'S/MINOR'S SHAREHOLDING		SHAREHOLDING BY NOMINEE ARRANGEMENT		NAME AND RELATIONSHIP BETWEEN THECOMPANY'S TOP TEN SHAREHOLDERS, ORSPOUSES OR RELATIVES WITHIN TWODEGREES		REMARK
	Shares	(%)	Shares	(%)	Shares	(%)	Name	Relations	
Chiu-Lang,Chen	5,308,211	4.29%	93,022	0.08%	2,300,000	1.86%	Jianhong, Chen	first-degree relatives	
							Jianyuan, Chen	first-degree relatives	
Fuyan Investment Co., Ltd.	4,015,139	3.25%	-	-	-	-	Chiu-Lang ,Chen	first-degree relatives	
(Representative: Jianyuan, Chen)	2,917,717	2.36%	-	-	-	-	Jianhong, Chen	second-degree relatives	
Citibank (Taiwan) Commercial Bank is entrusted to the Norwegian Central Bank Investment Account	3,067,500	2.48%	-	-	-	-	-	-	
Jianyuan, Chen	2,917,717	2.36%	-	-	-	-	Chiu-Lang ,Chen	first-degree relatives	
							Jianhong, Chen	second-degree relatives	
Jianhong, Chen	2,904,750	2.35%	-	-	-	-	Chiu-Lang ,Chen	first-degree relatives	
							Jianyuan, Chen	second-degree relatives	
Tim, Weng	2,747,581	2.22%	-	-	-	-	-	-	
Guanzhen Investment Co., Ltd.	2,693,647	2.18%	-	-	-	-	Chiu-Lang ,Chen	first-degree relatives	
(Representative: Jianhong, Chen)	2,904,750	2.35%	-	-	-	-	Jianyuan, Chen	second-degree relatives	
Hongbo Investment Co., Ltd.	2,300,000	1.86%	-	-	-	-	Jianhong, Chen	first-degree relatives	
Office(Representative: Chiu-Lang ,Chen)	5,308,211	4.29%	-	-	-	-	Jianyuan, Chen	first-degree relatives	
Standard Chartered Bank entrusted with the GMO Emerging Markets Fund	2,186,250	1.77%	-	-	-	-	-	-	
Shu-Yen, Chuang	1,918,684	1.55%	-	-	-	-	-	-	

3.9 The Shares Of The Invested Company Held By The Company, The Company'S Directors, Supervisors, Managers, And Companies Controlled Directly Or Indirectly, And The Aggregated Overall Shareholding Ratio:

As of April 30, 2019

AffiliatedCompanies (Note)	Ownership bytheCompany		Ownership byDirectors, Supervisors,Managers andEntitiesDirectly or IndirectlyControlled by theCompany		Total Ownership	
	Shares	%	Shares	%	Shares	%
Syncmold Enterprise (Samoa) Corp.	3,545,584	100%	-	-	3,545,584	100%
Grand Advance Inc.	-	100%	-	-	-	100%
Syncmold Enterprise (USA) Corp.	-	100%	-	-	-	100%
High Grade Tech Co., Ltd.	2,280,000	38%	-	-	2,280,000	38%
CANFORD INTERNATIONAL LIMITED	-	100%	-	-	-	100%
Fullking Development Limited	-	100%	-	-	-	100%
FULL GLARY HOLDING LIMITED	-	100%	-	-	-	100%
Full Big Limited	-	100%	-	-	-	100%
Forever Business Development Limited	-	100%	-	-	-	100%
Full Celebration Limited	-	100%	-	-	-	100%
Fuzhou Fulfil Tech Co., Ltd.	-	100%	-	-	-	100%
Fujian Khuan Hua Precise Mold., Ltd.	-	100%	-	-	-	100%
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	-	100%	-	-	-	100%
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	-	100%	-	-	-	100%
Suzhou Fulfil Electronics Co., Ltd.	-	100%	-	-	-	100%
Zhongshan Fulfil Tech Co., Ltd.	-	100%	-	-	-	100%
Kunshan Fulfil Tech Co., Ltd.	-	100%	-	-	-	100%
Chongqing Fulfil Tech Co., Ltd.	-	100%	-	-	-	100%
CoreBio Technologies Co., Ltd.	2,500,000	23.83%	-	-	2,500,000	23.83%

IV、CAPITAL OVERVIEW

4.1 Capital And Shares

4.1.1 Source of capital

4.1.1.1 Type of capital

April 22, 2019；Unit：Share

Type	Authorized Capital			Note
	Outstanding Shares (note)	Non-issued Shares	Total	
Registered Common Shares	123,724,171	76,275,829	200,000,000	1. Listed company stock 2. Retained warrants for subscription of 3,000,000 share

4.1.1.2 Formation of capital

April 22, 2019；Unit：1000 Share; NT$ in thousands

Year / Month	Issued price (NT$)	Authorized capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital (NT$1,000)	Capital Increased by Assets Other than Cash	Approval date and document No.
2004.12	10	15,000	150,000	15,000	150,000	Capital increase 125,000 by cash	—	December 13, 2004 Tai.Chai.Chen.I.Tzi No. 09333164610
2005.07	10	40,000	400,000	25,000	250,000	Capital increase 70,000 by cash Capital increase 30,000 by earning	—	July 7, 2005 Tai.Chai.Chen.I.Tzi No. 09432406570
2006.10	10	40,000	400,000	30,810	308,100	Capital increase 58,100 by earning	—	November 17, 2006 Tai.Chai.Chen.I.Tzi No. 09533140020
2007.03	10	40,000	400,000	35,000	350,000	Capital increase 41,900 by cash	—	March 2, 2007 Tai.Chai.Chen.I.Tzi No. 09631749920
2007.09	10	50,000	500,000	41,500	415,000	Capital increase 65,000 by earning	—	September 19, 2007 Tai.Chai.Chen.I.Tzi No. 09632780680
2008.09	10	160,000	1,600,000	45,057	450,565	Capital increase 35,565 by earnings and employee stock option	—	September 19, 2007 Tai.Chai.Chen.I.Tzi No. 09733104880
2008.12	10	160,000	1,600,000	135,169	1,351,685	Merged with Fulfil Tech. Co., Ltd with new issuance of NT$ 901.12 million.	—	February 23, 2009 MOEA.So.Sun.Tzi No. 09801032360
2009.09	10	160,000	1,600,000	135,376	1,353,755	Capital increase 2,070 by employee stock option	—	September 14, 2009 MOEA.So.Sun.Tzi No. 09801210290
2010.04	10	160,000	1,600,000	135,845	1,358,455	Capital increase 4,700 by employee stock option	—	April 21, 2010 MOEA.So.Sun.Tzi No. 09901078050
2010.09	10	160,000	1,600,000	136,040	1,360,408	Capital increase 1,953 by	—	September 16, 2010

						employee stock option		MOEA.So.Sun.Tzi No. 09901208440
2011.07	10	160,000	1,600,000	136,638	1,366,384	Conversion of convertible bond of 598,000 shares	—	July 22, 2011 MOEA.So.Sun.Tzi No. 10001166200
2012.10	10	160,000	1,600,000	137,816	1,378,158	Conversion of convertible bond of 1,177,000 shares	—	October31, 2012 MOEA.So.Sun.Tzi No. 10101225400
2013.02	10	160,000	1,600,000	142,251	1,422,512	Conversion of convertible bond of 4,435,000 shares	—	February 1, 2013 MOEA.So.Sun.Tzi No. 10201022320
2013.04	10	160,000	1,600,000	146,873	1,468,732	Conversion of convertible bond of 4,622,000 shares	—	April24, 2013 MOEA.So.Sun.Tzi No. 10201075050
2013.08	10	160,000	1,600,000	148,592	1,485,901	Conversion of convertible bond of 1,719,000 shares	—	August 5, 2013 MOEA.So.Sun.Tzi No. 10201154290
2013.12	10	160,000	1,600,000	149,856	1,498,563	Conversion of convertible bond of 1,264,000 shares	—	December 6, 2013MOEA.So.Sun. Tzi No. 10201241380
2017.05	10	160,000	1,600,000	153,381	1,533,813	Conversion of convertible bond of 3,525,000 shares	—	May 8, 2017 MOEA.So.Sun.Tzi No. 10601054200
2017.06	10	160,000	1,600,000	158,524	1,585,241	Conversion of convertible bond of 5,143,000 shares	—	June 1,2017 ,MOEA.So.Sun.Tzi No. 10601066760
2017.09	10	200,000	2,000,000	161,537	1,615,370	Conversion of convertible bond of 3,013,000 shares	—	September 6, 2017 MOEA.So.Sun.Tzi No. 10601123350
2017.12	10	200,000	2,000,000	163,573	1,635,732	Conversion of convertible bond of 2,036,000 shares	—	December 8, 2017 MOEA.So.Sun.Tzi No. 10601161370
2018.04	10	200,000	2,000,000	164,966	1,649,656	Conversion of convertible bond of 1,392,000 shares	—	April 18, 2018 MOEA.So.Sun.Tzi No. 10701039580
2018.09	10	200,000	2,000,000	123,724	1,237,242	Capital reduction by cash	—	September 12, 2018 MOEA.So.Sun.Tzi No. 10701117370

4.1.2 Shareholder Structure

April 22, 2019；Unit：People；Share；%

Shareholder Structure Quantity	Governments	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
Members	0	3	146	16,594	173	16,916
Total Share Held	0	1,030,000	11,523,758	72,188,409	38,982,004	123,724,171
Shareholdings (%)	0%	0.83%	9.31%	58.35%	31.51%	100.00%

4.1.3 Distribution of common shares：

April 22, 2019；Unit：Share；%

Shares	No. of Shareholders	Total Share Held	Shareholdings (%)
1-999	8,397	2,719,586	2.20
1,000-5,000	6,266	13,942,502	11.26
5,001-10,000	1,185	8,576,498	6.93
10,001-15,000	436	5,628,811	4.55
15,001-20,000	151	2,729,013	2.21
20,001-30,000	169	4,177,145	3.38
30,001-40,000	59	2,100,965	1.70
40,001-50,000	47	2,159,287	1.75
50,001-100,000	88	6,410,360	5.18
100,001-200,000	45	6,346,330	5.13
200,001-400,000	30	8,877,293	7.18
400,001-600,000	11	4,910,422	3.97
600,001-800,000	4	2,739,522	2.21
800,001-1,000,000	6	5,369,226	4.34
1,000,001 股以上	22	47,037,211	38.01
Total	16,916	123,724,171	100.00

4.1.4 List of Major Shareholders

April 22, 2019；Unit：Share；%

Name of Major Shareholders	Share Held	Shareholdings (%)
Chiu-Lang,Chen	5,308,211	4.29
Fuyan Investment Co., Ltd.	4,015,139	3.25
Citibank (Taiwan) Commercial Bank is entrusted to the Norwegian Central Bank Investment Account	3,067,500	2.48
Jianyuan, Chen	2,917,717	2.36
Jianhong, Chen	2,904,750	2.35
Tim, Weng	2,747,581	2.22
Guanzhen Investment Co., Ltd.	2,693,647	2.18
Hongbo Investment Co., Ltd. Office	2,300,000	1.86
Standard Chartered Bankentrusted with the GMO Emerging Markets Fund	2,186,250	1.77
Shu-Yen, Chuang	1,918,684	1.55

4.1.5 Information on Market Price, Book Value, Earnings Per Share and Dividend

unit：NT$；1,000 shares；%

Item			Year 2017	2018	As of March 31, 2019
Market Price Per Share	Highest		73.50	68.90	83.70
	Lowest		60.05	50.9	64.40
	Average		67.05	62.39	73.70
Book Value Per Share	Before distribution		36.19	44.90	47.09
	After distribution		31.19	—	—
Earnings per share	Weighted average shares		160,513	151,407	123,724
	Earnings per share	Before distribution	5.42	5.88	1.45
		After distribution	—	—	—
Dividends per share	Cash dividend (note 1)		5.00	6.50	—
	Stock dividends	Before distribution	—	—	—
		After distribution	—	—	—
	Accumulated unappropriated dividends		—	—	—
Investment return analyses	P/E ratio		12.37	10.61	—
	Price-dividend ratio		13.41	9.60	—
	Cash dividend yield		7.45%	10.42%	—

Note 1：2018 earnings distribution has not yet been approved by shareholders' meeting

Note 2：Formulas for the table：

(1) P/E ratio = Average annual closing price / Earnings per share。

(2) Price-dividend ratio = Average annual closing price / Cash dividend per share

(3) Cash dividend yield = Cash dividend per share / Average annual closing price

4.1.6 Dividend Policy and Execution Status

(1) Dividend Policy

The company is in the growing phrase. The dividend policy will consider future capital need, long-term financial planning and shareholder interests, etc. Each year, the board of directors proposes a distribution proposal to the shareholders meeting. Cash dividend will be 5% to 100% of the total dividend. The actual amount of cash dividend will be approved in shareholders meeting.

In accordance with the provisions of the company's articles of incorporation, the company should deduct the benefits before the employee's remuneration and the director's compensation from profit before income tax. After retaining the amount of accumulated losses, if there is still a balance, the employee's remuneration shall be no less than 3% and the director's remuneration shall not exceed 2%.

Employees' compensation, director's compensation distribution ratio and the employee's compensation in the form of stocks or cash shall be reported by the board of directors to shareholders meeting at a resolution of more than two-thirds of the directors' attendance and a majority of the directors' consent.

Employee compensation, either paid in stocks or cash, includes employees of subordinate companies that meet certain conditions.

If the company's annual final accounts have a surplus, it should first pay taxes and make up for accumulated losses over the years, then, 10% for legal reserve and special surplus reserve according to law or the competent authority. If there is still a surplus, the balance will be added to the accumulated undistributed surplus in the previous year. The board of directors will formulate a distribute proposal and submit it to the shareholders meeting.

The proposed dividend for the year of 2018 is NT$ 804,207,111, which is NT$ 6.5 per share of the cash dividend for the shareholders.

In order to clarify the range of distributable surplus of the company's dividend policy, the board of directors passed the amendments to the articles of incorporation on March 14, 2019 and submitted to the 2019 shareholders' general meeting for resolution. The revised articles of incorporation states that if the company's annual final accounts have surpluses, it should first pay taxes and make up for accumulated losses over the years, then, 10% for the legal reserve, and special reserve if required by law or the competent authority. If there is still surplus, the balance will be added to the accumulated undistributed surplus in the previous year. In the range of zero to 90%, the board of directors will submit a distribution proposal to the shareholders' meeting for the resolution.

(2) Annual proposal for issuance of bonus shares：non-applicable.

4.1.7 Impact of annual proposal for issuance of bonus shares on company performance and earnings per share：non-applicable.

4.1.8 Employee Compensation and Remuneration to Directors and Supervisors：

(1) The percentage and range of employee compensation and remuneration to directors and supervisors on the articles of incorporation：Please referred to the above explanation of 6.(1).

(2) The estimated basis for compensation for employees, directors and supervisors for the current period, calculation basis on the number of shares for employee's compensation and accounting treatment if the actual distribution amount differs from the estimated number：

a. The employee compensation and remuneration to directors and supervisors are NT$ 76,000,000 and 17,000,000, accounting for 8.54% and 1.91% of net income after tax.

b.The calculated basis of stocks for employee compensation：Non-applicable

c. If the actual distribution amount is different from the estimated number, it is regarded as an estimated change and is included in the current profit and loss.

(3) Status of compensation approval by Board of Directors

a. If the actual amount of cash or stock compensation for employee, directors and supervisors is different with the annual expense recorded, the company should disclose, explain and deal with the situation.

Unit： NT$ in thousands

Item	2018 recorded amount	Estimated amount (note)	difference	reason	Status
Employee Compensation	75,903	76,000	97	Due to accounting practice.	If the actual distribution amount is different from the estimated number, it is regarded as 2019 annual expense.
Remuneration to Directors and Supervisors	16,662	17,000	338		

note：Approved by 2018 board of directors.

b. The percentage of amount of employee compensation by stock dividend to individual financial statements net income on the current year and to overall employee compensation： No employee stock dividends during the year

c. Considered the employee compensation, remuneration to directors and supervisors, the earnings per share is calculated as NT$ 5.88 per share.

(4) The actual compensation for employee, directors and supervisors in the previous year. If the actual amount is different with the amount recorded, the company should disclose, explain and deal with the situation.：

unit：NT$ in thousands

Item	2017 recorded amount	Actual amount	Difference	Reason	Status
Employee Compensation	70,096	70,000	(96)	Due to accounting practice.	The difference is regarded as 2018 annual expense.
Remuneration to Directors and Supervisors	15,387	16,000	613		

4.1.9 Situations of the Company’s buy back stocks： None

4.2 Corporate Bond (including overseas corporate bond)：None

4.3 Preferred Stock：None

4.4 Issuance Of Global Depositary Receipts：None

4.5 Employee Stock Option：

4.5.1 Status of issuance of restricted employee warrant certificate

(1)Employee stock warrant certificate which has not expired：NA

(2) The name, acquisition and subscription of the managers and top ten employees who have obtained the employee stock option certificate and the number of the warrants as of the printing date of annual report：None

(3) The issuance of private employee stock option in the last three years and the date of publication of the prospectus：None.

4.5.2 Status of Restricted Employee Stock

(1) The impact of restricted employee stock options which are not fully vested on shareholders equity as of the annual report printed date：None

(2) The name and the status of managers and top ten employees of restricted employee stock accumulated as of the printing date of annual report：None。

4.6 New Shares Issued For Merger Or Acquisitions：

4.6.1 In the most recent year and as printing date of the annual report, the company has completed the merger or acquisition with newly issued stock：None

4.6.2 In the most recent year and as printing date of the annual report, the board of directors has approved the merger or acquisition with newly issued stock：None

4.7 Financing Plans And Implementation：None

V、 OPERATION HIGHLIGHTS

5.1 Business Activities

5.1.1 Business Scoop

(1) Major business operation of the Company

CB01010 Machinery and Equipment Manufacturing
CQ01010 Die Manufacturing
F113010 Wholesale of Machinery
F213080 Retail Sale of Other Machinery and Equipment
CC01110 Computers and Computing Peripheral Equipments Manufacturing
CC01080 Electronic Parts and Components Manufacturing
CC01060 Wired Communication Equipment and Apparatus Manufacturing
F119010 Wholesale of Electronic Materials
F401010 International Trade
F108031 Wholesale of Drugs, Medical Goods
CF01011 Medical Materials and Equipment Manufacturing
CC01070 Telecommunication Equipment and Apparatus Manufacturing
CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
ZZZ99999 In addition to the licensing business, the company can operate business in areas not prohibited or restricted by business laws

(2) Major products and business ratio of the Company

unit：NT$ in thousands；%

Major Product	2017 Net Sales	Percentage of total Net Purchases (%)	2018 Net Sales	Percentage of total Net Purchases (%)
Stand Products	7,907,828	89.14	8,197,244	93.06
Molds	962,930	10.86	611,641	6.94
Total Net Sales	8,870,758	100.00	8,808,885	100.00

(3) The Company’s currently offered products and services

The company's main services are the design, manufacturing, and plastic injection of molding mold, modeling / mechanism design, model making, mold manufacturing, plastic injection of LCD monitor hinge base, LCD TV hinge base, AIO computer hinge base. In terms of hinge products, we provide one-stop shop with full services from the ID review, mechanism design, material selection, sample design / production, exterior design, trial production, mass production. For the plastic mold products, we provides complete services such as design of product appearance and mechanism design, as well as vertical integrated services from molding, sample preparation and injection of plastic products.

Products / Services	Description
Design and manufacture of LCD monitor base, LCD TV base, AIO computer base	LCD monitor hinge base, LCD TV hinge base, AIO computer hinge base, multi-axis (steering) or other special function base and hinge products designed to meet customer needs. We can accommodate with our clients to mass produce, improve yield and incorporate automation in the manufacturing process in various locations.
Mold molding / mechanism design	We provide clients with consistent development process from product design, mechanism design and mold making to plastic injection of finished product for mass-production. We also advise

	our clients on product design improvement and how to reduce mold cost and production cost.
Mold making	To reduce mold development risks, we offer small quantities production for new development products which can be used for marketing purpose.
Mold manufacturing	Based on the 2D and 3D image files provided by clients, we manufacture precision molds with automation equipment such as CNC and electric discharge machining through professional design software design programs.

(4) Plan for developing new products or services

In terms of hinge products, the company invested in the development of composite manufactured parts to simplify product assembly. At the same time, the company will also expand its automatic production equipment to improve product quality. Through the experience of building automatic facility, we will develop parts of automation equipment to expand our business opportunities.

5.1.2 Industry Outlook

(1) Industry status and development

The company main products are LCD monitor stands, hubs and plastic injection molds, plastic injection molding products. The LCD display stand product revenue accounts for about 90% of the company's combined revenue. The applications include LCD monitor stand, LCD TV stand and AIO computer stand. There is a trend for product with high structural strength, thin volume and metal appearance or special treatment appearance. Plastic injection molds and plastic molding products accounted for about 10% of the company's combined revenue. The applications include LCD monitor shells, LCD TV shells, etc., which mainly supply the demand of the Group's internal stand products and the needs of customers' plastic shells. The company has established production sites in Huadong Region, Fujian, Guangdong and Chongqing in mainland China to serve customers nearby. The following remarks are on the status and development of the industry of stand products, plastic injection molds and plastic molding products respectively:

A. Stand Products

The stand products produced by the company are essential components for LCD monitors, LCD TVs, AIO computers, etc. The rotating function for the display is convenient for use and saves space. It is mainly used in Dell, HP, Asus, Acer, AOC., SONY and other international brand, home appliance brand manufacturers’ LCD products. The LCD display industry status is as followed：

With the advance of technology, the traditional cathode-ray tube (CRT) has been completely replaced by flat-panel displays. In flat-panel displays, the most advantageous is price advantage of LCD displays which has also been accepted by the market. With the expansion of TFT-LCD panel capacity and the improvement of technology and yield, the panel price has dropped sharply, which has led to the mainstream application of display. At present, professional display OEMs leaders are TPV, Foxconn, Qisda, Wistron, L&T, Samsung, which account for more than 70% of the world's total shipments. With the competitive advantage of OEMs in this mature industry, the remaining manufacturers will not be able to shake the leading position of the manufacturers in the display industry.

B. Plastic Molding

Mold is an indispensable tool for the mass production of products in the industry from metal, plastic, rubber, glass and other materials. To form a certain shape of the finished product through high temperature, high pressure or high impact process, everything rely on the mold to complete. According to the Ministry of Economic Affairs sorting system, metal molds are divided into five items: die-casting molds, forging dies, stamping dies, plastic molding dies and other molds. The company is a manufacturer of plastic molding dies.

Taiwan's mold industry started later than Europe, the United States and Japan. The application of molds was mainly for electronic communication products. In 1998, the output value reached NT$ 60.4 billion, the highest output value recorded. After that, due to the impact of the Asian financial turmoil, the orders for molds in Southeast Asia decreased. Also, the production costs of domestic land and manpower increased gradually, which led to the transfer of downstream industries to China or Southeast Asian countries, and the output value began to decline year by year. In recent years, the global economy has gradually stabilized under the government's loose monetary policy. The company's plastic molding molds and plastic injection products are mainly for the supply of the Group's needs and client’s demand of shall for their information products.

(2)The supply chain in upstream, midstream and downstream

A. Stand Products

The stand and hinge products produced by the company are mainly used to support LCD monitors, LCD TVs and AIO computers. Meanwhile, the company provides the main components of steering rotation and lifting. The upstream provides the raw material for manufacturing the stand and the hinge, including steel plate material, plastic material, iron (stainless steel) pipe, spring wire and die casting aluminum alloy, zinc alloy, etc. While, the downstream is to assemble all the key components, such as manufactures of monitors for video display and other related functions, or computers and televisions system assembly manufacturers. The relationship is depicted as below：

Upstream	⇨	Steel Plate：Ma Steel、Baosteel、China Steel、Vsc Steel。 Zinc / aluminum alloy：SHUANG TONG、HUA LONG、Sigma。 Plastic material：Chimei、LG、Samsung。
Midstream	⇨	Stand, hinge manufacturing：Syncmold、Shin Zu Shing、Jarllytec。
Downstream	⇨	TV/Monitor/AIO assembly manafucturers：TPV、Foxconn、Wistron、Qisda、L&T。

B.Molds

The molds designed by the company are mainly for the information products, home appliances and other related components. It is located at midstream at the mold industry supply chain. The relationship is depicted as below：

Mold industry relationship chart in Taiwan

Upstream	Tool steel：FKL Taiwan Steel and Tien Wen Trading。 Tungsten carbide：CB-CERATIZIT、Porite Taiwan and Titanco。 Parts：Futaba Taiwan、New Stone、Sen Yun、Chuen Jaang。
Peripheral	Heat treatment：Kaori、Xing Guang、HISEN ENTERPRISES、Shin Kwang and NIHON PARKERIZING。 Surface treatment：Princo、HUI TAI。 CAD/CAM/CAE system：Darcam、SolidWizard、Parametric、ugintech、Cimatron、Getranic。 Manufacturer - Moldex3D。
Midstream	Plastic molds：Syncmold、Nan Jomg、Ho Hsing、KAI MING and Depo。
Channel	Main：directly sold to domestic clients subordinate：directly sold to international clients
Downstream	Electronic Communications：TPV、Acer、Foxconn、Wistron、Qisda、Asus。 Photoelectric：Innolux、AUO、HannStar。 Transportation ：Yulon、Ford、China Motor、Kymco、Merida。 Machinery Industry：Victor Taichung、Yipc、Chin Fong、Tongtai。

source：Metal Industries Research & Development Centre IT IS publication and synthesized by the company

(3) Developing trends in the products

A. Stand products

LCD monitors are mature products, while home appliances have the price advantages and have been widely accepted by the public. Due to the rapid expansion of display sizes in recent years, the weight of displays has increased, but the thickness has been thinner to reduce the use of space. The stand products need to respond to the trend of LCD displays which is toward high structural strength, thinness and miniaturization, metal appearance or special treatment appearance.

The size of LCD monitors continues to expand towards large-size development. According to a professional statistical agency, the size of mainstream computer monitors has been growing for years to larger sizes. A 23-inch screen is a demarcation in the computer monitor. In the first quarter of 2015, the ratio of monitors with a size of 23-inche was 38%, and the same ratio was 56% in the fourth quarter of 2018. The trend of mainstream computer monitors is becoming larger. Computer monitor products emphasizing uniqueness is another new trend, such as low-blue non-flash screen, eye-protection models with a selling point of health care, 4K or higher-resolution monitors.

Consumer has higer demand and attention for gaming products for the past two years. With the supply by newcomers, it allows the price of gaming display to decrease and provides more range of selections which both drive the growth in the display market. Benefiting from the booming in gaming industry in recent years, Asian Games even held a demonstration event. Gaming has become a trend not only to bring value to the PC industry and also drive the peripheral equipment markets. In 2018, the proportion of curved gaming products has officially surpassed that of flat counterpart. In terms of market share, WitsView estimates that the ratio of curved gaming to flat products last year was about 54 to 46, which is a significant increase from 23 to 77 in 2017.

According to IHSMarkit, more than half of the world's TV shipments in the fourth quarter of 2018 are ultra-high-definition televisions, and the size of TV screens is also expanding. The IHSMarkit study pointed out that the average size of the new TV screen is still growing at least 1 inch per year. The growth rate in Western Europe and Latin America in 2018 is above average. As prices of LCD display fall, consumers are clearly more concerned about the size of the screen rather than the money spent. Even in Japan, where consumers have been refusing to buy large-size TVs, the average screen size has increased year by year. Driven by larger screens, ultra HD TV shipments reached 99 million units. In 2018, China led the global market with 30.1 million TV shipments, followed by North America of 24.7 million units. Nearly 63% of Western European TV shipments in the fourth quarter of 2018 were Ultra HD, the largest proportion of in the world. In 2018, the global 8K TV shipments were only 18,600 units. Last year, the Japanese broadcaster NHK launched the 8K channel, which is an important milestone. This will accelerate the growth of Japanese 8K TV shipments in the fourth quarter of 2018. In 2018, shipments of smart TVs supporting ultra-high-definition streaming services continued to grow. In the fourth quarter of 2018, more than three-quarters of TV shipments were smart TVs. More than 85% of North American TV shipments are smart TVs, increased by 10% from last year. Headed by Japan and Western Europe, OLED TV shipments reached a new high. In the fourth quarter of 2018, OLED TV shipments were slightly less than 1 million units (900,000 units), a year-on-year increase of 20%. As a result of increasing competition, the affordability of 55-inch large-screen OLED TVs has reached a new high in Western Europe. At the same time, OLED TV shipments in the US market fell by 26% year-on-year, partly because of the sharp price fall for large-size LCD TVs.

According to WitsView, the proportion of 55- inch products or larger has increased year by year. The market share of TVs above 65-inch has grown from 8.8% last year to 11.7% this year, while the proportion of products under 32-inch has declined year by year, down to 28.9%. Last year, the World Cup led to the replacement of demand in emerging markets such as Latin America. The North American economy was stable and the demand for TV sets rebounded. According to WitsView, the number of global TV brands shipment last year was 219 million units, an annual increase of 4.1%. It will grow to 223 million units with an annual growth rate of 1.6%. The supply of large-size displays has increased greatly. The display market faces an oversupply situation, causing prices to continue to fall. Large-size TVs are moving toward parity. TVs below 32-inche are positioned as low-end products and shipments of TVs below 32-inche are declining, which will be less than 30 % in proportion. In contrast, the proportion of large-size products such as 55-inch or more has increased year by year. Among them, the proportion of TVs above 65-inch has increased from 8.8% last year to 11.7% this year. Observing the terminal price of the North American market last year, 65-inch fell to 399- 699 US dollars, 75-inch is more than 1,500 US dollars. With the large-size TV parity, it is expected in the second half of this year's peak season promotion, there will be an opportunity to see a 75-inch TV with a price below 799 US dollars. 4K TV is becoming more mature. This year, the market share is expected to exceed 50%. The 8K resolution that Samsung and Sony are prompting has become the most anticipated specification upgrade in the market. In addition to the maturity of the industry for content, transmission and hardware, the price of 8K display is still doubled to 4K display. As a result, it remains to be seen whether 8K market can duplicate the successful model of 4K. WitsView estimates that this year's 8K TV accounted for only about 0.2% of the total TV shipment.

Considered as the next-generation display technology which most likely to replace LCD, OLED and liquid crystal materials use different principles of light-emitting imaging by filtering backlights. OLEDs has a large potential design as factors of self-illuminating organic materials, no backlight, simple structure, and ultra-thin, bendable and transparent, etc. At the same time, since each pixel can be independently controlled to open and close, the OLED can achieve infinite contrast with perfect black effect and more vivid color. Mainstream TV companies globally, such as Sony, Panasonic and other Japanese manufacturers, LG and other Korean manufacturers, Philips and other European manufacturers have chosen OLED as their future power point.

It can be concluded from the above points, in addition to the large-display trend of LCD TVs, higher resolution and OLED as the light source are also the mainstream of the future. The growth of global demand is expected.

B. Mold Products

However, Taiwan has difficulties in retaining land, increasing labor costs, and technical difficulties such as competition between the mainland and Southeast Asian countries. Since low-priced and simple plastic molds have lost competitive advantages in China, it is inevitable to develop high-precision, high-value-added molds. In the future, the mold industry will face the technical challenges for light, thin, precision and composite molding, molding integration and environmental protection and energy saving. Mold design/manufacturing technology will play a very important role. Under this trend, the development of human resources and technology is vital, which not only promotes another wave of industry transformation, but also makes the future development of the mold industry clear and visible.

(4) Compition on Prosucts

A. Stand Products

TPV, Foxconn, Wistron, Qisda, Pegatron, Quanta, L&T Displayand other system assemblers and international brands such as Dell, Hewlett-Packard, Asus, Acer, AOC, Sony, and Funai are all major clients of the company. The above-mentioned system assemblers are the world's leading LCD monitors and LCD TV manufacturers. The company is a leader in high-end LCD monitor stand, LCD TV stand and hinge industries. We have accumulated years of research and development capabilities and manufacturing integration capabilities. Except for Korean brands, major display system assemblers are our clients. The company is superior to its peers in terms of R&D capability, service quality and delivery capability. Therefore, the company is able to maintain its leading position in the industry.

B. Molds

According to the research report of the Metal Industry Research and Development Center, Taiwanese mold industry operation status is dominated by small and medium-sized enterprises, 80% of the total industry have capital below NT$ 10 million. The scale of the company's molds is relatively high among the peers. With good customer relationship with long-term cooperation and with the demand for stand products, and the service and technical experience from design to mold manufacturing to trial production, our molding products are still competitive in the display industry.

5.1.3 Status on Skill and Development

(1) Business-related Technology

A. Stand Products

Due to the wide range of applications of the stand components, the company’s products are an indispensable part no matter the variation of display. In terms of product technology, the company has superior patented and development experience in the high-end stand products with rotating functions which is more competitive than peers, such as four-link lifting structure, vertical lifting, forward tilting, and clockwise (counterclockwise) steering,.

B.Molds

Mold is one of the traditional industries. The key to competition lies in quality, cost, delivery and production efficiency. The company has accumulated many years of experience in mold development and manufacturing, design talents and market pulsation combined with customer needs and have long-term cooperation experience with customers. The design of the mechanism has a decisive influence on the quality of the mold. With the professional design talents with many years of expertise, the company conducts analysis of the mold flow before the mold is opened. This helps to reduce the number and time of mold modification and complete the mold manufacturing in advance. This is company's competitive niche.

(2) Status on R&D

The company mainly produces LCD monitor stand, LCD TV stand and AIO computer stand, as well as plastic injection molding molds for various electronic devices. LCD monitors and LCD TVs are the essential equipment for electronic and home appliances. Although the industry has slowed down, there is still a considerable demand. The company continues to invest considerable resources in the R&D department to develop related patents and technologies.

A.R&D Expenses for the most recent year and as of March 31, 2019

2018		March 31, 2019	
Amount	% of Sales	Amount	% of Sales
147,208	1.67％	36,341	1.81%

The Company's research and development expenses for 2018 increased by 6% compared with the previous year. It is mainly used for research and development of LCD monitor stand, LCD TV stand, AIO computer stand, hinge products, medical equipment and electronic components.

In the year of 2019, it is estimated that the investment in research and development will account for 1.5 to 2.0% of revenue.

B. Results of R&D

The company’s results of R&D in 2017 and 2018 are as followed：

Mainly LCD monitor and LCD TV support frame, expandable bracket structure, display lifting device and constant force spring module, hinge and display support device, liftable support device, linkage support device, adjustable loading mechanism, rotatable support frame, strain relief kit, liftable support device, thin carrier plate, support frame and support device etc.

5.1.4 Long-Term and Short-term Business Development Plan

(1) Short-term development plan

A. Production policy and R&D

(A) Invest in appearance treatment equipment to increase value added of the products.

(B) Develop thin, small, strong structure and special appearance stand to meet the needs for gaming market.

(C) Expand automatic production facility and reduce reliance on manpower.

(D) Increase the number of parts produce in house to enhance the competitiveness.

B. Operation and management strategy

(A) Integrate group resources to enhance business performance.

(B)Implement a lean management system, to maximize the group’s logistic, talents and information.

C. Financial strategy

(A) Provide immediate and accurate management information as a reference for decision making

(B) Properly use financial instruments to reduce exchange rate risks and minimize the impact of exchange rate fluctuation.

D. Marketing strategy

(A) Provide clients with in house design to incorporate our design concepts into new products.

(B) Cultivate sales talent for international business with the aim to win new orders.

(2) Long-term development plan

A. Production policy and R&D

(A) Develop micro-hinge components in response to future trends.

(B) Develop small, thin and lightweight stand products and promote to clients.

(C)Produce self-made components in a composite process to reduce the number of parts and improve quality and efficiency.

B. Operation and management strategy

(A) Cultivate potential management trainee and build group’s talent pool.

(B) Using information management system to identify misconducts, improve and to track the progress.

C. Financial strategy

(A) Under the principle of stable financial leverage and financial risk to use funds acquire moderate returns.

(B) Using cost analysis and manage information effectively to support the company’s decision making.

D. Marketing strategy

(A) Based on our research and development advantages, we will improve customer dependency and to maintain long-term relationships

(B) Develop high-end or special applications to increase revenue and profitability.

5.2 Overview of Market,Production and Sales Market Analysis

5.2.1Market analysis

(1) Sales and markets of main products and services

The company’s sales are mostly international order. The status of sales for most recent two years：

unit：NT$ in thousands；%

Year / Region	2017		2018	
	Amount	%	Amount	%
International Sales	8,809,966	99.31	8,757,624	99.42
Domestic Sales	60,792	0.69	51,261	0.58
Net operating revenue	8,870,758	100.00	8,808,885	100.00

(2) Market Share

A. Stand product

The stand products of the company include LCD monitor stand, LCD TV Stand and AIO computer stand. Based on the professional statistical institution, it is estimated that the market share of each product of the company is as follows. The company's clients are the world's major LCD display system assembly companies such as TPV, L&T Display, Foxconn, Wistron, Qisda, Pegatron and other LCD TV brand manufacturers such as Sony, Funai, etc. The market demand for this product still has a stable quantity, and it is developing toward a light, thin, large size trend. With the competitive advantage of the company, it is expected to have room for market share of high-end stand and hinge products with steering functions to be increased.

It is expected that the global LCD monitor shipments will be around 125 million units in the next few years. The overall market demand is not easy to grow significantly, but the display size will be significantly enlarged. At the end of 2018, the occupancy rate of LCD monitors above 22-inch has been more than 50%. With consumers’ preference for lighter, thinner and more dazzling appearance, demand for high-end display stand is increasing. LCD TVs and LCD monitors have similar development trends. Large size, lighter and thinner are the basic requirements of LCD TV. With the special treatment appearance and special materials or unique shapes, LCD TV stand have infused with interior design. It requires the ability of mechanism design and special treatment for appearance to meet the needs of international brands.

B. Molds

At present, most of the domestic manufacturers of plastic injection molds have a small scale of operation. Since establishment, the company view us as professional mold factory has been committed to the development of mold technology and production efficiency. We spared no effort to cultivate many long-term cooperative customers by developing new technology and new applications. Our product quality and technology have been affirmed by our clients

According to the research and development department of Taiwan Die & Mold Industry Association, the total output value of domestic molds in 2018 is about NT$ 45.5 billion and the output value of plastic molds is about NT$ 12.38 billion. The revenue of plastic molds of our company in 2018 is about NT$ 610 million. It is estimated that the company's share of the output value of plastic molds is low and still has room for growth.

(3) Future Market Demand and Growth

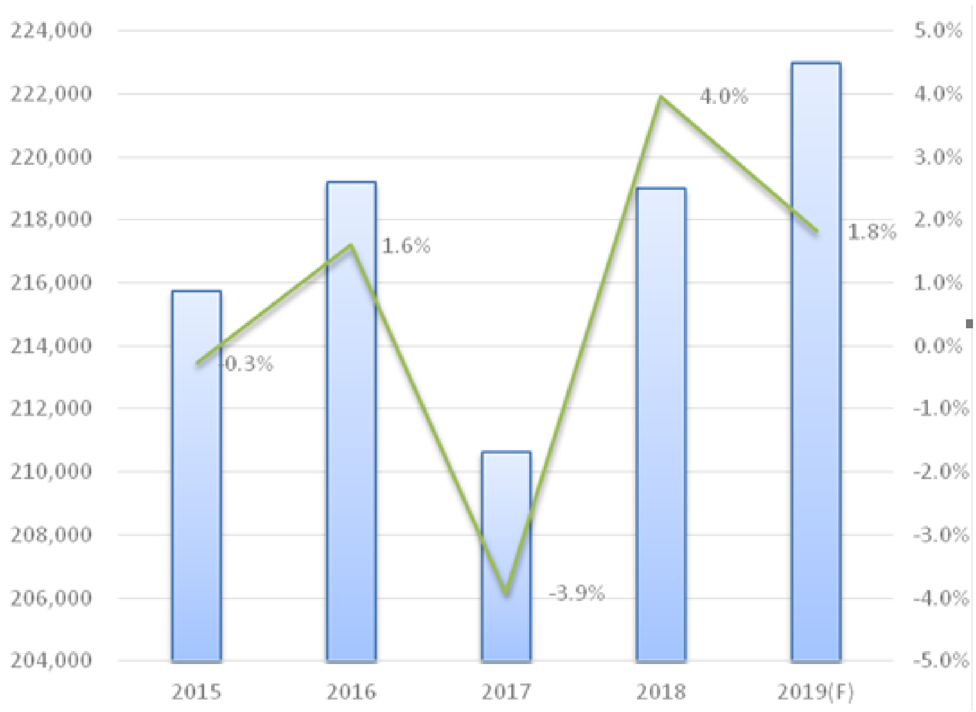
A. Stand products

The stand and hinge products produced by the company are mainly used in LCD monitors, LCD TVs and AIO computers. The future development of LCD monitors, LCD TVs and AIO computers is as follows:

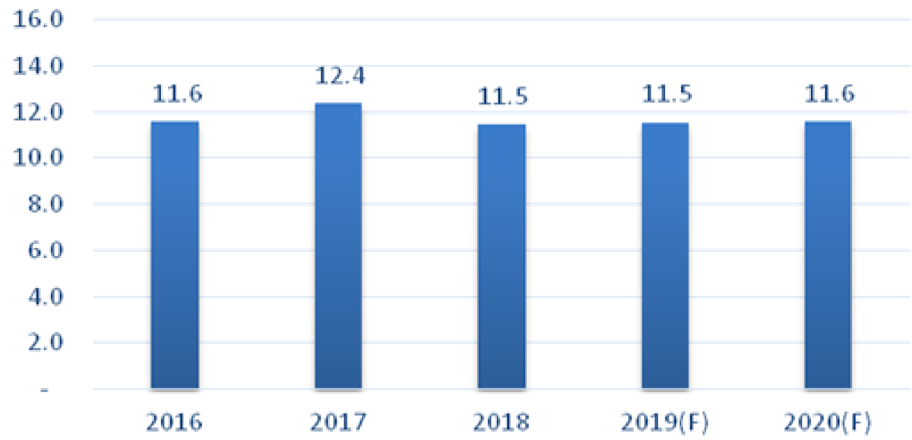
According to a professional statistical institution, the global LCD monitor shipments in 2018 were approximately 125,900,000 units and the estimated shipments in 2019 were 126,300.000 units. The shipments in 2019 are expected to grow slightly compared to 2018. Global LCD TV shipments were 219,000,000 units in 2018, with an estimated global shipment of 223,000,000 units in 2019, a small increase of 1.8% in 2019 compared to 2018. In 2018, global AIO computer shipments were 11,500,000 units, and global shipments were estimated at 11,500,000 units in 2019. The market demand in 2019 is equivalent to 2018. It can be seen from the above statistics, in the future, the global LCD monitors, LCD TVs and AIO computers will be shipped at approximately 120 million units, 220 million units and 11 million units respectively. The market demand will be stable. Therefore, in the absence of new applications, the display industry is not easy to have a chance to grow significantly, but it will not shrink sharply as there is still a steady demand.

Estimated Global LCD Monitor Shipment (in million unit)

Estimated Global LCD TV Shipment (in thousands)



Estimated Global AIO Computer Shipment (in million)



source：Wits View

B. Molds

According to the research data by the Taiwan Die & Mold Industry Association, the supply and demand side of Taiwanese mold industry has shown a trend of recovery since 2002. The output value from 2003 to 2008 was between NT$ 50 billion and gradually recovered after the financial crisis. Taiwan's 2018 mold industry output value increased by 8.5% compared with 2017, showing that the mold industry has obvious characteristics of the economic cyclical. To achieve fast delivery, the company sets up its mold production sites in areas close to its clients in order to meet the needs of clients and of the Group's needs of mold and plastic injection products It is expected that the mold industry will still have stable demand as continuous improvement of electronics, home appliances and 3C products.

unit：NT$ in hundred million

Item	Output Value	Export Value	Import Value	Domestic Demand	Demand Growth	Export Ration	Ratio of Dependence on Import	Self-Sufficiency Rate

(Year)	A	B	C	D=A-B+C	E	F=B/A	G=C/D	H=1-G
2001	394.1	184.8	49.3	258.6	-25.50%	46.89%	19.06%	80.94%
2002	425.6	183.1	37.1	279.6	8.12%	43.02%	13.27%	86.73%
2003	501.0	192.4	35.4	344.0	23.03%	38.40%	10.29%	89.71%
2004	567.7	200.6	58.8	425.9	23.81%	35.34%	13.81%	86.19%
2005	550.0	202.1	40.8	388.7	-8.73%	36.75%	10.50%	89.50%
2006	550.4	191.5	44.3	403.2	3.73%	34.79%	10.99%	89.01%
2007	566.6	185.9	60.9	441.6	9.52%	32.81%	13.79%	86.21%
2008	495.6	191.2	55.7	360.1	-18.46%	38.58%	15.47%	84.53%
2009	386.2	125.7	24.0	184.5	-48.7%	32.55%	13.0%	87%
2010	458.4	143.8	29.9	344.5	86.7%	31.37%	8.68%	91.32%
2011	469.3	149.1	28.1	348.3	1.10%	31.78%	8.1%	91.9%
2012	468.2	155.6	32.4	345.0	-0.95%	33.23%	9.39%	90.61%
2013	456.4	146.7	26.4	336.1	-2.6％	32.14％	7.85％	92.15％
2014	470.3	168.5	29.2	331.0	-1.5％	35.83％	8.82％	91.18％
2015	487.1	156.1	28.2	359.2	8.5%	32.05%	7.85%	92.15%
2016	449.1	150.0	25.9	325.0	-9.5%	33.4%	7.97%	92.03%
2017	437.9	149.9	25.7	313.7	-3.4%	34.2%	8.19%	91.81%
2018	455.0	145.4	30.8	340.4	8.5%	32.0%	9.04%	90.96%

source：Taiwan Die & Mold Industry Association and synthesized by the company

The company's plastic injection molds are mainly used for the shells of LCD monitors and LCD TV. According to a professional statistical agency, in the next few years, the global LCD monitors and LCD TV shipments will be around 120 million units and 220 million units respectively. Moreover, the LCD monitors and the TV shells are still mainly made of plastic. Since the development of new products requires the cooperation from the molds, the demand for plastic injection molds can maintain stable growth.

(4) Competitive Niche

A. Solid Technical Experience and Development Integration

The company is the earliest professional manufacturer of LCD monitor stand and hinge products. We have the most patents and technologies, specializing in the development of stands and hinge products with high structural strength and multi-axis steering. The world's major LCD monitors and LCD TVs brands are clients of the company. The company is the leading manufacturer of LCD display stand.

In terms of plastic injection molds, the company's molds are mainly used in LCD monitors or LCD TV shells and some of the molds supplied group’s need for stand products.

Through the combination of plastic molds, plastic injection molding, stand and hinge products, the company can complete the process from drawing design to proofing, certification to mass production in the shortest time. To showcase the new product to the public in a timely manner, we can complete the prompt delivery of the entire stand.

B. Provide Services Near the Clients

The company has set up production bases in Fujian, Guangdong, Suzhou, Kunshan, Chongqing and other places to serve clients nearby. This strategy can not only reduce land acquisition and transportation costs, but also provide more timely services.

C. Timely Delivery in Line with Client Policy

In terms of the stand products, closely cooperating with the system assembly manufacturer, the company can complete the shipment within five days after the client's orders, which meets the customer's zero inventory policy and timely on-line assembly needs.

(5) Advantages, Disadvantages and Countermeasures of Developing Prospects

A. Advantages

(A) R&D with resources, patents, inventions and leading technology

In terms of stand products, the company has the industry's largest patent base for display stands and hinges. International brands and system assemblers collaborate to develop new design structures, also, the company design potential products for clients to reduce client design costs. In terms of mold products, the company focuses on the development of material-saving. In addition to meeting customer needs, it can also supply demand within the group to reduce production costs.

(B) Expand range of products for more thorough services

In order to expand the scale and diversify the operational risks, the company has also developed, and mass produced the gaming monitor stand in addition to the development of the LCD stand and hinge and the AIO computer stand. It had proved to be successful in 2018.

(C) Stable orders from international brands

Owning the patented technology of the stands, the company can provide prompt service for the development, testing and mass production of the entire products. This saves the research and development costs for the customer. At present, most of the major customers are international brand manufacturers or system assembly manufacturers which have long-term cooperation with the company. This advantage is an important factor for the company to grow steadily.

B. Disadvantages and Countermeasures

(A) Higher costs due to fluctuations in raw material prices

The LCD display stand, hinge and molds are mainly made from special steel, galvanized steel, plastic pellet, spring, aluminum alloy, zinc alloy, iron (stainless steel) tube, etc. In recent years, the price of raw materials has increased significantly, resulting in increased material costs for the company.

Countermeasures：

The company absorbs the cost at the initial price increase of the raw material or reduces the material cost by purchasing in large quantities. When the raw materials rise to a long-term trend and exceed the company's affordable range, the company negotiates a reasonable increase to reflect the cost of the raw materials. For parts or appearances that require a large amount of demand or high added value, the company is committed to providing customers with a more complete service.

(B) Higher labor cost and insufficient manpower

Since the implementation of the Labor Contract Law in mainland China, the basic salary of labor has been raised year by year, resulting in a significant increase in labor costs. Due to the shortage of labor, there have been frequent shortages of manpower and affected the production.

Countermeasures：

The company take labor cost in to consideration into quote. The company also committed to simplify product design and production process, expand automatic production equipment to reduce the dependence on labor and reduce the impact of rising labor costs.

(C) Price competition by peers and intense market competition

Due to the intense competition in the market, it will adversely affect the business expansion and profitability.

Countermeasures：

The scale of operation and efficiency of the peers are not as good as the company. The company has a large purchasing advantages and self-made parts to reduce costs. The company will continue to target high-value-added services and lock in high-end product markets to reduce the impact of peer-to-peer price competition.

5.2.2 Function and Production Process of Products

(1) Important function of the products

A. Stand products

The company's stand and hinge products are mainly used in LCD monitor, LCD TV and AIO computer as an important component to support the display and assist its rotation (steering). In addition to the basic structural strength to support and connect the LCD display, it is also design for multi-steering functions such as front tilting, left and right rotation, up and down lifting, and clockwise (counterclockwise) rotation according to different requirements of high-value-added products.

B. Molds

The company produces plastic injection molds for the outer shell or components of LCD monitors, LCD TVs and other products.

(2)Production Process

A. Stand products

Processing and inspection of stampings, die castings, plastic parts, springs and washers

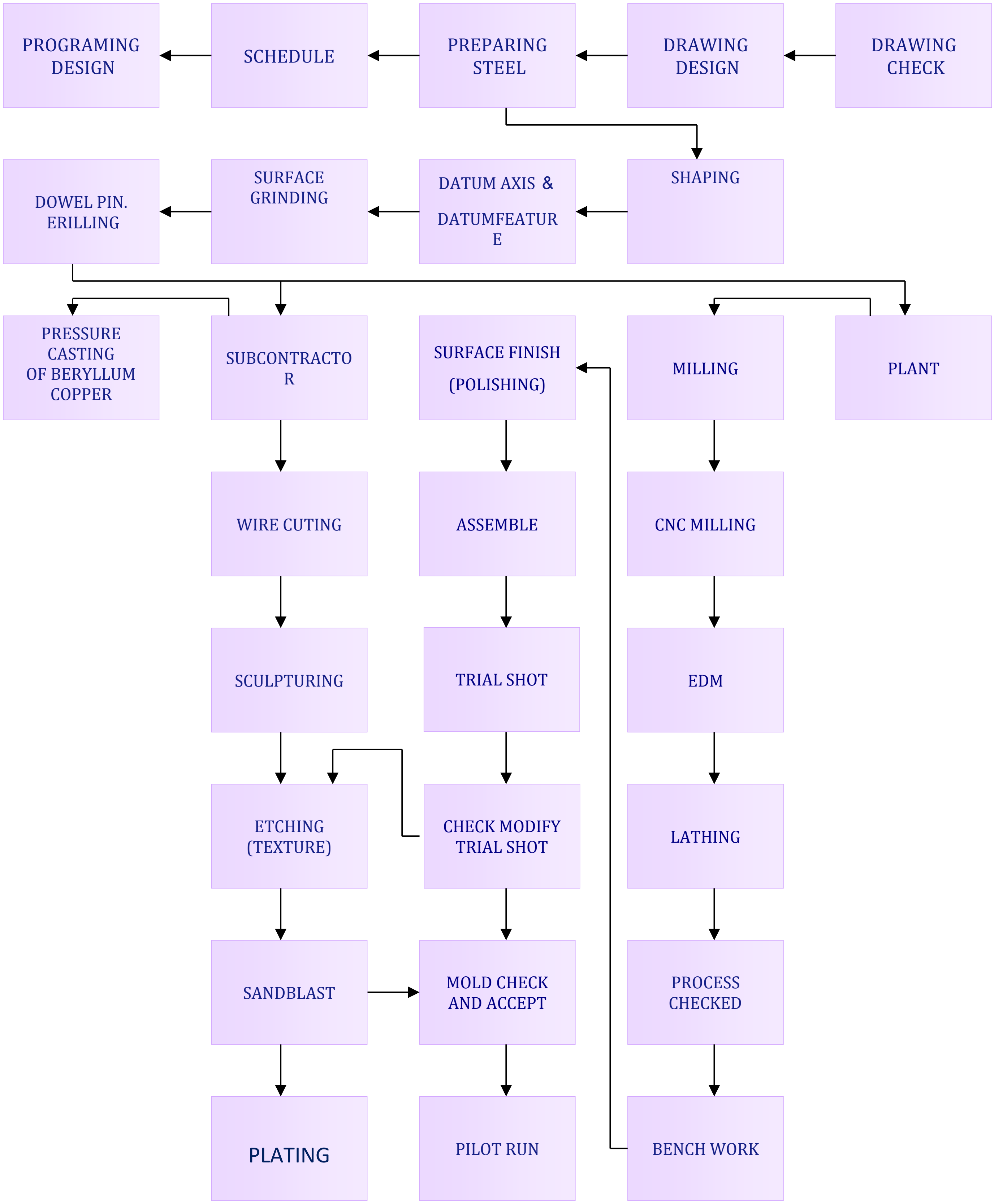
Incoming inspection and production

Production line assembly and adjustment

Quality inspection

Warehousing and delivery operation

B. Molds



PROGRAMING DESIGN
SCHEDULE
PREPARING STEEL
DRAWING DESIGN
DRAWING CHECK
DOWEL PIN. ERILLING
SURFACE GRINDING
DATUM AXIS & DATUMFEATUR E
SHAPING
PRESSURE CASTING OF BERYLLUM COPPER
SUBCONTRACTO R
SURFACE FINISH (POLISHING)
MILLING
PLANT
WIRE CUTING
ASSEMBLE
CNC MILLING
SCULPTURING
TRIAL SHOT
EDM
ETCHING (TEXTURE)
CHECK MODIFY TRIAL SHOT
LATHING
SANDBLAST
MOLD CHECK AND ACCEPT
PROCESS CHECKED
PLATING
PILOT RUN
BENCH WORK

(3) Supply of Main Raw Materials

(A) Stand products

The main raw materials of the company's stand and hinge products are steel plates, aluminum alloys, zinc alloys, plastic pellets, washers, springs, shafts, screws, etc. Those are bulk commodities with prices available in the open market. There is no special or monopoly situation. Therefore, the company does not have a long-term supply contract with the supplier. Each of the main raw materials maintains at least two suppliers, which can effectively control the quality and price level of raw materials, also, other related risks such as excessive concentration of purchases can be effectively reduced.

(B) Molds

The main raw materials of the company's plastic injection molds are special steels and other components. Due to their wide variety of specifications, hardness, material properties and requirements from clients, the company has not signed a long-term supply contract with the supplier. The main raw materials are maintained at least two suppliers and the supply of goods can be fully obtained Therefore, there is still no over-concentration of supply, and the price and quality can be reasonably stable.

(4) List of Major Supplier and Clients

(A) The name, purchase amount, and ratio of the suppliers accounted for over 10% of the total purchase in one of the last two years, and the reason for the changes in purchase ：The suppliers of the company are extremely diversified and there are suppliers with more than 10% of total purchase.

(B) The name, sale amount, and ratio of the customers accounted for over 10% of the total sale in one of the last two years, and the reason for the changes in sales：

unit：NT$ in thousands；%

Year / Rank	2017				2018				2019 Q1			
	Name	Amount	Ratio to Annual Net Sales (%)	Relationship with the issuer	Name	Amount	Ratio to Annual Net Sales (%)	Relationship with the issuer	Name	Amount	Ratio to Annual Net Sales (%)	Relationship with the issuer
1	Company A	2,230,782	25.15	None	Company A	2,174,287	24.68	None	Company A	481,648	24.00	None
2	Company B	1,172,242	13.21	None	Company B	1,416,540	16.08	None	Company B	365,536	18.21	None
3	Company C	969,597	10.93	None	Company E	1,159,161	13.16	None	Company E	285,797	14.24	None
4	Company D	880,592	9.93	None	Company C	797,672	9.06	None	Company C	176,696	8.80	None
5	Company E	863,270	9.73	None	Company F	644,483	7.32	None	Company F	129,349	6.45	None
	Other	2,754,275	35.05	-	Other	2,616,742	29.70	-	Other	567,850	28.30	-
	Net Sales	8,870,758	100.00		Net Sales	8,808,885	100.00		Net Sales	2,006,876	100.00	

There are no major changes in the major clients ranking. The change of ranking for the transaction target and the amount is affected by the change of the customer's order. Among them, company F's order increased due to AIO products and the sales ranking increased from the 8th in 2017 to the 5th in 2018.

(5) Production, Volume, and Value of the last two years

Unit：thousand units / NT$ in thousands

Main Products \ Output \ Year	2017			2018		
	Production capacity	Production Quantity (1000 PCS)	Production Value	Production capacity	Production Quantity (1000 PCS)	Production Value
Stand Products (1000 PCS)	－	50,170	6,868,226	－	55,993	6,907,618

Note：Some of the stand components and mold products produced by the company are self-use and can be sold externally, so the production capacity cannot be accurately counted.

(6) Sales Volume and Value of the last two years

unit：1000unit / NT$ in thousands

Main Products \ Shipment & Sales \ Year	2017				2018			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Stand Products (1000 PCS)	89	60,792	43,775	7,847,036	81	51,261	46,692	8,145,983

5.3 Information About Of Employee

Unit：People；%

Item \ Year		2017	2018	As of March 31,2019
No. of Employee	Direct Staff	0	0	0
	Indirect Staff	97	97	103
	R&D Staff	81	85	87
	Total	178	182	190
Average age		39.36	39.62	39.08
Average seniority		6.3	6.4	6.3
Academy Ratio (%)	Master and above	13.49%	14.29%	12.63%
	College	79.21%	78.57%	80.53%
	Senior High School and Below	7.30%	7.14%	6.84%

5.4 Expenditures On Environment Protection

The amount of penalty/fine (including compensation) imposed due to environmental pollution in the most recent year and up to the publication of the annual report, countermeasures and potential expenditures: None

5.5Employee/Employer Relation

5.5.1The company's various employee welfare measures, training, retirement system and its implementation status, as well as the agreement between labor and management and the maintenance measures of various employee rights：

(1) Welfare measures for employees

The company has always adhered to the business philosophy of steady and sustainable development and pay great attention to employee welfare. Established the Staff Welfare Committee in 2004 and provided monthly benefits. The Welfare Committee arranged activities to promote various welfare measures for employees. The welfare offerings by the Welfare Committee are as follows: ：

(a)The company provides and pays for group insurance for all employees providing employee accidents and medical insurance.

(b) Emergency relief funds for employees faced accidents

(c) Employee wedding, birthday gift and funeral condolence payments etc.

(d) Hold various outdoor activities (travel, dinner party)

(e) Regular health check and medical consultation

(f) Holiday bonus or gifts

(g)Formulated the “Measures for Employee Child Care Subsidy” to provide employee childcare subsidies every year to reduce the burden for employees in 2017.

(2) Career Development and Training for Employees

In order to improve the quality and work skills of employees, enhance work efficiency and quality, the company has implemented pre-employment guidance education for new employees. Internal education training is irregularly scheduled for all employees. Also, employees are selected to implement external education and training according to their specialties. By doing so, we hope to cultivate outstanding professional talents, improve operational performance and effectively developing human resources.

(3) Retirement System:

The Company has established an employee retirement measure in accordance with the Labor Standards Law. According to the provisions, the pension payment is calculated based on the employee's service years and the average salary of the six months prior to retirement. The company provides monthly retirement reserve according to regulations and is administered by the Labor Retirement Reserve Supervision Committee and deposited in the Central Trust Office in the name of the committee. Since the implementation of the "Labor Pensions Measure" on July 1, 2005, a 6% pension has been paid for employees who choose to apply the measure.

(4) Agreement between labor and management and various employee rights

The company has always adhered to the harmony of labor-management. All operations are in accordance with the norms of the Labor Standards Law. Regular labor-management meetings are held. The internal communication channels are smooth. So far, there have been no major labor disputes.。

5.5.2 Loss suffered from labor disputes in the latest year and up to the printing date of this Annual Report: ：

(1) Loss suffered by the company in recent years due to labor disputes ：

The company has not caused losses due to labor disputes since establishment.

(2) Estimated amount and countermeasures that may occur in the future

Under the current system and regular labor-management meetings in accordance with the law to enhance the exchange of views between employers and employees, the possibility of losses due to labor disputes in the future is extremely low.

5.6 Important Contracts and Agreements: None

VI、Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and comprehensive Income Statement

(1) Condensed Consolidated Balance Sheet - IFRS

unit：NT$ in thousands

Item / Year		Financial Data within the last 5 years 2014	2015	2016	2017	2018	Financial data up to March 31, 2019 (Note 2)
Current asset		8,422,907	7,938,333	7,782,701	7,314,607	7,167,417	6,871,973
Investments using equity method		59,446	70,619	95,063	102,665	123,713	153,379
Property, plant, and equipment		797,689	715,758	611,792	557,808	543,858	547,444
Intangible assets		21,553	17,753	25,283	21,489	22,308	21,504
Other assets		570,414	605,174	529,933	587,947	537,206	946,328
Total assets		9,872,009	9,347,637	9,058,687	8,584,516	8,394,502	8,540,628
Current liability	Before distribution	3,907,136	2,587,470	2,493,540	2,452,088	2,598,926	2,199,995
	After distribution	4,581,490	3,936,178	3,373,540	3,276,916	(Note 1)	(Note 1)
Noncurrent liabilities		400,876	1,154,648	984,486	161,828	239,978	514,942
Total liabilities	Before distribution	4,308,012	3,742,118	3,478,026	2,613,916	2,838,904	2,714,937
	After distribution	4,982,366	4,416,472	4,358,026	3,438,744	(Note 1)	(Note 1)
Shareholder's equity attributable to parent company		5,563,997	5,605,519	5,580,661	5,970,600	5,555,598	5,825,691
Capital stock		1,498,564	1,498,564	1,498,564	1,635,733	1,237,242	1,237,242
Certificate of Entitlement to New Shares form Convertible Bond (Subscribed Stock)		–	–	35,250	13,923	–	—
Additional paid-in capital		1,918,504	1,940,072	2,094,403	2,591,280	2,591,280	2,591,280
Retained earnings	Before distribution	1,763,494	1,879,035	2,116,980	2,106,313	2,158,582	2,337,979
	After distribution	1,089,140	1,204,681	1,236,980	1,281,485	(Note 1)	(Note 1)
Other equity		383,435	287,848	(164,536)	(376,649)	(431,506)	(340,810)
Treasury stock		–	–	–	–	–	—
Non-controlling equity		–	–	–	–	–	—
Total equity	Before distribution	5,563,997	5,605,519	5,580,661	5,970,600	5,555,598	5,825,691
	After distribution	4,889,643	4,931,165	4,700,661	5,145,772	(Note 1)	(Note 1)

Note 1：The proposal for the distribution of the 2018 earnings is yet to be resolved in the shareholders' meeting.

Note 2：The 2019Q1 financial data were reviewed by the CPA.

(2) Condensed Proprietary Balance Sheet - IFRS

unit：NT$ in thousands

Item / Year		Financial Data within the last 5 years				
		2014	2015	2016	2017	2018
Current assets		941,320	891,171	1,628,556	2,418,339	1,724,346
Investments using equity method		5,878,972	6,104,156	5,915,794	4,752,813	5,245,364
Property, plant, and equipment		116,194	114,909	114,952	109,205	112,477
Intangible assets		12,871	9,030	18,751	16,041	13,191
Other assets		409,230	493,104	435,306	438,288	429,953
Total assets		7,358,587	7,612,370	8,113,359	7,734,686	7,525,331
Current liabilities	Before distribution	1,395,643	856,270	1,551,908	1,603,994	1,729,426
	After distribution	2,069,997	1,530,624	2,431,908	2,428,822	(Note 1)
Noncurrent liabilities		398,947	1,150,581	980,790	160,092	240,307
Total liabilities	Before distribution	1,794,590	2,006,851	2,532,698	1,764,086	1,969,733
	After distribution	2,468,944	2,681,205	3,412,698	2,588,914	(Note 1)
Shareholder's equity attributable to parent company		5,563,997	5,605,519	5,580,661	5,970,600	5,555,598
Capital stock		1,498,564	1,498,564	1,498,564	1,635,733	1,237,242
Certificate of Entitlement to New Shares form Convertible Bond (Subscribed Stock)		–	–	35,250	13,923	–
Additional paid-in capital		1,918,504	1,940,072	2,094,403	2,591,280	2,591,280
Retained earnings	Before distribution	1,763,494	1,879,035	2,116,980	2,106,313	2,158,582
	After distribution	1,089,140	1,204,681	1,236,980	1,281,485	(Note 1)
Other equity		383,435	287,848	(164,536)	(376,649)	(431,506)
Treasury stock		–	–	–	–	–
Non-controlling equity		–	–	–	–	–
Total equity	Before distribution	5,563,997	5,605,519	5,580,661	5,970,600	5,555,598
	After distribution	4,889,643	4,931,165	4,700,661	5,145,772	(Note 1)

Note 1：The proposal for the distribution of the 2018 earnings is yet to be resolved in the shareholders' meeting.

(3) Condensed Consolidated Income Statement - IFRS

unit：NT$ in thousands

Item \ Year	Financial Data within the last 5 years					Financial data up to March 31, 2019 (Note 1)
	2014	2015	2016	2017	2018	
Operating income	10,062,566	9,466,333	9,138,485	8,870,758	8,808,885	2,006,876
Gross profit	2,298,048	2,125,343	2,166,883	2,053,546	2,034,141	488,878
Operating profit	1,199,931	1,071,647	1,182,074	1,234,450	1,147,221	257,148
Non-Operating income and expense	44,050	163,973	182,365	(12,906)	218,327	(4,879)
Net income before tax	1,243,981	1,235,620	1,364,439	1,221,544	1,365,548	252,269
Net income of continuing operations	855,859	790,738	909,263	869,440	889,961	179,397
Discontinuing operation loss	–	–	–	–	–	—
Net income	855,859	790,738	909,263	869,440	889,961	179,397
Other comprehensive profit and loss (net)	311,267	(96,430)	(449,348)	(212,220)	(54,642)	90,696
Total current comprehensive profit	1,167,126	694,308	459,915	657,220	835,319	270,093
Net income attributable to parent company’s shareholders	855,859	790,738	909,263	869,440	889,961	179,397
Net income attributable to non-controlling equity	–	–	–	–	–	—
Total comprehensive profit and loss attributable to parent company’s shareholders	1,167,126	694,308	459,915	657,220	835,319	270,093
Total comprehensive profit and loss attributable to non-controlling equity	–	–	–	–	–	—
Earnings per share	5.71	5.28	6.06	5.42	5.88	1.45

Note 1：The 2019Q1 financial data were reviewed by the CPA.

(4) Condensed Consolidated Income Statement - IFRS

unit：NT$ in thousands

Item \ Year	Financial Data within the last 5 years				
	2014	2015	2016	2017	2018
Operating income	1,538,015	1,561,567	3,070,409	3,554,107	3,338,567
Gross profit	473,503	470,946	529,754	545,264	475,750
Operating profit	159,674	151,434	213,170	208,375	82,774
Non-Operating income and expense	809,145	763,167	819,181	774,618	981,723
Net income before tax	968,819	914,601	1,032,351	983,056	1,064,497
Net income of continuing operations	855,859	790,738	909,263	869,440	889,961
Discontinuing operation loss	–	–	–	–	–
Net income	855,859	790,738	909,263	869,440	889,961
Other comprehensive profit and loss (net)	311,267	(96,430)	(449,348)	(212,220)	(54,642)
Total current comprehensive profit	1,167,126	694,308	459,915	657,220	835,319
Net income attributable to parent company’s shareholders	855,859	790,738	909,263	869,440	889,961
Net income attributable to non-controlling equity	–	–	–	–	–
Total comprehensive profit and loss attributable to parent company’s shareholders	1,167,126	694,308	459,915	657,220	835,319
Total comprehensive profit and loss attributable to non-controlling equity	–	–	–	–	–
Earnings per share	5.71	5.28	6.06	5.42	5.88

6.1.2 The name and opinion of the independent auditor within the last 5 year

Year	Name of CPA Firm	Name of CPAs	Auditor’s opinions
2014	Deloitte & Touche	Tung-Feng Lee and Jing-Ren Chang	Modified Unqualified opinion
2015	Deloitte & Touche	Tung-Feng Lee and Jing-Ren Chang	Modified Unqualified opinion
2016	Deloitte & Touche	Tung-Feng Lee and Jing-Ren Chang	unqualified opinion
2017	Deloitte & Touche	Tung-Feng Lee and Chih-Yuan Chen	unqualified opinion
2018	Deloitte & Touche	Tung-Feng Lee and Chih-Yuan Chen	unqualified opinion

6.2Financial Ratio Analysis for Recent Five Years

6.2.1 Consolidated Financial Analysis within the last few years - IFRS

Analysis item (Year)		Financial analysis within the last 5 years (Note 1)					Financial data up to March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018	
Financial structure	Debt to assets ratio (%)	43.64	40.03	38.39	30.45	33.82	31.79
	Long term funds to property, plant, and equipment ratio (%)	747.77	944.48	1,073.10	1,099.38	1,065.64	1,158.22
Solvency	Current ratio (%)	215.58	306.80	312.67	298.30	275.78	312.36
	Quick ratio (%)	193.42	276.55	282.32	269.84	246.47	280.68
	Interest coverage ratio (times)	72.06	71.70	110.34	330.61	1,668.34	77.03
Operating ability	Receivables turnover (times)	2.38	2.21	2.44	2.76	2.72	2.44
	Accounts receivable collecting days	151.83	165.15	149.59	132.24	134.19	149.59
	Inventory turnover (times)	11.46	11.15	10.76	11.02	11.25	9.88
	Payables turnover (times)	3.69	3.56	3.65	3.59	3.74	3.61
	Average sales day for inventory	31.84	32.74	33.92	33.12	32.44	36.96
	Property, plant, and property turnover (times)	12.61	13.23	14.94	15.90	16.20	14.66
	Total asset turnover (times)	1.02	1.01	1.01	1.03	1.05	0.94
Profitability	Return on Assets (%)	9.59	8.34	9.99	9.89	10.49	8.59
	Return on equity (%)	16.32	14.16	16.26	15.05	15.44	12.61
	Ratio of net income before tax to paid-in capital (%)	83.01	82.45	91.05	74.68	110.37	81.56
	Profit margin (%)	8.51	8.35	9.95	9.80	10.10	8.94
	Earnings per share (NT$) (Note 3)	5.71	5.28	6.06	5.42	5.88	1.45
Cash flow (note 4)	Cash flow ratio (%)	20.43	43.04	62.10	42.17	16.95	16.15
	Cash Flow Adequacy Ratio (%)	68.18	86.21	128.32	122.33	119.97	144.74
	Cash Flow Re-investment Ratio (%)	4.44	6.33	13.18	2.47	-	5.95
Leverage	Operating leverage	1.12	1.12	1.10	1.09	1.10	1.24
	Financial leverage	1.01	1.02	1.01	1.00	1.00	1.01

Reasons for variations in the financial ratios from consolidated financial statements within the last two years：(variations less than 20% can be exempted for analysis)

1. Increase in interest coverage ratio: Mainly due to the decrease in 2018 interest expenses by 2,887,000. the interest coverage ratio was higher than that of the fiscal year of 2017.
2. Increase in the ratio of net income before tax to paid-in capital: mainly because the company made a capital reduction in 2018. The amount of capital reduction was 412,414,000, and the reduction represents 25% of the equity. Also, net income before tax was higher in 2018 than 2017 by 11.79%. Thus, higher net income before tax and lower capital caused the ratio to increase.
3. Cash flow ratio and cash flow re-investment ratio decreases: The increase of NT$ 107.695.000 in note receivables and account receivables in 2018 caused the net cash inflow was 584,088,000 less than that of 2017, thus resulting to a lower cash flow ration and cash floe re-investment ratio.

6.2.2 Proprietary Financial Analysis within the last few years - IFRS

Analysis Item		Financial analysis within the last 5 years (Note 1) 2014	2015	2016	2017	2018
Financial Structure	Debt to assets ratio （%）	24.39	26.36	31.22	22.81	26.17
	Long term funds to property, plant, and equipment ratio （%）	4,788.54	5,562.57	5,707.99	5,613.93	5,152.97
Solvency	Current ratio (%)	65.51	104.08	104.94	150.77	99.71
	Quick ratio (%)	64.91	101.89	103.94	149.61	97.88
	Interest coverage ratio (times)	101.85	62.58	85.01	265.83	1,300.75
Operating ability	Receivables turnover （times）	3.03	2.69	3.70	3.47	3.21
	Accounts receivable collecting days	120.29	135.46	98.59	105.14	113.75
	Inventory turnover (times)	139.05	79.70	146.94	172.92	117.38
	Payables turnover (times)	3.77	4.78	3.69	2.76	2.77
	Average sales day for inventory	2.62	4.58	2.48	2.11	3.11
	Property, plant, and property turnover (times)	13.24	13.59	26.71	32.55	29.68
	Total asset turnover (times)	0.21	0.21	0.38	0.46	0.44
Profitability	Return on Assets （%）	12.47	10.73	11.69	11.01	11.67
	Return on equity （%）	16.32	14.16	16.26	15.05	15.44
	Ratio of net income before tax to paid-in capital (%)	64.65	61.03	68.89	60.10	86.04
	Profit margin (%)	55.65	50.64	29.61	24.46	26.66
	Earnings per share （NT$） （Note 3）	5.71	5.28	6.06	5.42	5.88
Cash flow (Note 4)	Cash flow ratio （%）	-	18.49	23.09	2.09	-
	Cash Flow Adequacy Ratio （%）	4.80	-	8.67	7.75	-
	Cash Flow Re-investment Ratio （%）	-	-	-	-	-
Leverage	Operating leverage	1.07	1.09	1.07	1.09	1.21
	Financial leverage	1.06	1.11	1.06	1.02	1.01

Reasons for variations in the financial ratios from consolidated financial statements within the last two years：(variations less than 20% can be exempted for analysis)

1. decrease in current ratio and quick ratio: mainly due to the decrease of cash and cash equivalent of 866,729,000 in 2018, resulting in a large decrease in current assets. Current liabilities decreased but in a smaller magnitude, thus the large variations on current ration and quick ratio.
2. Increase in interest coverage ratio: mainly due to the decrease of 2018 interest expenses by 2,893,000, the interest coverage ratio was higher than that of the fiscal year of 2017.
3. Decrease in inventory turnover rate and increase in average sales day for inventory: mainly due to the decrease of sales revenue by 215,540,000 in 2018, and the decrease in the cost of goods sold by 146,026,000 compared with the year of 2017.
4. Increase in the Ratio of net income before tax to paid-in capital: mainly because the company made a cash reduction in 2018. The amount of cash reduction was 412,414,000, and the reduction represents 25% of the equity. Also, net income before tax was higher in 2018 than 2017 by 8.28%. Thus, higher net income before tax and lower capital stock caused the ratio to increase.
5. Cash flow ratio, cash flow adequacy ratio, cash flow re-investment ratio: mainly due factors such as the change of accounting principal, using equity method to recognize related subsidiaries’ profit account receivables account payables in 2018. Thus, we did not calculate the cash flow related ration due to 2018 net cash outflow.

Note 1：The financial analysis data of the past five years has been prepared in accordance with Taiwan's financial accounting standards. Therefore, please refer to the financial analysis - Taiwanese financial accounting standards information

Note 2：The 2019Q1 financial data were reviewed by the CPA.

Note 3：Retrospective adjustment for earnings per share.

Note 4：Not calculated as either net operating cash flow, net operating cash flow within recent five years or (net operating cash flow – cash dividend) is negative.

Note 5：Formulas

1.Capital Structure Analysis
- (1) Debt Ratio = Total Liabilities / Total Assets。
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2.Liquidity Analysis
- (1)Current Ratio = Current Assets / Current Liabilities
- (2)Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Interest coverage ratio = Earnings before Interest and Taxes / Interest Expenses

3.Operating Performance Analysis
- (1)Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
- (2)Days Sales Outstanding = 365 / Average Collection Turnover
- (3)Average Inventory Turnover = Cost of Sales / Average Inventory
- (4)Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
- (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (6)Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- (7)Total Assets Turnover = Net Sales / Average Total Assets。

4. Profitability Analysis
- (1)Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Equity = (Net Income * (1 - Effective Tax Rate)) / Average Total Equity
- (3)Net Margin = Net Income / Net Sales。
- (4)Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow Analysis
- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3)Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage Analysis
- (1)Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

6.3 The Audit Committee’s Review Report

2018 Supervisors’ Review Report

Among the 2018 Business Report, 2018 Financial statements and Consolidated financial statements, and the proposals for the distribution of 2018 profits which submitted by the Board of Directors, the 2018 Financial statements and Consolidated financial statements were audited, and the Audit report was completed by independent auditors (CPA), Tung-Feng Lee and Chih-Yuan Chen. of Deloitte Taiwan who is appointed by the Board the Directors.

The supervisors have reviewed the above mentioned Business Report, Financial statements, Consolidated financial statements, and the proposals for the profit distribution and found no nonconformity therein. We hereby issue this supervisors’ report in conformity with Article 219 of the Company Act for approval.

Sincerely yours

Syncmold Enterprise Corp.

2018 Annual General Shareholders’ Meeting of the Company

Supervisors：Tung-Ping, Cheng

Chin-Chang, Pao

Jui-Tai, Wu

March. 15th, 2019

6.4 Financial Report (Consolidated): Please refer to page 110 to page 204.

6.5 Financial Report (Stand-Alone): Please refer to page 205 to page 300.

6.6 Impact Of The Financial Distress Occurred To The Company And Affiliates Inrecent Years Until The Annual Report Being Published：None.

VII、Review of Financial Conditions, Operating Performance, and Risk Management

7.1Review and Analysis of Financial Conditions

The main reasons and impact for significant changes in assets, liabilities and shareholders' equity in the last two years (the amount of change is more than 10%, and the amount is up to 1% of the total assets of the year), and if the impact is significant to the future, it should be explained

unit：NT$ in thousands

Item / Year	2017	2018	Differences	
			amount	%
Cash and cash equivalents	3,441,732	2,681,311	(760,421)	(22.09)
Current Financial Assets at Fair Value through Profit or Loss	53,710	192,576	138,866	258.55
Notes receivable	318,616	433,256	114,640	35.98
Accounts receivables (Net)	2,671,261	3,039,370	368,109	13.87
Inventory (Net)	503,846	572,263	68,417	13.58
Current assets	7,314,607	7,167,417	(147,190)	(2.01)
Investment under equity method	102,665	123,713	21,048	20.50
Property, plant, and equipment	557,808	543,858	(13,950)	(2.50)
Goodwill	366,777	366,777	-	-
Prepayments for equipment	44,404	27,704	(16,700)	(37.61)
Total assets	8,584,516	8,394,502	(190,014)	(2.21)
Current liabilities	2,452,088	2,598,926	146,838	5.99
Noncurrent liabilities	161,828	239,978	78,150	48.29
Total liabilities	2,613,916	2,838,904	224,988	8.61
Capital stock	1,635,733	1,237,242	(398,491)	(24.36)
Additional paid-in capital	2,591,280	2,591,280	-	-
Retained earnings	2,106,313	2,158,582	52,269	2.48
Other equity	(376,649)	(431,506)	(54,857)	14.56
Total equity	5,970,600	5,555,598	(415,002)	(6.95)

Analysis and description will be given only if the increase/decrease in ratio reaches 10% and amount reaches one percent of total asset in the current year：

1. decrease in Cash and cash equivalents: capital reduction made in 2018, the decrease amount was NT$412,414,000.
2. Current Financial Assets at Fair Value through Profit or Loss: mainly due to the purchase of money market fund using idle funds of 124 million.
3. increase in net notes receivable and net accounts receivables receivable: mainly due to the increase in 2018 Q4 sales compared to that of 2017 Q4, the net accounts receivable increased
4. decrease in capital stock and total equity: capital reduction was made during 2018. The capital reduction was NT$ 412,414,000 and the capital stock after the reduction is NT$ 1,237,242,000.

7.2Review and Analysis of Financial Performances

7.2.1 The main reasons for the significant changes in the operating revenue, operating net profit and pre-tax net profit and the expected sales volume and its basis in the last two years, the possible impact on the company's future financial business and the corresponding plan:

Comparison Analysis of Operating Results

unit：NT$ in thousands

Year / Item	2017	2018	Amount change	Percentage change （%）
Operating income	8,870,758	8,808,885	(61,873)	(0.70)
Operating cost	6,817,212	6,774,744	(42,468)	(0.62)
Gross profit	2,053,546	2,034,141	(19,405)	(0.94)
Operating expense	819,096	886,920	67,824	8.28
Operating profit	1,234,450	1,147,221	(87,229)	(7.07)
Non-operating income and expense	(12,906)	218,327	231,233	1,791.67
Net income before tax	1,221,544	1,365,548	144,004	11.79
Income tax expense	352,104	475,587	123,483	35.07
Net income	869,440	889,961	20,521	2.36
other comprehensive profit and loss	(212,220)	(54,642)	157,578	(74.25)
total comprehensive net income	657,220	835,319	178,099	27.10
Analysis and description will be given only if the increase/decrease in ratio reaches 20%: 1. Non-operating income and expense: net loss of foreign currency exchange in 2017 was NT$ 96,781,000. Due to the continuous appreciation of the US dollar in 2018, the fluctuations of exchange rate were large, resulting in a foreign currency exchange gain of 128,499,000 in 2018. This is the main reason causing an increase in non-operating income and expense. 2. Income tax reduction: mainly due to the increase in net income in 2018 compared with 2017, the income tax expense increased. 3. Increase in other comprehensive income, total comprehensive income: due to the exchange rate changes which affect the translation of the financial statements of foreign operating institutions.				

7.2.2Forecasted sales in the coming year and its basis and main factors affecting expected sales volume to continuously grow or decline

The company has not compiled the financial forecast for 2019. However, after the company's overall assessment of the global economic condition, market demand, mass production of new product, price trends and sales statistics, the company expects revenue for 2018 is flat or slightly growing compared to 2017.

7.3 Review and Analysis of Cash Flow

Analysis of recent annual cash flow changes, improvement of liquidity and cash analysis in the coming year:

7.3.1 Analysis of changes in cash flow in recent year (2018) - consolidated financial statements

Cash balance – beginning	Annual net cash flow from operating activities	Annual net cash flow from other activities	Impacts by exchange rate	Cash balance	Contingency plans for insufficient cash	
					Investment Plan	Financial Plan
3,441,732	440,397	(1,154,790)	(46,028)	2,681,311	-	230,000-

(1) Net cash inflow from operating activities is mainly from net income and no cash outflow for depreciation.

(2) Net cash outflow from the investment activities is mainly due to the increase in the acquisition of real estate, prepaids for plant and equipment. The outflow is greater than the cash inflow from the disposal of real estate, plant and equipment and interest received.

(3) Net cash outflow from financing activities is mainly due to the increase in short-term borrowings, the distribution of cash dividends and capital reduction

7.3.2 Analysis of Cash Liquidity for the coming year (2019)

Cash balance in the beginning of the year	Net cash flow from operating activities throughout the year	Annual net cash flow	Cash balance at the end of the year	Remedial measures for insufficient cash	
				Investment Plan	Financial Plan
2,681,311	767,388	(28,449)	2,652,892	-	-

Improvement plan for insufficient liquidity: The company responds to the funding situation by borrowing or other financing methods.

7.4 Major Capital Expenditures In Recent Years And Impacts On Financial And Operational Situations

The company has no significant capital expenditures in recent year and therefore does not apply.

7.5 Investment Policies in Recent Years

7.5.1 The most recent annual investment policy

Using the company’s research and development advantages on the basis of existing technologies and related industries, the investment policy focuses on areas that can increase revenues, enter new product domain or develop vertical integration.

7.5.2 The main reason for its profit or loss, the improvement plan

In 2018, the company recognized NT$ 958,253,000 on the investment income of overseas subsidiaries, which was mainly because the sales of the Chinese subsidiary did not continue to grow. However, the enhancement of production efficiency, centralized procurement, which lowers the fluctuation of raw materials, and stricter management on operating expenses made the overall profitability acceptable.

7.5.3 The investment plan for the next year

Companies that we invested in operate well. This shows our investment strategy is on the right path. We will assess the needs of diversified operation and implement vertical production integration strategy in the future. We will follow the investment procedure on related investment decision and send for approval by the board of directors or the chairman of the board.

7.6 Sources of Risks and Evaluations

7.6.1 The impact of interest rates, exchange rate changes, and inflation associated with the company's profit and future corresponding measures

(1) The impact of changes in interest rates associated with the company's profit in the most recent fiscal year and till printing date of annual report and the future corresponding measures

A. Impact：

Unit： NT$ in thousands；%

Item / Year	2018	2019 Q1
Interest Expense(A)	819	3,318
Income before tax(B)	1,365,548	252,269
(A)/ (B)	0.06%	1.32%

The company’s interest expenses mostly due to short-term bank loans. When comparing the loan conditions and interest rates of the banks in the market, banks with the best terms and interest rates are the priority lenders. The interest expenses of 2018 and 2019Q1 account for 0.06% and 1.32%. The change has no significant impact on the company’s profit.

B. Future corresponding measures：

Taking overall funds and operation condition into consideration, the company will conduct short-term loans with banks adopting floating interest rate if there is need.

(2) The impact of exchange rate changes on the company's profit and loss in the most recent year and the end of the annual report and future countermeasures

A. Impact：

Unit： NT$ in thousands；%

Item/year	2018	2019 Q1
Exchange gains and losses (A)	128,499	(46,212)
Operating income(B)	8,808,885	2,006,876
Income before tax(C)	1,365,548	252,269
(A)/ (B)	1.46%	(2.30%)
(A)/ (C)	9.41%	(18.32%)

The company’s product sold domestically and internationally. As a result, we retained revenue with foreign currency for the purchasing payment to achieve currency hedging and reduce exchange rate risks.

The ratio of exchange gains or losses in operating revenue for 2018 for this Company is 1.46%, the ratio of exchange gains or losses in income before tax is 9.41%;1Q19 exchange gain to operating revenue is (2.30%)，to income before tax is (18.32%)，For 2018, the exchange rate of the USD to RMB has increased significantly, thus we have a higher exchange gain which lead to a higher ratio of exchange gains in operating revenue. However, 1Q19 faced a depreciation of USD to RMB and less working days due to Chinese New Year, the profit before tax decrease so as the ratio of exchange losses to operating revenue.The Company will continue to monitor the long-term and short-term trends of the exchange rate and enhance risk management regarding exchange rates to lower the effect of exchange rate fluctuation on profit.

B. Future corresponding measures：

In order to effectively reduce the impact of exchange rate changes on revenue and profit, the company adopted the following measures: a. actively collect exchange rate information to fully grasp exchange rate changes; b. consider the impact of exchange rate changes in quotation; c. retain foreign currency position appropriately from sales revenue in supporting foreign currency purchase expenditure; d. moderately pre-sale forwards on foreign exchange rate as hedging purpose within foreign currency sales revenue e. negotiate with suppliers to use foreign currency as source of payment. The above-mentioned measures are expected to lower impact on exchange rate volatility.

(3) The impact of inflation on the company's profit and loss in the most recent year and the printing date of the annual report and the future countermeasures：

The company always pays close attention to market prices fluctuations and maintains a good interaction with suppliers and customers. Although the raw material prices have risen due to inflation, the company reflected part of the cost in the new model price and absorbed some ourselves, also, we required suppliers to reduce the price increase. Thus, inflation does not have a significant impact on the company.

7.6.2 The main reasons for the high-risk, high-leverage investment, funds loan to others, endorsement guarantee and derivative commodity trading, profit or loss and future response measures：

The Company's fund loan to others and endorsement guarantees are handled in accordance with the Company's “Funding to Others Practice” and “Endorsement Guarantee Practice” which only for subsidiaries of 50% or more shareholding. The endorsement is performed in accordance with the contract signed by the credit bank and the guarantor's responsibility.

Transaction of derivative products are based on Securities and Futures Bureau "public company acquisition or disposition of assets handling guidelines" and Company's internal regulations with the aim to avoid market risks. Depending on the company's operating conditions and changes in market trends, the holdings and related hedging strategies are regularly evaluated and maneuvered.

7.6.3Future R&D plan and estimated R&D expenses in the future：

The company spent NT$ 147,208,000 on R&D expenses, which accounted for 1.67% of revenue. In addition to R&D on hinge of LCD display and LCD TV, we put a lot of effort into molding technology. In 2018, we received multiple patents showing the result of R&D team. We expect to invest NT$ 150,999,000 into R&D on developing new products and new technology to enhance our competitiveness.

7.6.4 The impact of important domestic and international policies and regulatory changes associated with the company's business and the corresponding measures：

The company pays close attention to the changes of important laws and policies both at home and abroad and promptly proposes countermeasures. We did not affect by important policies and laws changes which had a significant impact on our business.

7.6.5The impact of technological changes associated with the company's business and the corresponding measures：

The company always pays attention to the evolution of relevant technology in the industry, evaluates, researches and develops to meet the market trend. There have been no major technological changes in the most recent year, which have had a significant impact on the operations of the company.

7.6.6 The impact of corporate image change associated with corporate crisis management and corresponding measures：

The company has a dedicated spokesperson who is responsible for maintaining the relationship with the public and investors and establishing the company's image. Therefore, the company has not had any significant impact on the company due to changes in corporate image.

7.6.7Expected benefits, potential risks and corresponding measure for M&A：n/a

7.6.8Expected benefits, potential risks and corresponding measure for plant expansion：n/a

7.6.9 Potential risks and countermeasures associated with concentrated procurement and sales：

(1) risks of concentrated procurement

Non-applicable as the company does have concentrated procurement.

(2) risks of concentrated sales

Non-applicable as the company does have concentrated procurement.

7.6.10Potential impact, risks, and corresponding measure on sales with significant number of shares from directors, supervisors and major shareholders with over 10% of shares：n/a

7.6.11 Potential impact, risks and corresponding measure on change of management right：The company does not encounter change of management right.

7.6.12 Disclosure of information of directors, supervisors, managers, major shareholders holding over 10% of outstanding shares and affiliates regarding on litigation or non-litigation which will impact shareholder equity or stock price：None.

(1) Ongoing Litigation or non-litigation which will impact shareholder equity or stock price in the most recent two years and till the printing date of annual report：None.

(2) Ongoing Litigation or non-litigation of directors, supervisors, managers, major shareholders holding over 10% of outstanding shares and affiliates which will

impact shareholder equity or stock price in the most recent two years and till the printing date of annual report：None.

(3) The circumstances of the Article 157 of Securities Exchange Act and the current situation of the company treatment related to directors, supervisors, managers, major shareholders holding over 10% of outstanding shares in the last two years and the end of the annual report：None.

7.6.13Other potential risks and corresponding measure：

Cyber security risks：The company has established a thorough network and computer security system to maintain the company's operational, manufacturing and accounting functions. But there is no guarantee the protection system will completely prevent from software viruses from any third-party systems. Internet attacks, which illegally invade the company's internal network system, may cause the company failing to operate normally, production lockouts, business data stolen or lost, and further cause the company to incur operational losses.

The company's information and supply chain management department plan to review, evaluate the security and effectiveness of the overall network architecture annually. At the meantime, we will establish an off-site backup system for important data of each department and strengthen the simulation tests and emergency response exercises in the computer facilities to ensure daily operation of the information system and data preservation. All these measures are for reducing the risk of system interruption caused by unwarranted natural disasters, human error and malicious software attacks.

In 2018 and before the printing date of the annual report, the company did not find any major cyber-attack or incidents that will adversely affect business and operation. The company has not been involved in any legal cases or regulatory investigations related to this

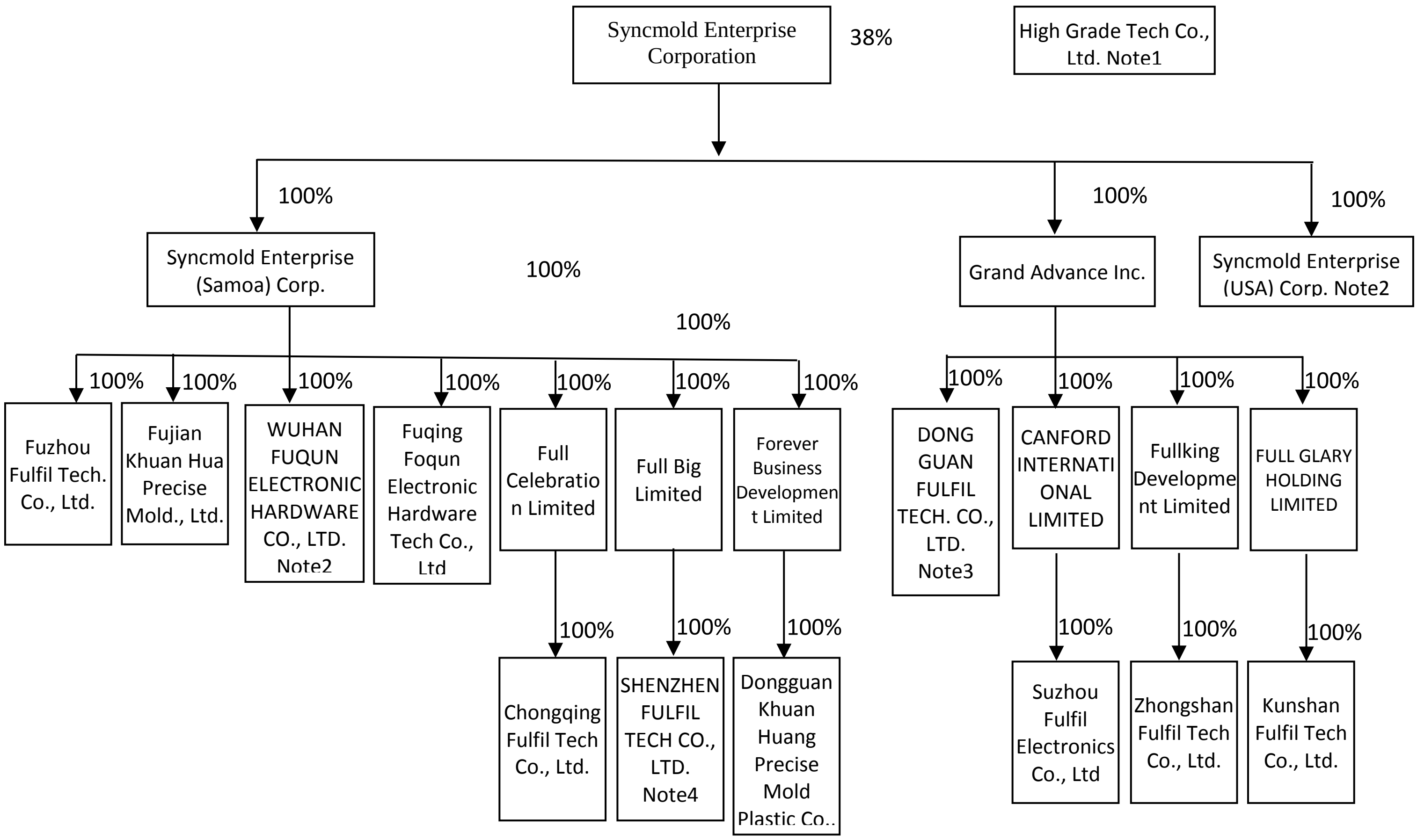
7.7Others：None.

VIII、SPECIAL DISCLOSURE

8.1 Affiliated Companies

8.1.1 Affiliates Consolidated Financial Statement

(1) Organization Chart (December 31, 2018)



Note 1：The legal representative of the parent company accounted for more than half of the board of directors of High Grade Tech Co., Ltd. in the year of 2011, so it is controlling, which constitutes a relationship of parent company and subsidiary; but on June 29, 2012, the parent company withdrew from the board of directors of High Grade Tech Co., Ltd. and no longer occupied any position on the board of directors of the High Grade Tech Co., Ltd., thus the parent company is no longer controlling. Occupy any board of directors of Gaocheng Company, so it does not have control ability. Therefore, in accordance with the Enterprise Accounting Standards Bulletin No. 7, regulations regarding the “Consolidated Financial Statements”, the parent company had lost control of the subsidiary, thus as of June 30, 2012, consolidated financial statements are no longer required.

Note 2：WUHAN FUQUN ELECTRONIC HARDWARE CO., LTD. has been liquidated as of 17 March 2017.

Note 3：DONG GUAN FULFIL TECH. CO., LTD. has been liquidated as of 19 April 2017.

Note 4：SHENZHEN FULFIL TECH CO., LTD. has been liquidated as of 6 November 2018.

(2) Information on subsidiaries (December 31, 2018)

Unit： NT$ in thousands

Name of subsidiaries	Established Date	Address	Paid-In Capital	Main Operating or Production item
Syncmold Enterprise (USA) Corp.	2016/06/27	691 S MILPITAS BLVD, STE 212, MILPITAS, CA 95035	31	Electronic parts trading, import and export trade and investment business
Syncmold Enterprise (Samoa) Corp.	2005/01/10	Level 2,lotemau Centre Building,Vaea Street,Apia, Samoa	108,903	Reinvestment in Chinese subsidiaries and international trade business
Fujian Khuan Hua Precise Mold., Ltd.	2003/07/15	Hongzhi Road, Hongkuan Industrial Village, Yangxia Town, Fuqing City, Fujian Province, P.R.Chin	111,053	Processing, manufacturing, trading of various metal molds and plastic molds and related import and export business
Fuzhou Fulfil Tech Co., Ltd.	2002/05/29	FuYu N. Road, Gaolun Villane, Hong Lu Town, Fu Qing City, Fujan Province, P.R.Chin	43,371	Electronic parts manufacturing, trading and related import and export business
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	2006/04/25	No. 396 Shangting Village, Yangxia Street, Fuqing City, Fuzhou City, Fujian Province	59,185	Electronic parts manufacturing, trading and related import and export business
Full Big Limited	2006/01/03	Level 2,lotemau Centre Building,Vaea Street,Apia, Samoa	15,502	Reinvestment in Chinese subsidiaries and international trade business
Forever Business Development Limited	2007/04/03	Portcullis Trust Net Chambers, P.O. Box 1225, Apia. Samoa	122,860	Reinvestment in Chinese subsidiaries and international trade business
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	2008/01/04	Area 3, Jinhe Management Zone, Zhangmutou Town, Dongguan City, Guangdong Province, P.R.China	125,490	Processing and manufacturing of various types of plastic molds and plastic injection parts and related import and export business
Grand Advance Inc.	2002/01/10	Level 2,lotemau Centre Building,Vaea Street,Apia, Samoa	207,187	Electronic parts trading, import and export business and investment business
Fullking Development Limited	2008/06/20	Room 706, Haleson Building, 1 Jubilee St., Central, Hong Kong	153,575	Electronic parts trading, import and export business and investment business
Zhongshan Fulfil Tech Co., Ltd.	2008/11/14	No.18, Shabian Road, Huoju Development, Zone Zhongshan City, GuangDong, P.R.Chin	152,731	Electronic parts manufacturing, trading and related import and export business
CANFORD INTERNATIONAL LIMITED	2002/01/10	Level 2,lotemau Centre Building,Vaea Street,Apia, Samoa	15,358	Import and export trade and investment business
Suzhou Fulfil Electronics Co., Ltd.	2002/03/01	NO.1201. FuYuan Road, XiangChengEconomic Developing District, SuZhou City, JiangSu Province, P.R.China	18,521	Electronic parts manufacturing, trading and related import and export business
FULL GLARY HOLDING LIMITED	2009/09/09	Room 706, Haleson Building, 1 Jubilee St., Central, Hong Kong	248,792	Electronic parts trading, import and export business and investment business
Kunshan Fulfil Tech Co., Ltd.	2010/03/04	#257 FUIL Road, Zhang Pu Town, KunShan City, JiangSu Province, P.R.Chin	234,531	Processing, manufacturing, trading of precision hardware and accessories and related import and export business
Full Celebration Limited	2012/04/03	Le Sanalele Complex, Grand Floor,Vaea Street, Saleufi, P.O. Box 1868, Apia. Samoa	153,575	Reinvestment in Chinese subsidiaries and international trade business
Chongqing Fulfil Tech Co., Ltd.	2012/06/11	No. 1/2 Cooperative, Shihe Village, Qinggang Sub-district, Bishan District, Chongqing Province, P.R.Chin	139,426	Processing and manufacturing of various electronic plastic hardware and other related import and export business

(3) Presumed to be the same shareholder information for those with control and affiliation：None

(4) Description of business relations：

A. The overall industry coverage by affiliates：

(A) Reinvestment and international trade business。

(B) Electronic parts manufacturing, trading and related import and export business

(C) Processing and manufacturing of various types of plastic molds and plastic injection parts and related import and export business

B. Relationship between affiliates and division of cooperation：

(A) The company manufactures and sells high-precision molds, and also undertakes orders from the America and Europe, and transfer the orders to mainland subsidiaries for manufacture and deliver directly to the customers, and Taiwan's parent company Syncmold Enterprise Corporation integrates purchases of raw material and collect fees for processing for subsidiaries Forever Business Development Limited, Fujian Khuan Hua Precise Mold., Ltd. and Zhongshan Fulfil Tech Co., Ltd..

(B) The Company engages in import and export in the United States through Syncmold Enterprise (USA) Corp..

(C) The Company invests in Full Celebration Limited (and indirectly invests in Chongqing Fulfil Tech Co., Ltd.) and Fuzhou Fulfil Tech Co., Ltd. through Syncmold Enterprise (Samoa) Corp., some export orders of Chongqing Fulfil Tech Co., Ltd. and Fuzhou Fulfil Tech Co., Ltd. are undertaken by this Company.

(D) The Company invests in CANFORD INTERNATIONAL LIMITED (and indirectly invests in Suzhou Fulfil Electronics Co., Ltd.) and Fullking Development Limited (and indirectly invests in Zhongshan Fulfil Tech Co., Ltd.) through Grand Advance Inc., some export orders of Suzhou Fulfil Electronics Co., Ltd. and Zhongshan Fulfil Tech Co., Ltd. are undertaken by this Company.

(5) Information on Affiliates' Director, Supervisor and President (December 31, 2018)

Unit： NT$ in thousands；Share；%

Company Name	Title	Name or Representative	Shareholding	
			Share Original Investment Amount	%
Syncmold Enterprise (USA) Corp.	Director	Syncmold Enterprise Corporation(Representative:Chiu-Lang,Chen)	32	100%
Syncmold Enterprise (Samoa) Corp.	Director	Syncmold Enterprise Corporation(Representative: Chiu-Lang,Chen)	3,545,584 Share NT$ 110,598	100%
Fujian Khuan Hua Precise Mold., Ltd.	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Wen Hua, Yang)	NT$ 92,601	100%
	Supervisor	Syncmold Enterprise (Samoa) Corp. (Representative: Zi Xiang,Liao)		
	President	Wen Hua, Yang	-	-
Fuzhou Fulfil Tech Co., Ltd.	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Wen Hua, Yang)	NT$ 64,362	100%
	Supervisor	Syncmold Enterprise (Samoa) Corp. (Representative: Zi Xiang,Liao)		
	President	Alex,Cheng		
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Wen Hua, Yang)	NT$ 55,680	100%
	Supervisor	Syncmold Enterprise (Samoa) Corp. (Representative: Zi Xiang,Liao)		
	President	Fang Sheng,Liu	-	-
Full Big Limited	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen)	NT$ 16,643	100%
Forever Business Development Limited	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen)	NT$ 125,957	100%
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Director	Forever Business Development Limited (Representative: Zi Xiang,Liao)	NT$ 129,586	100%
	Supervisor	Forever Business Development Limited(Representative: Wen Hua, Yang)		
Grand Advance Inc.	Director	Syncmold Enterprise Corporation (Representative: Chiu-Lang,Chen)	NT$ 506,240	100%
Fullking Development Limited	Director	Grand Advance Inc. (Representative: Chiu-Lang,Chen)	NT$ 160,175	100%
Zhongshan Fulfil Tech Co., Ltd.	Director	Fullking Development Limited (Representative: Chiu-Lang,Chen)	NT$ 160,175	100%
CANFORD INTERNATIONAL LIMITED	Director	Grand Advance Inc. (Representative: Chiu-Lang,Chen)	NT$ 119,342	100%
Suzhou Fulfil Electronics Co., Ltd.	Director	CANFORD INTERNATIONAL LIMITED (Representative: Zi Xiang,Liao)	NT$ 17,145	100%
	Supervisor	CANFORD INTERNATIONAL LIMITED (Representative: Wen Hua, Yang)		
	President	Zi Xiang,Liao	-	-
FULL GLARY HOLDING LIMITED	Director	Grand Advance Inc. (Representative: Chiu-Lang,Chen)	NT$ 259,720	100%
Kunshan Fulfil Tech Co., Ltd.	Director	FULL GLARY HOLDING LIMITED (Representative: Zi Xiang,Liao)	NT$ 259,720	100%
	Supervisor	FULL GLARY HOLDING LIMITED (Representative: Wen Hua, Yang)		
Full Celebration Limited	Director	Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen)	NT$ 147,710	100%
Chongqing Fulfil Tech Co., Ltd.	Director	Full Celebration Limited (Representative: Wen Hua, Yang)	NT$ 152,300	100%
	Supervisor	Full Celebration Limited (Representative: Zi Xiang,Liao)		
	President	Wen Hua, Yang	-	-

(6) Operating Overview of Affiliates

Unit： NT$ in thousands

Company Name	Paid-In Capital	Total Asset	Total Liability	Equity	Operating Revenue	Operating Profit	Net Income (After-tax)	Earnings per share (NT$) (After-tax)
Syncmold Enterprise (USA) Corp.	31	17,751	19,794	(2,044)	7,944	(1,210)	(1,207)	-
Syncmold Enterprise (Samoa) Corp.	108,903	2,498,208	0	2,498,208	0	0	421,599	129.87
Fujian Khuan Hua Precise Mold., Ltd.	111,053	533,900	232,544	301,356	604,877	(3,251)	7,073	-
Fuzhou Fulfil Tech Co., Ltd.	43,371	1,408,372	432,650	975,723	1,810,641	317,282	252,778	-
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	59,185	302,670	110,096	192,574	424,343	451	3,392	-
Full Big Limited	15,502	236,748	0	236,748	0	0	21,689	46.93
Forever Business Development Limited	122,860	282,848	7,070	275,778	86,296	2,299	(9,232)	(2.52)
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	125,490	334,298	142,695	191,603	444,345	(5,041)	(11,685)	-
Grand Advance Inc.	207,187	2,573,096	25,496	2,547,600	0	(32,310)	505,844	79.49
Fullking Development Limited	153,575	822,477	70,645	751,833	1,746	1,746	188,632	39.99
Zhongshan Fulfil Tech Co., Ltd.	152,731	1,371,302	543,942	827,359	1,759,846	246,526	192,827	-
CANFORD INTERNATIONAL LIMITED	15,358	1,071,516	-	1,071,516	-	-	312,486	662.46
Suzhou Fulfil Electronics Co., Ltd.	18,521	1,885,903	917,336	968,568	3,538,462	384,817	317,665	-
FULL GLARY HOLDING LIMITED	248,792	254,830	0	254,830	-	-	32,191	4.21
Kunshan Fulfil Tech Co., Ltd.	234,531	381,328	126,499	254,829	588,223	15,079	31,653	-
Full Celebration Limited	153,575	430,912	0	430,912	0	-	158,110	34.54
Syncmold Enterprise (USA) Corp.	139,426	706,899	275,996	430,903	951,741	142,093	158,153	-

Note 1：Converting the foreign currency of each subsidiary into Taiwan dollar at the exchange rate of December 31, 2018.

2.Financial Statement of Affiliates：Please refer to consolidated financial statement.

3. Statement of Affiliates：None.

8.2Private Placement Securities In The Latest Year：None.

8.3 The Company's Shares Held Or Disposed By Subsidiaries In Recent Years Untilthe Annual Report Being Published：None.

8.4 Other Supplementary Information：None.

IX、PURSUANT TO THE ARTICLE 36-3-2 OF SECURITY EXCHANGE ACT, EVENT HAVING MATERIALI MPACT ON SHAREHOLDERS' EQUITY OR SHARE PRICE IN THE LATEST YEAR UNTIL THE ANNUAL REPORT BEING PUBLISHED：None.

Syncmold Enterprise Corporation and Subsidiaries

Consolidated Financial Statements for the Years EndedDecember31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

SYNCMOLD ENTERPRISE CORPORATION

March 14, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>Occurrence of Sales Revenue</u>

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

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

Other Matter

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 14, 2019

Notice to Readers

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,681,311	32	$ 3,441,732	40
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	192,576	2	53,710	-
Notes receivable	433,256	5	318,616	4
Trade receivables, net (Notes 4, 5 and 10)	3,039,370	36	2,671,261	31
Inventories (Notes 4, 5 and 11)	572,263	7	503,846	6
Other current assets (Notes 4, 16, 22 and 27)	248,641	3	311,416	4
Other financial assets - current (Notes 4, 9 and 28)	-	-	14,026	-
Total current assets	7,167,417	85	7,314,607	85
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7)	54,099	1	-	-
Financial assets measured at cost - non-current (Notes 4, 5 and 8)	-	-	64,664	1
Investments accounted for using the equity method (Notes 4 and 13)	123,713	2	102,665	1
Property, plant and equipment (Notes 4 and 14)	543,858	7	557,808	7
Goodwill (Notes 4 and 5)	366,777	4	366,777	4
Intangible assets (Notes 4 and 15)	22,308	-	21,489	-
Deferred tax assets (Notes 4 and 22)	26,956	-	27,164	-
Prepayments for equipment	27,704	-	44,404	1
Refundable deposits	36,568	1	47,910	1
Defined benefit assets (Notes 4 and 19)	2,302	-	1,895	-
Long-term prepayments for leases (Notes 4 and 16)	22,800	-	35,133	-
Total non-current assets	1,227,085	15	1,269,909	15
TOTAL	$ 8,394,502	100	$ 8,584,516	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 230,000	3	$ -	-
Notes payable and trade payables	1,773,944	21	1,852,923	22
Other payables (Note 18)	409,800	5	357,389	4
Current tax liabilities (Notes 4 and 22)	160,105	2	207,298	2
Other current liabilities	25,077	-	34,478	-
Total current liabilities	2,598,926	31	2,452,088	28
NON-CURRENT LIABILITIES				

Deferred tax liabilities (Notes 4 and 22)	239,634	3	159,320	2
Guarantee deposits received	344	-	2,508	-
Total non-current liabilities	239,978	3	161,828	2
Total liabilities	2,838,904	34	2,613,916	30
EQUITY				
Ordinary shares	1,237,242	15	1,635,733	19
Advance receipts for ordinary shares	-	-	13,923	-
Capital surplus	2,591,280	31	2,591,280	30
Retained earnings				
Legal reserve	721,519	8	634,575	7
Special reserve	376,649	4	230,916	3
Unappropriated earnings	1,060,414	13	1,240,822	15
Total retained earnings	2,158,582	25	2,106,313	25
Other equity				
Exchange differences on translating the financial statements of foreign operations	(431,506)	(5)	(376,649)	(4)
Total equity	5,555,598	66	5,970,600	70
TOTAL	$ 8,394,502	100	$ 8,584,516	100

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 27)	$ 8,808,885	100	$ 8,870,758	100
OPERATING COSTS (Notes 4, 11, 21 and 27)	6,774,744	77	6,817,212	77
GROSS PROFIT	2,034,141	23	2,053,546	23
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	235,560	3	234,243	3
General and administrative expenses	503,022	6	446,248	5
Research and development expenses	147,208	1	138,605	1
Expected credit loss on trade receivables	1,130	-	-	-
Total operating expenses	886,920	10	819,096	9
PROFIT FROM OPERATIONS	1,147,221	13	1,234,450	14
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Note 21)	(5,834)	-	26,562	-
Interest income	48,719	1	44,303	1
Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	15,314	-	10,012	-
Interest expenses	(819)	-	(3,706)	-
Net foreign exchange gain (loss) (Notes 21 and 29)	128,499	1	(96,781)	(1)

Impairment loss recognized on financial assets (Notes 4 and 8)	-	-	(898)	-
Share of profit of subsidiaries and associates (Notes 4 and 13)	32,448	-	7,602	-
Total non-operating income and expenses	218,327	2	(12,906)	-
PROFIT BEFORE INCOME TAX	1,365,548	15	1,221,544	14
INCOME TAX EXPENSE (Notes 4 and 22)	475,587	5	352,104	4
NET PROFIT FOR THE YEAR	889,961	10	869,440	10

(Continued)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

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

Special reserve	-	-	-	-	-	-	-	-	-	145,733	(145,733)	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(824,828)	(824,828)	-	(824,828)
	-	-	-	-	-	-	-	-	86,944	145,733	(1,057,505)	(824,828)	-	(824,828)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	889,961	889,961	-	889,961
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	215	215	(54,857)	(54,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	(412,414)
Convertible bonds converted to ordinary shares	13,923	(13,923)	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	$ 1,237,242	$ -	$ 1,184,809	$ 410,949	$ 143,150	$ 852,372	$ -	$ 2,591,280	$ 721,519	$ 376,649	$ 1,060,414	$ 2,158,582	$ (431,506)	$ 5,555,598

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,365,548	$ 1,221,544
Adjustments for:		
Depreciation expenses	99,318	99,997
Amortization expenses	11,794	11,471
Expected credit loss recognized on trade receivables	1,130	-
Impairment loss reversed on trade receivables	-	(5,781)
Net gain on financial assets at fair value through profit or loss	(15,314)	(10,012)
Share of profit of associates	(32,448)	(7,602)
Interest expenses	819	3,706
Interest income	(48,719)	(44,303)
Dividend income	(1,573)	(2,611)
Loss on disposal of property, plant and equipment	18,379	9,292
Impairment loss recognized on financial assets	-	898
Reversal of write-downs of inventories	(21,772)	(13,265)
Prepayments for leases	341	349
Net loss on unrealized foreign currency exchange	4,251	16,023
Changes in operating assets and liabilities		
Notes receivable	(102,818)	(15,986)
Trade receivables	(306,880)	218,495
Inventories	(30,263)	33,508
Other current assets	1,273	(26,390)
Net defined benefit assets	(21)	(1,345)
Notes payable and trade payables	(138,409)	80,128
Other payables	45,516	(41,673)

Other current liabilities	(10,183)	22,756
Cash generated from operations	839,969	1,549,199
Interest paid	(634)	(74)
Income tax paid	(398,938)	(524,640)
Net cash generated from operating activities	440,397	1,024,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,370,112)	(490,463)
Disposal of financial assets at fair value through profit or loss	1,244,320	497,026
Acquisition of property, plant and equipment	(88,737)	(68,406)
Proceeds from disposal of property, plant and equipment	29,544	8,357
Decrease (increase) in refundable deposits	12,626	(4,686)
Purchase of intangible assets	(12,778)	(7,819)
Decrease (increase) in other financial assets - current	14,209	(6,168)
Increase in prepayments for equipment	(36,112)	(40,197)
Interest received	48,719	44,303
Dividends received	12,973	2,611
Net cash used in investing activities	(145,348)	(65,442)

(Continued)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

   1) Annual Improvements to IFRSs 2014-2016 Cycle

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

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

2) IFRS 9 “Financial Instruments” and related amendments

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

Classification, measurement and impairment of financial assets

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

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

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

	$ 53,710	$ 6,594,865	$ (13,079)	$ 6,635,496	$ (13,079)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b.

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

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

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

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

1) IFRS 16 "Leases"

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

Definition of a lease

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

The Group as lessee

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

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

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

The Group expects to apply the following practical expedients:

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

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

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

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

The Group as lessor

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

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

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

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

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

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

3) Annual Improvements to IFRSs 2015-2017 Cycle

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

h. Property, plant and equipment

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

<u>2017</u>

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

i. Financial assets at FVTPL

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

2018

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

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

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

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

2017

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

2018

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.

2017

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

1) Revenue from the sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2) Revenue from the rendering of services

Service income is recognized when services are provided.

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

3) Dividend and interest income

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

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

n. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Business model assessment for financial assets - 2018

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

b. Estimated impairment of financial assets - 2018

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

c. Impairment of goodwill

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

d. Estimated impairment of trade receivables - 2017

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

e. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

8. FINANCIAL ASSETS MEASURED AT COST - 2017

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

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

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

9. OTHER FINANCIAL ASSETS - CURRENT

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

10. TRADE RECEIVABLES, NET

	December 31	
	2018	2017

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

In 2018

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

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

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

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

December 31, 2018

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

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

2018

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

In 2017

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

The aging of receivables was as follows:

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

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

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

	Collectively Assessed for Impairment
Balance at January 1, 2017	$ 25,115
Less: Impairment losses reversed	(5,781)
Less: Amounts written off during the year as uncollectible	(6,238)

Foreign exchange translation gains and losses	(739)
Balance at December 31, 2017	$ 12,357

11. INVENTORIES

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

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

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Activities	2018	2017
Syncmold Enterprise Corp.	Syncmold Enterprise (Samoa) Corp.	The commerce and commercial related practices of all metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China.	100	100
	Grand Advnace Inc.	The commerce, imports, exports and investments of electronic parts.	100	100
	Syncmold Enterprise (USA) Corp.	The commerce, imports and exports of electronic parts.	100	100
Grand Advnace Inc.	Canford International Limited	Import and export trade and investment career.	100	100
	Fullking Development Limited	Import and export trade and investment career.	100	100
	Full Glary Holding Limited	Import and export trade and investment career.	100	100

			Proportion of Ownership (%)	
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Forever Business Development Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Full Celebration Limited	Reinvesting subsidiaries of mainland China and international business career.	100	100
	Fuzhou Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
	Fujian Khuan Hua Precise Mold., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.	100	100
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Full Big Limited	Shenzhen Fulfil Tech Co., Ltd.	The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.	- (Note)	100
Forever Business Development Limited	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.	100	100
Canford International Limited	Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Fullking Development Limited	Zhongshan Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Full Glary Holding Limited	Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories.	100	100
Full Celebration Limited	Chongqing Fulfil Tech Co., Ltd.	The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.	100	100

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

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Aggregate information of associates that are not individually material

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2017	$ 65,187	$ 304,026	$ 682,827	$ 22,680	$ 38,701	$ 55,702	$ 1,169,123
Additions	-	5,893	48,158	3,067	5,020	6,268	68,406
Disposals	-	(2,438)	(46,800)	(3,767)	(3,646)	(11,145)	(67,796)
Reclassification	-	(100)	4,828	61	712	(87)	5,414
Effect of foreign currency exchange differences	-	(4,618)	(13,292)	(439)	(682)	(2,020)	(21,051)
Balance at December 31, 2017	$ 65,187	$ 302,763	$ 675,721	$ 21,602	$ 40,105	$ 48,718	$ 1,154,096
Accumulated depreciation and impairment							
Balance at January 1, 2017	$ -	$ 149,028	$ 333,191	$ 14,933	$ 23,813	$ 36,366	$ 557,331
Disposals	-	(2,438)	(30,873)	(3,390)	(3,333)	(10,113)	(50,147)
Depreciation expenses	-	24,566	61,706	2,439	5,637	5,649	99,997
Reclassification	-	-	33	1	114	(148)	-
Effect of foreign currency exchange differences	-	(2,372)	(6,183)	(300)	(414)	(1,624)	(10,893)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Balance at December 31, 2017	$ -	$ 168,784	$ 357,874	$ 13,683	$ 25,817	$ 30,130	$ 596,288
Carrying amounts at December 31, 2017	$ 65,187	$ 133,979	$ 317,847	$ 7,919	$ 14,288	$ 18,588	$ 557,808
Cost							
Balance at January 1, 2018	$ 65,187	$ 302,763	$ 675,721	$ 21,602	$ 40,105	$ 48,718	$ 1,154,096
Additions	-	34,528	38,045	1,848	4,877	9,439	88,737
Disposals	-	(4,790)	(104,112)	(544)	(2,203)	(3,627)	(115,276)
Reclassified as held for sale	-	1,091	46,631	2,212	24	2,382	52,340
Effect of foreign currency exchange differences	-	(3,102)	(5,823)	(256)	(432)	1,207	(8,406)
Balance at December 31, 2018	$ 65,187	$ 330,490	$ 650,462	$ 24,862	$ 42,371	$ 58,119	$ 1,171,491

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

(Concluded)

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

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

Buildings	
Main buildings	45 years
Electromechanical power equipment	4-5 years

Equipment	3-10 years
Transportation equipment	5-10 years
Office equipment	3-8 years
Other equipment	3-10 years

15. INTANGIBLE ASSETS

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

(Continued)

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

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

16. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
Land-use rights	$ 7,906	$ 8,291
Prepayments for leases	41,211	42,470
	$ 49,117	$ 50,761

Current assets (included other current assets)	$ 26,317	$ 15,628
Non-current assets	22,800	35,133
	$ 49,117	$ 50,761

17. BORROWINGS

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

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

18. OTHER PAYABLES

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

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Assets**
Balance at January 1, 2017	$ 20,784	$(21,463)	$ (679)
Service cost			
Current service cost	68	-	68
Finance costs (income)	234	(253)	(19)
Recognized in profit or loss	302	(253)	49
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	65	65
Actuarial loss - Experience adjustments	64	-	64
Recognized in other comprehensive income	64	65	129

Contributions from the employer	-	(1,394)	(1,394)
Balance at December 31, 2017	21,150	(23,045)	(1,895)
Finance costs (income)	238	(259)	(21)
Recognized in profit or loss	238	(259)	(21)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(664)	(664)
Actuarial (gain) loss			
Changes in demographic assumptions	58	-	58
Changes in financial assumptions	239	-	239
Experience adjustments	(19)	-	(19)
Recognized in other comprehensive income	278	(664)	(386)
Balance at December 31, 2018	$ 21,666	$(23,968)	$ (2,302)

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

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

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

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

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

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

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

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

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

	December 31	
	2018	2017
Expected contributions to the plans for the next year	$ -	$ -

Average duration of the defined benefit obligation	8.9 years	9.6 years

20. EQUITY

a. Share capital

Ordinary shares

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

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

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

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

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

In 2017, 13,717 thousand ordinary shareswere 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 whichthe Corporation transferred 2,036 thousand shares, 3,013 thousand shares, 5,143 thousand shares, and 3,525 thousand shares from the advance receipts of share capital to ordinary shares, respectively.

b. Capital surplus

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

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

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

21. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense:

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

b. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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

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

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

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

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

c. Other gains and losses

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

d. Gains or losses on foreign currency exchange

For the Year Ended December 31	
2018	2017

Foreign exchange gains	$ 268,418	$ 127,268
Foreign exchange losses	(139,919)	(224,049)
Net foreign exchange gains (losses)	$ 128,499	$ (96,781)

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

	For the Year Ended December 31	
	2018	2017
Profit before tax	$ 1,365,548	$ 1,221,544
Income tax expense calculated at the statutory rate	$ 507,441	$ 307,216
Permanent differences	(53,597)	42,231
Unrecognized deductible temporary differences	(733)	-

Unrecognized loss carry-forwards	(3,819)	4,011
Effect of tax rate changes	27,115	-
Adjustments for prior years' tax	(820)	(1,354)
Income tax expense recognized in profit or loss	$ 475,587	$ 352,104

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

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

b. Current tax assets and liabilities

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compreh-ensive Income**	**Exchange Differences**	**Effect of Tax Rate Changes**	**Closing Balance**
Temporary differences						
Allowance loss for exceeding limits	$ 2,533	$ 998	$ -	$ (60)	$ 30	$ 3,501
Allowance for inventory valuation and obsolescence losses	15,295	(4,032)	-	(183)	17	11,097

Unrealized exchange losses	89	(89)	-	-	-	-
Impairment loss recognized on financial assets measured at cost	4,268	-	-	-	753	5,021
Others	4,979	2,399	-	(123)	82	7,337
	$ 27,164	$ (724)	$ -	$ (366)	$ 882	$ 26,956

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

For the year ended December 31, 2017

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

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

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

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

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

e. Income tax assessments

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

23. EARNINGS PER SHARE

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

Net Profit for the Year

For the Year Ended December

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

Shares

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

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

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

24. OPERATING LEASE ARRANGEMENTS

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

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

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

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

25. CAPITAL MANAGEMENT

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

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

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

26. FINANCIAL INSTRUMENTS

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

December 31, 2018

None.

December 31, 2017

None.

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

1) Fair value hierarchy

December 31, 2018

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

December 31, 2017

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

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

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

For the year ended December 31, 2018

	Financial Assets at FVTPL
	Equity Instruments
Balance at January 1, 2018	$ 51,585

Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss)	2,514
Balance at December 31, 2018	$ 54,099

For the year ended December 31, 2017

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

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

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

c. Categories of financial instruments

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

Financial liabilities at amortized cost (4)	2,172,413	1,981,348

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

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

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

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

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

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

c) Other price risk

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

Sensitivity analysis

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

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

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

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

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

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

December 31, 2018

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

December 31, 2017

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

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

b) Financing facilities

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

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Operating revenue

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

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

c. Purchases of goods

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

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

d. Operating expenses

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

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

e. Prepayments

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

f. Compensation of key management personnel

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

	$ 42,974	$ 40,898

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

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

Monetary items			
USD	42,005	30.715 (USD:NTD)	1,290,184
USD	19,414	6.8632 (USD:RMB)	596,301

December 31, 2017

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

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

	For the Year Ended December 31			
	2018		2017	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)

NTD	1 (NTD:NTD)	$ (5,801)	1 (NTD:NTD)	$ 3,637
USD	30.715 (USD:NTD)	(2,171)	29.76 (USD:NTD)	21,755
RMB	4.472 (RMB:NTD)	136,471	4.549 (RMB:NTD)	(122,173)
		$ 128,499		$ (96,781)

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

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

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

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

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

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

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

9) Trading in derivative instruments (None)

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

11) Information on investees (Table 9)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

31. SEGMENT INFORMATION

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

No operating segments were closed during the year.

a. Segment revenue and results

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

	Income		Loss	
	2018	**2017**	**2018**	**2017**
Equipment - electronic parts	$ 8,197,244	$ 7,907,828	$ 1,587,235	$ 1,561,761
- plastic molding	611,641	962,930	63,008	118,937
Revenue from continuing operations	$ 8,808,885	$ 8,870,758	1,650,243	1,680,698
Share of profit of associates			32,448	7,602
Impairment loss recognized on financial assets			-	(898)
Interest income			48,719	44,303

	2018	2017
Net foreign exchange gain (loss)	128,499	(96,781)
Net gain on financial assets at fair value through profit or loss	15,314	10,012
Interest expenses	(819)	(3,706)
Other gains and losses	(5,834)	26,562
General and administrative expenses	(503,022)	(446,248)
Income before tax	$ 1,365,548	$ 1,221,544

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

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

b. Segment total assets

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

c. Other segment information

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

d. Revenue from major products and services

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

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

e. Geographical information

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

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

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

f. Information about major customers

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

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

	For the Year Ended December 31			
	2018		2017	
Client Code	**Sales**	**% of Revenue**	**Sales**	**% of Revenue**

A	$ 2,174,287	25	$ 2,230,782	25
B	1,416,540	16	1,172,242	13
C	1,159,161	13	863,270	10
D	(Note)		969,597	11

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

															(20% of the net worth of the Corporation)	(40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	184,290	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fuzhou Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (USA) Corp.	Other receivables from related parties	Yes	15,358	15,358	12,286	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	184,290	138,218	46,073	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	399,295	399,295	261,078	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(Continued)

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

6	Zhongshan Fulfil Tech Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
7	Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(Continued)

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

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

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

(Concluded)

TABLE 2

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

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

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

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

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

TABLE 5

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(943,068)	(27)	Note 1	-	-	291,201	21	
Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(280,695)	(29)	Note 1	-	-	90,525	32	
Fuzhou Fulfil Tech Co., Ltd.	Syncomld Enterprise Corporation	Parent company	Sales	(314,019)	(17)	Note 1	-	-	127,122	26	
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(139,643)	(31)	Note 1	-	-	16,382	14	

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

Note 1: Financing.

Note 2: Dividends receivable.

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2018

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outward	Inward						
Fuzhou Fulfil Tech. Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	$ 43,371	Invest through Syncmold Enterprise (Samoa) Corp.	$ 63,979 (US$ 2,083 thousand)	$ -	$ -	$ 63,979 (US$ 2,083 thousand)	$ 255,947	100	$ 255,228	$ 1,003,743	$ 1,665,552 (US$ 54,226 thousand)
Fujian Khuan Hua Precise Mold., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds	111,053	Invest through Syncmold Enterprise (Samoa) Corp.	41,650 (US$ 1,356 thousand)	-	-	41,650 (US$ 1,356 thousand)	7,268	100	7,408	309,258	-
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	59,185	Invest through Syncmold Enterprise (Samoa) Corp.	-	-	-	-	3,639	100	4,406	198,420	24,633 (US$ 802 thousand)
Shenzhen Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	-	Invest through Full Big Limited	-	-	-	-	(103)	- (Note 2)	(103)	-	718,792 (US$ 23,402 thousand)
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds	125,490	Invest through Forever Business Development Limited	-	-	-	-	(11,818)	100	(11,746)	195,728	-
Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	18,521	Invest through Canford International Limited	-	-	-	-	313,963	100	313,963	968,568	1,043,696 (US$ 33,980 thousand)

Zhongshan Fufil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	152,731	Invest through Fullking Development Limited	-	-	-	-	191,235	100	187,461	821,406	923,170 (US$ 30,056 thousand)
Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories	234,531	Invest through Full Glary Holding Limited	184,290 (US$ 6,000 thousand)	-	-	184,290 (US$ 6,000 thousand)	31,069	100	31,598	254,829	-
Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	139,426	Invest through Full Celebration Limited	-	-	-	-	159,952	100	160,095	443,984	335,991 (US$ 10,939 thousand)

(Continued)

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

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

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		Payment Terms	% of Total Sales or Asset (Note 3)
				Financial Statement Account	Price		
0	Syncmold Enterprise Corporation	Fuzhou Fulfil TechCo., Ltd.	1	Other operating revenue - royalty revenue	$ 73,165	Based on the contract between both parties	1
		Fuzhou Fulfil TechCo., Ltd.	1	Trade receivables from related parties	35,730	Based on the contract between both parties	-
		Fujian Khuan Hua Precise Mold., Ltd.	1	Other receivables from related parties	18,638	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	1	Trade receivables from related parties	80,637	Based on the contract between both parties	1
		Suzhou Fulfil Electronics Co., Ltd.	1	Other operating revenue - royalty revenue	138,892	Based on the contract between both parties	2
		Zhongshan Fufil Tech Co., Ltd.	1	Trade receivables from related parties	68,289	Based on the contract between both parties	1
		Zhongshan Fufil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	68,368	Based on the contract between both parties	1
		Chongqing Fulfil Tech Co., Ltd.	1	Other operating revenue - royalty revenue	35,307	Based on the contract between both parties	-
1	Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	1,307,813	No significant difference with non-related parties	15
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	469,593	No significant difference with non-related parties	6
2	Grand Advance Inc.	Syncmold Enterprise Corporation	2	Other receivables from related parties	261,078	Based on the contract between both parties	3
		Fullking Development Limited	3	Other receivables from related parties	46,073	Based on the contract between both parties	1
3	Fuqing Foqun Electronic Hardware Tech	Fuzhou Fulfil Tech Co., Ltd.	3	Sales	326,895	No significant difference with non-related parties	4

	Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	29,427	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	34,205	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	137,943	No significant difference with non-related parties	2
4	Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	314,019	No significant difference with non-related parties	4
		Syncmold Enterprise Corporation	2	Account receivables from related parties	127,122	No significant difference with non-related parties	2
5	Dongguan Kwan Huang Precision Mold	Forever Business Development Limited	3	Sales	85,349	No significant difference with non-related parties	1
	Plastic Co., Ltd.	Zhongshan Fufil Tech Co., Ltd.	3	Trade receivables from related parties	17,155	No significant difference with non-related parties	-
		Zhongshan Fufil Tech Co., Ltd.	3	Sales	74,979	No significant difference with non-related parties	1
		Fuzhou Fulfil Tech Co., Ltd.	3	Trade receivables from related parties	16,551	No significant difference with non-related parties	-
		Fuzhou Fulfil Tech Co., Ltd.	3	Sales	75,990	No significant difference with non-related parties	1
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	16,382	No significant difference with non-related parties	-
		Suzhou Fulfil Electronics Co., Ltd.	3	Sales	139,643	No significant difference with non-related parties	2
6	Chongqing Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	2	Sales	280,695	No significant difference with non-related parties	3
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	90,525	No significant difference with non-related parties	1
7	Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	3	Sales	570,987	No significant difference with non-related parties	6
		Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	82,162	No significant difference with non-related parties	1

(Continued)

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

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

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

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

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

(Concluded)

Syncmold Enterprise Corporation

Financial Statements for the
Years EndedDecember31, 2018 and 2017 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of Sales Revenue

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

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

Other Matter

We did not audit the financial statements of High Grade Tech Co., Ltd., these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for High Grade Tech Co., Ltd., is based solely on the report of other auditors. As of December 31, 2018 and 2017, the balances of investments accounted for using the equity method were NT$123,713 thousand and NT$102,665 thousand, respectively, which accounted for 1.64% and 1.33% of the Corporation's total assets, respectively. For the years ended December 31,2018 and 2017, the share of profit of associates accounted for using the equity method were NT$32,448 thousand and NT$7,602 thousand, respectively, which accounted for 3.88% and 1.16% of the Corporation's total comprehensive income, respectively.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

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

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

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

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 14, 2019

Notice to Readers

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 405,069	6	$ 1,271,798	16
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	192,576	3	53,710	1
Notes receivable	8,846	-	12,519	-
Trade receivables, net (Notes 4, 5 and 9)	849,539	11	788,127	10
Trade receivables from related parties (Notes 4, 5 and 23)	211,445	3	207,433	3
Other receivables from related parties (Notes 4, 5 and 23)	18,638	-	57,482	1
Current tax assets (Notes 4 and 19)	3,309	-	3,309	-
Inventories (Notes 4 and 10)	27,447	-	18,580	-
Other current assets (Note 4)	7,477	-	5,381	-
Total current assets	1,724,346	23	2,418,339	31
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7)	54,099	1	-	-
Financial assets measured at cost - non-current (Notes 4, 5 and 8)	-	-	64,664	1
Investments accounted for using the equity method (Notes 4 and 11)	5,245,364	70	4,752,813	62
Property, plant and equipment (Notes 4 and 12)	112,477	1	109,205	1
Goodwill (Notes 4 and 5)	366,777	5	366,777	5
Intangible assets (Notes 4 and 13)	13,191	-	16,041	-
Deferred tax assets (Notes 4 and 19)	6,204	-	4,534	-
Net defined benefit assets (Notes 4 and 16)	2,302	-	1,895	-
Refundable deposits	571	-	418	-
Total non-current assets	5,800,985	77	5,316,347	69
TOTAL	$ 7,525,331	100	$ 7,734,686	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 14)	$ 230,000	3	$ -	-
Notes payable and trade payables	8,293	-	26,198	-
Trade payable from related parties (Note 23)	986,980	13	1,051,848	14
Other payables (Note 15)	193,303	3	161,343	2
Other payables from related parties (Note 23)	261,078	3	252,960	3
Current tax liabilities (Notes 4 and 19)	44,540	1	108,998	2
Other current liabilities	5,232	-	2,647	-
Total current liabilities	1,729,426	23	1,603,994	21

NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	238,143	3	159,183	2
Guarantee deposits received	120	-	120	-
Other non-current liabilities (Notes 4 and 11)	2,044	-	789	-
Total non-current liabilities	240,307	3	160,092	2
Total liabilities	1,969,733	26	1,764,086	23
EQUITY				
Ordinary shares	1,237,242	17	1,635,733	21
Advance receipts for ordinary shares	-	-	13,923	-
Capital surplus	2,591,280	34	2,591,280	34
Retained earnings				
Legal reserve	721,519	10	634,575	8
Special reserve	376,649	5	230,916	3
Unappropriated earnings	1,060,414	14	1,240,822	16
Total retained earnings	2,158,582	29	2,106,313	27
Other equity				
Exchange differences on translating the financial statements of foreign operations	(431,506)	(6)	(376,649)	(5)
Total equity	5,555,598	74	5,970,600	77
TOTAL	$ 7,525,331	100	$ 7,734,686	100

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

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

SYNCMOLD ENTERPRISE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)				
Sales revenue	$ 3,020,268	90	$ 3,241,416	91
Other operating revenue	318,299	10	312,691	9
Total operating revenue	3,338,567	100	3,554,107	100
OPERATING COSTS (Notes 4, 10, 18 and 23)	2,862,817	85	3,008,843	85
GROSS PROFIT	475,750	15	545,264	15
OPERATING EXPENSES (Notes 18 and 23)				
Selling and marketing expenses	90,564	3	51,152	1
General and administrative expenses	158,806	5	148,193	4
Research and development expenses	146,465	4	137,544	4
Expected credit loss reversed on trade receivables	(2,859)	-	-	-
Total operating expenses	392,976	12	336,889	9
PROFIT FROM OPERATIONS	82,774	3	208,375	6
NON-OPERATING INCOME AND EXPENSES				
Other gains	3,221	-	3,446	-
Interest income	12,273	-	2,687	-

Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	14,596	-	10,012	-
Interest expenses	(819)	-	(3,712)	-
Net foreign exchange gain (loss) (Notes 4 and 18)	(5,801)	-	3,637	-
Impairment loss recognized on financial assets (Notes 4 and 8)	-	-	(898)	-
Share of profit of subsidiaries and associates (Notes 4 and 11)	958,253	29	759,509	21
Total non-operating income and expenses	981,723	29	774,681	21
PROFIT BEFORE INCOME TAX	1,064,497	32	983,056	27
INCOME TAX EXPENSE (Notes 4 and 19)	174,536	5	113,616	3
NET PROFIT FOR THE YEAR	889,961	27	869,440	24

(Continued)

SYNCMOLD ENTERPRISE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 386	-	$ (129)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(171)	-	22	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(54,857)	(2)	(212,113)	(6)
Other comprehensive loss for the year	(54,642)	(2)	(212,220)	(6)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 835,319	25	$ 657,220	18
EARNINGS PER SHARE (Note 20)				
Basic	$ 5.88		$ 5.42	
Diluted	$ 5.82		$ 5.26	

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

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

SYNCMOLD ENTERPRISE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	Share Capital (Note 17)	Share Reserve (Note 17)	Capital Surplus (Notes 4 and 17) Share Premium	Capital Surplus (Notes 4 and 17) Difference Between Actual Acquisition Price and Carrying Amount	Capital Surplus (Notes 4 and 17) Change in Equity	Capital Surplus (Notes 4 and 17) Consolidated Premium	Capital Surplus (Notes 4 and 17) Convertible Bond	Capital Surplus (Notes 4 and 17) Total	Retained Earnings (Note 17) Legal Reserve	Retained Earnings (Note 17) Special Reserve	Retained Earnings (Note 17) Unappropriated Earnings	Retained Earnings (Note 17) Total	Other Equity Financial Assets at FairValue through OtherUnrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2017	$ 1,498,564	$ 35,250	$ 671,486	$ 410,949	$ 143,150	$ 852,372	$ 16,446	$ 2,094,403	$ 543,649	$ 230,916	$ 1,342,415	$ 2,116,980	$ (164,536)	$ 5,580,661
Appropriation of 2016 earnings														
Legal reserve	-	-	-	-	-	-	-	-	90,926	-	(90,926)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(880,000)	(880,000)	-	(880,000)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,440	869,440	-	869,440
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(107)	(107)	(212,113)	(212,220)
Total comprehensive income/(loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,333	869,333	(212,113)	657,220
Convertible bonds converted to ordinary shares	137,169	(21,327)	513,323	-	-	-	(16,446)	496,877	-	-	-	-	-	612,719
BALANCE AT DECEMBER 31, 2017	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,240,822	2,106,313	(376,649)	5,970,600
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	-	-	-	(13,079)	(13,079)	-	(13,079)
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,227,743	2,093,234	(376,649)	5,957,521
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	-	-	-	86,944	-	(86,944)	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	145,733	(145,733)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(824,828)	(824,828)	-	(824,828)

Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	889,961	889,961	-	889,961
Other comprehensive income/(loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	215	215	(54,857)	(54,642)
Total comprehensive income/(loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	(412,414)
Convertible bonds converted to ordinary shares	13,923	(13,923)	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	$ 1,237,242	$ -	$ 1,184,809	$ 410,949	$ 143,150	$ 852,372	$ -	$ 2,591,280	$ 721,519	$ 376,649	$ 1,060,414	$ 2,158,582	$ (431,506)	$ 5,555,598

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,064,497	$ 983,056
Adjustments for:		
Depreciation expenses	7,360	9,308
Amortization expenses	10,162	9,910
Expected credit loss reversed on trade receivables	(2,859)	-
Impairment loss recognized on trade receivables	-	748
Net gain on financial assets at fair value through profit or loss	(14,596)	(10,012)
Share of profit of subsidiaries and associates	(958,253)	(759,509)
Interest expenses	819	3,712
Interest income	(12,273)	(2,687)
Gain on disposal of property, plant and equipment	(99)	-
Dividend income	(1,573)	(2,611)
Impairment loss recognized on financial assets	-	898
Write-downs of inventories	1,638	409
Net loss (gain) on unrealized foreign currency exchange	1,194	(18,290)
Changes in operating assets and liabilities		
Notes receivable	3,673	(4,187)
Trade receivables	(62,063)	16,973
Trade receivables from related parties	(4,621)	3,257
Other receivables from related parties	38,844	12,894
Inventories	(10,505)	(3,472)
Other current assets	(1,906)	33,784
Net defined benefit assets	(21)	(1,345)
Notes payable and trade payables	(17,862)	8,965

Trade payables from related parties	(61,203)	(9,554)
Other payable from related parties	6,675	(17,013)
Other payables	31,775	4,050
Other current liabilities	2,585	713
Cash generated from operations	21,388	259,997
Interest paid	(634)	(74)
Income tax paid	(161,875)	(235,964)
Net cash generated from (used in) operating activities	(141,121)	23,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,242,436)	(490,463)
Disposal of financial assets at fair value through profit or loss	1,116,122	497,026
Acquisition of property, plant and equipment	(12,069)	(3,561)
Proceeds from disposal of property, plant and equipment	1,536	-
Decrease (increase) in refundable deposits	(153)	46
Purchase of intangible assets	(7,312)	(7,200)

(Continued)

SYNCMOLD ENTERPRISE CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	**2017**
Interest received	$ 12,273	$ 2,687
Dividends received	413,673	1,713,750
Net cash generated from investing activities	281,634	1,712,285
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	230,000	-
Dividends paid	(824,828)	(880,000)
Capital reduction by cash	(412,414)	-
Net cash used in financing activities	(1,007,242)	(880,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(866,729)	856,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,271,798	415,554
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 405,069	$ 1,271,798

The accompanying notes are an integral part of thefinancial statements.

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

   1) Annual Improvements to IFRSs 2014-2016 Cycle

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

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

   2) IFRS 9 "Financial Instruments" and related amendments

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

Classification, measurement and impairment of financial assets

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

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remarks**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,271,798	$ 1,271,798	b)
Equity securities	Available-for-sale	Mandatorily at fair value through profit and loss (FVTPL)	64,664	51,585	a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	1,066,144	1,066,144	b)
Refundable deposits	Loans and receivables	Amortized cost	418	418	b)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Remarks
FVTPL	$ 53,710					a)
Add: Reclassification from available-for-sale (IAS 39)						
Required reclassification		$ 64,664				
Remeasurement of financial assets at cost (IAS 39)			$ (13,079)			
	53,710	64,664	(13,079)	$ 105,295	$ (13,079)	
Amortized cost	-					b)
Add: Reclassification from loans and receivables (IAS 39)		2,388,360	-			
	-	2,388,360	-	2,388,360	-	
	$ 53,710	$ 2,403,024	$ (13,079)	$ 2,443,655	$ (13,079)	

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

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

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

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

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

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

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

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

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

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

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

5) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

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

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

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

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSCfor application starting from 2019

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

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

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

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

1) IFRS 16 “Leases”

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

Definition of a lease

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

The Corporation as lessee

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

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

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

The Corporation expects to apply the following practical expedients:

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

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

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

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

The Corporation as lessor

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

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

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Prepayments for leases - current	$ 498	$ -	$ 498
Right-of-use assets	-	4,131	4,131
Total effect on assets	$ 498	$ 4,131	$ 4,629

Lease liabilities - current	$ -	$ 3,396	$ 3,396
Lease liabilities- non-current	-	735	735
Total effect on liabilities	$ -	$ 4,131	$ 4,131

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Corporation 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 Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Corporation expects to better predict the resolution of the uncertainty. The Corporation has to reassess its judgments and estimates if facts and circumstances change.

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

3) Annual Improvements to IFRSs 2015-2017 Cycle

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)

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

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

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

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

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of preparation

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

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

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

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

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

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

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 Corporation 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. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation'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 differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Corporation.

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

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

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

g. Investments in associates

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

The Corporation 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 Corporation's share of the profit or loss and other comprehensive income of the associates. The Corporation also recognizes the changes in the Corporation'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 parent company only financial statements only to the extent of interests in the associates that are not related to the Corporation.

h. Property, plant and equipment

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation 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

2018

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 22.

ii. Financial assets at amortized cost

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

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

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

Financial assets at amortized cost (including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, 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.

2017

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 22.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

2018

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

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Corporation 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 Corporation 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 Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

The repurchase of the Corporation'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 Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

2018

The Corporation 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 Corporation 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.

2017

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

1) Revenue from the sale of goods

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

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

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

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2) Revenue from the rendering of services

   Service income is recognized when services are provided.

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

3) Royalty revenue

   Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Corporation and that the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized with reference to the underlying arrangement.

4) Dividend and interest income

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

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

n. Leasing

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

1) The Corporation 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 Corporation as lessee

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference 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 Corporation 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 Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Business model assessment for financial assets - 2018

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

b. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Impairment of goodwill

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

d. Estimated impairment of trade receivables - 2017

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 543	$ 620
Checking accounts and demand deposits	404,526	467,658
Cash equivalents		

Time deposits (with original maturities of less than 3 months)	-	803,520
	$ 405,069	$ 1,271,798

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

	December 31	
	2018	2017
Bank balance	0.001%-0.48%	0.001%-2.28%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2018	2017
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Domestic listed shares	$ -	$ 53,710
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	68,498	-
Mutual funds	124,078	-
	192,576	-
	$ 192,576	$ 53,710

(Continued)

	December 31	
	2018	2017
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	$ 13,696	$ -
Overseas unlisted shares	40,403	-
	$ 54,099	$ -

(Concluded)

8. FINANCIAL ASSETS MEASURED AT COST - 2017

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

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

During 2017, the Corporation recognized impairment loss with carrying amounts of $898 thousand.

9. TRADE RECEIVABLES, NET

	December 31	
	2018	2017
At amortized cost		
Gross carrying amount	$ 849,589	$ 791,036
Less: Allowance for impairment loss	(50)	(2,909)
	$ 849,539	$ 788,127

In 2018

The average credit period of sales of goods was 114 days. No interest was charged on trade receivables. Credit rating information is obtained from independent rating agencies where available or, if not available, the Corporation uses other publicly available financial information or its own trading records to rate its major customers. The Corporation'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 Corporation 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 Corporation'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 Corporation's different customer base.

The Corporation 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 Corporation 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 Corporation's provision matrix.

December 31, 2018

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	1%	13%	40%	-	-
Gross carrying amount	$ 848,380	$ 997	$ 167	$ 45	$ -	$ 849,589

Loss allowance (Lifetime ECL)	-	(10)	(22)	(18)	-	(50)
Amortized cost	$ 848,380	$ 987	$ 145	$ 27	$ -	$ 849,539

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

	2018
Balance at January 1, 2018 per IAS 39	$ 2,909
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	2,909
Less: Impairment losses reversed	(2,859)
Balance at December 31, 2018	$ 50

In 2017

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

The aging of receivables was as follows:

	December 31, 2017
Not past due	$ 776,329
1-30 days	2,063
31-90 days	11,215
91-180 days	1,429
Over 180 days	-
	$ 791,036

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

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

	Collectively Assessed for Impairment
Balance at January 1, 2017	$ 2,161
Add: Impairment losses recognized on receivables	748
Balance at December 31, 2017	$ 2,909

10. INVENTORIES

	December 31	
	2018	2017
Products	$ 26,314	$ 15,050
Raw materials	1,133	3,530
	$ 27,447	$ 18,580

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $2,862,817 thousand and $3,008,843 thousand, respectively. The cost of goods sold included inventory write-downs of $1,638 thousand and $409 thousand.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 5,121,651	$ 4,650,148
Investments in associates	123,713	102,665
	$ 5,245,364	$ 4,752,813

a. Investments in subsidiaries

	December 31	
	2018	2017

	December 31	
	2018	2017
Grand Advance Inc.	$ 2,547,600	$ 2,114,399
Syncmold Enterprise (Samoa) Corp.	2,574,051	2,535,749
Syncmold Enterprise (USA) Corp.	(2,044)	(789)
	5,119,607	4,649,359
Add: Credit balance of investments reclassified to non-current liabilities	2,044	789
	$ 5,121,651	$ 4,650,148

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	2018	2017
Syncmold Enterprise (Samoa) Corp.	100%	100%
Grand Advance Inc.	100%	100%
Syncmold Enterprise (USA) Corp.	100%	100%

For details of the investments in subsidiaries indirectly held by the Corporation, refer to Note 25.

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

b. Investments in associates

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

Aggregate information of associates that are not individually material:

	December 31	
	2018	2017
The Corporation's share of:		

Net profit of the year	$ 32,448	$ 7,602

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

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transpor-tation Equipment	Office Equipment	Total
Cost						
Balance at January 1, 2017	$ 65,187	$ 67,131	$ 7,134	$ 875	$ 3,883	$ 144,210
Additions	-	133	2,307	-	1,121	3,561
Disposals	-	-	(5,525)	-	(84)	(5,609)
Balance at December 31, 2017	$ 65,187	$ 67,264	$ 3,916	$ 875	$ 4,920	$ 142,162
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ -	$ 24,755	$ 2,385	$ 263	$ 1,855	$ 29,258
Disposals	-	-	(5,525)	-	(84)	(5,609)
Depreciation expenses	-	3,105	5,062	126	1,015	9,308
Balance at December 31, 2017	$ -	$ 27,860	$ 1,922	$ 389	$ 2,786	$ 32,957
Carrying amounts at December 31, 2017	$ 65,187	$ 39,404	$ 1,994	$ 486	$ 2,134	$ 109,205
Cost						
Balance at January 1, 2018	$ 65,187	$ 67,264	$ 3,916	$ 875	$ 4,920	$ 142,162
Additions	-	-	10,756	-	1,313	12,069

Disposals	-	-	(3,880)	-	(1,220)	(5,100)
Balance at December 31, 2018	$ 65,187	$ 67,264	$ 10,792	$ 875	$ 5,013	$ 149,131
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ -	$ 27,860	$ 1,922	$ 389	$ 2,786	$ 32,957
Disposals	-	-	(2,443)	-	(1,220)	(3,663)
Depreciation expenses	-	3,116	3,026	126	1,092	7,360
Balance at December 31, 2018	$ -	$ 30,976	$ 2,505	$ 515	$ 2,658	$ 36,654
Carrying amountsat December 31, 2018	$ 65,187	$ 36,288	$ 8,287	$ 360	$ 2,355	$ 112,477

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

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

Buildings	
Main buildings	45 years
Equipment	3-10 years
Transportation equipment	5-10 years
Office equipment	3-10 years

13. INTANGIBLE ASSETS

	Computer Software Cost
Cost	

Balance at January 1, 2017	$ 32,330
Additions	7,200
Derecognitions	(9,164)
Balance at December 31, 2017	$ 30,366
Accumulated amortization and impairment	
Balance at January 1, 2017	$(13,579)
Amortization expenses	(9,910)
Derecognitions	9,164
Balance at December 31, 2017	$(14,325)
Carrying amount at December 31, 2017	$ 16,041
Cost	
Balance at January 1, 2018	$ 30,366
Additions	7,312
Derecognitions	(7,147)
Balance at December 31, 2018	$ 30,531
Accumulated amortization and impairment	
Balance at January 1, 2018	$(14,325)
Amortization expenses	(10,162)
Derecognitions	7,147
Balance at December 31, 2018	$(17,340)
Carrying amount at December 31, 2018	$ 13,191

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

14. BORROWINGS

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

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

15. OTHER PAYABLES

	December 31	
	2018	2017
Payables for salaries or bonuses	$ 127,739	$ 125,622
Payables for procurement	5,722	12,116
Others	59,842	23,605
	$ 193,303	$ 161,343

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation 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.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation 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 Corporation 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 Corporation has no right to influence the investment policy and strategy.

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

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

Movements in net defined benefit assets were as follows:

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

amounts included in net interest)			
Actuarial (gain) loss			
Changes in demographic assumptions	58	-	58
Changes in financial assumptions	239	-	239
Experience adjustments	(19)	-	(19)
Recognized in other comprehensive income	278	(664)	(386)
Balance at December 31, 2018	$ 21,666	$(23,968)	$ (2,302)

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

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

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

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

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

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

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

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

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

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

17. EQUITY

a. Share capital

Ordinary shares

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

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and right to dividends.
The authorized shares include 3,000 thousand shares allocated for the exercise of employee stock options.

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisorsin Note 18-b.

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

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

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

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

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

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

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

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

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

d. Special reserve

	December 31	
	2018	**2017**
Beginning at January 1	$ 230,916	$ 230,916
Appropriated special reserves		

Exchange differences on translating the financial statements of foreign operations	145,733	-
Balance at December 31	$ 376,649	$ 230,916

On the initial application of the IFRSs, the net increase arising from the retained earnings was not enough for the special reserve appropriation; thus, the Corporation 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.

18. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense

	2018			2017		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expenses	$ -	$ 201,271	$ 201,271	$ -	$ 181,759	$ 181,759
Labor insurance expenses	-	14,031	14,031	-	11,678	11,678
Pension expenses						
Defined contribution plan	-	7,256	7,256	-	6,670	6,670
Defined benefit plan	-	(21)	(21)	-	49	49
Director's remuneration	-	14,396	14,396		13,540	13,540
Other employee benefits	-	7,727	7,727	-	8,458	8,458
	$ -	$ 244,660	$ 244,660	$ -	$ 222,154	$ 222,154
Depreciation	$ 76	$ 7,284	$ 7,360	$ -	$ 9,308	$ 9,308
Amortization	$ -	$ 10,162	$ 10,162	$ -	$ 9,910	$ 9,910

As of December 31, 2018 and 2017, the Corporation had 189 employees and 184 employees, respectively, which includes 4 directors not concurrently serving as employees for both years.

b. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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

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

	For the Year Ended December 31, 2017	
	Employees' Compensation	**Remuneration of Directors and Supervisors**
Amounts approved in the board of directors' meeting	$ 70,000	$ 16,000

Amounts recognized in the annual financial statements	$ 70,096	$ 15,387

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

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

c. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	**2017**
Foreign exchange gains	$ 83,383	$ 87,482
Foreign exchange losses	(89,184)	(83,845)
Net foreign exchange gains (losses)	$ (5,801)	$ 3,637

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2018	**2017**
Current tax		
In respect of the current period	$ 97,155	$ 325,179
Adjustments for prior periods	262	498
	97,417	325,677
Deferred tax		
In respect of the current period	50,004	(212,061)
Adjustments to deferred tax attributable to changes in tax rates and laws	27,115	-
	77,119	(212,061)

Income tax expense recognized in profit or loss	$ 174,536	$ 113,616

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

	For the Year Ended December 31	
	2018	**2017**
Profit before tax	$ 1,064,497	$ 983,056
Income tax expense calculated at the statutory rate	$ 212,899	$ 167,120
Nondeductible expenses in determining taxable income	(65,007)	(54,002)
Unrecognized deductible temporary differences	(733)	-
Effect of tax rate changes	27,115	-
Adjustments for prior years' tax	262	498
Income tax expense recognized in profit or loss	$ 174,536	$ 113,616

In 2017, the applicable corporate income tax rate used by the Corporation in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

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

b. Current tax assets and liabilities

	December 31	
	2018	**2017**
Current tax assets		
Tax refund receivable	$ 3,309	$ 3,309
Current tax liabilities		
Income tax payable	$ 44,540	$ 108,998

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Effect of Tax Rate Changes**	**Closing Balance**
Temporary differences					
Allowance for exceeding limit	$ 171	$ -	$ -	$ 30	$ 201
Allowance for inventory valuation and obsolescence losses	95	327	-	17	439
Impairment loss recognized on financial assets measured at cost	4,268	-	-	753	5,021
Others	-	461	-	82	543
	$ 4,534	$ 788	$ -	$ 882	$ 6,204

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Effect of Tax Rate Changes	Closing Balance
Temporary differences					
Gain on investments accounted for using the profits recognized under equity method	$ 157,194	$ 49,400	$ -	$ 27,740	$ 234,334
Defined benefit obligations	322	4	171	(37)	460
Unrealized exchange gains	1,667	1,388	-	294	3,349
	$ 159,183	$ 50,792	$ 171	$ 27,997	$ 238,143

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Effect of Tax Rate Changes	Closing Balance
Temporary differences					
Allowance for exceeding limits	$ -	$ 171	$ -	$ -	$ 171
Unrealized exchange losses	680	(680)	-	-	-
Allowance for inventory valuation and obsolescence losses	33	62	-	-	95
Impairment loss recognized on financial assets measured at cost	4,116	152	-	-	4,268
	$ 4,829	$ (295)	$ -	$ -	$ 4,534

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Effect of Tax Rate Changes	Closing Balance
Temporary differences					
Gain on investments accounted for using the profits recognized under equity method	$ 371,446	$(214,252)	$ -	$ -	$ 157,194
Defined benefit obligations	115	229	(22)	-	322
Unrealized exchange gains	-	1,667	-	-	1,667

	$ 371,561	$(212,356)	$ (22)	$ -	$ 159,183

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

	December 31	
	2018	2017
Deductible temporary differences	$ 171,924	$ 200,042

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

e. Income tax assessments

The income tax returns through 2015 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

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

Net Profit for the Year

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

Shares

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

	For the Year Ended December 31

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

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

21. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation 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 Corporation 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 Corporation uses a cautious risk management strategy.

22. FINANCIAL INSTRUMENTS

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

December 31, 2018

None.

December 31, 2017

None.

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

1) Fair value hierarchy

December 31, 2018

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

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets-held for trading	$ 53,710	$ -	$ -	$ 53,710

Available-for-sale financial assets				
Financial assets measured at cost - non-current	-	-	64,664	64,664
	$ 53,710	$ -	$ 64,664	$ 118,374

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

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

For the year ended December 31, 2018

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

For the year ended December 31, 2017

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

Balance at December 31, 2017	$ 64,664

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

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

c. Categories of financial instruments

	December 31	
	2018	**2017**
Financial assets		
Financial assets at FVTPL		
Held for trading	$ -	$ 53,710
Mandatorily classified as at FVTPL	246,675	-
Loans and receivables (1)	-	2,338,360
Available-for-sale financial assets (2)	-	64,664
Financial assets at amortized cost (3)	1,494,297	-
Financial liabilities		
Financial liabilities at amortized cost (4)	1,552,035	1,366,847

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

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

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

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

d. Financial risk management objectives and policies

   The Corporation's major financial instruments include cash and cash equivalents, financial instruments held for trading, equity investments, trade receivables and trade payables. The Corporation'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 Corporation 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 Corporation'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 has been no change to the Corporation's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Corporation has foreign currency sales and purchases, which exposes the Corporation to foreign currency risk. The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 24.

Sensitivity analysis

The Corporation is mainly exposed to the USD and the RMB.
The following table details the Corporation'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.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Equity	$ 2,120	$ (7,245)	$ (2,049)	$ (2,063)

This was mainly attributable to the exposure on outstanding receivables and payables 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 Corporation is exposed to interest rate risk because the Corporation borrows funds at both fixed and floating interest rates.

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

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ -	$ 803,520
Financial liabilities	230,000	-
Cash flow interest rate risk		
Financial assets	401,654	464,263

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation'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 Corporation's pre-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by $4,017 thousand and $4,643 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rates on its variable-rate deposits.

c) Other price risk

The Corporation 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 Corporation has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

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

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

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 Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Corporation, could be equal to the total of carrying amount of the respective recognized financial assets as stated in the balance sheets; and

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 eachbalance 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 Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation'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 Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Corporation 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 Corporation's remaining contractual maturity 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 Corporation can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2018

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-interest bearing liabilities	$ 313,570	$ 386,143	$ 622,017	$ -

Fixed interest rate liabilities	230,185	-	-	-
	$ 543,755	$ 386,143	$ 622,017	$ -

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	$ 231,157	$ 507,911	$ 627,659	$ -

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

b) Financing facilities

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

23. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Syncmold Enterprise (Samoa) Corp.	Subsidiaries
Grand Advance Inc.	Subsidiaries
Syncmold Enterprise (USA) Corp.	Subsidiaries

Full Big Limited	Indirect subsidiaries
Fullking Development Limited	Indirect subsidiaries
Forever Business Development Limited	Indirect subsidiaries
Fuzhou Fulfil Tech Co., Ltd.	Indirect subsidiaries
Fujian Khuan Hua Precise Mold., Ltd.	Indirect subsidiaries
Chongqing Fulfil Tech Co., Ltd.	Indirect subsidiaries
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiaries
Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiaries
Zhongshan Fulfil Tech Co., Ltd	Indirect subsidiaries
High Grade Tech Co., Ltd.	Associate
Chen Chien Hung	Related party in substance
Chen Chien Yuan	Related party in substance

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2018	2017
Sales	Subsidiaries	$ 7,579	$ -
	Indirect subsidiaries	-	9,669
	Associate	-	226
		7,579	9,895
Other operating revenue	Indirect subsidiaries		
- royalty	Suzhou Fulfil Electronics Co., Ltd.	138,892	106,134
	Zhongshan Fulfil Tech Co., Ltd.	68,368	93,673
	Fuzhou Fulfil Tech Co., Ltd.	73,165	68,682
	Chongqing Fulfil Tech Co., Ltd.	35,307	37,735
		315,732	306,224
Other operating revenue - service revenue	Indirect subsidiaries	2,452	6,436
		$ 325,763	$ 322,555

The transaction prices and terms of collection between the Corporation and its related parties are the same as the non-related parties, except for subsidiaries that purchase raw materials on behalf of the Corporation, whose service income is decided with reference to market prices, and royalty income which is based on that stated in the agreements.

c. Purchases of goods

Related Party Category/Name	December 31 2018	2017
Indirect subsidiaries		
Zhongshan Fulfil Tech Co., Ltd	$ 1,307,813	$ 1,362,520
Suzhou Fulfil Electronics Co., Ltd.	942,317	864,252
Fuzhou Fulfil Tech Co., Ltd.	314,019	348,124
Others	296,007	314,660
Subsidiaries	-	14,527
Associate	40	-
	$ 2,860,196	$ 2,904,083

Prices of transactions between the Corporation and related parties were made with reference to market prices, and payment terms are the same as that with non-related parties.

d. Operating expenses

Related Party Category/Name	For the Year Ended December 31 2018	2017
Associate	$ 635	$ 9
Related parties	2,247	2,247
Indirect subsidiaries	-	378
	$ 2,882	$ 2,634

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

e. Manufacturing expense

For the Year Ended December 31

Related Party Category/Name	2018	2017
Subsidiaries	$ 751	$ 143

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

		December 31	
Line Item	Related Party Category/Name	2018	2017
Trade receivables	Indirect subsidiaries		
	Zhongshan Fulfil Tech Co., Ltd	$ 68,289	$ 96,591
	Suzhou Fulfil Electronics Co., Ltd.	80,637	55,078
	Fuzhou Fulfil Tech Co., Ltd.	35,730	33,401
	Others	26,789	22,363
		211,445	207,433
Other receivables	Indirect subsidiaries		
	Fujian Khuan Hua Precise Mold., Ltd.	18,638	33,745
	Zhongshan Fulfil Tech Co., Ltd.	-	15,490
	Forever Business Development Limited	-	8,247
	Fullking Development Limited	-	-
		18,638	57,482
		$ 230,083	$ 264,915

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2018 and 2017, no allowance loss was recognized for trade receivables from related parties.

Other receivables between the Corporation and its related parties are mainly from the purchase of raw materials. The Corporation recognizes the transactions that have not been paid to the suppliers as other payables.

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

		December 31	
Line Item	Related Party Category/Name	2018	2017
Trade payables	Indirect subsidiaries		

Zhongshan Fulfil Tech Co., Ltd	$ 469,593	$ 478,683
Suzhou Fulfil Electronics Co., Ltd.	291,201	245,151
Fuzhou Fulfil Tech Co., Ltd.	127,122	111,840
Chongqing Fulfil Tech Co., Ltd.	90,525	109,143
Other	8,539	107,031
	$ 986,980	$ 1,051,848

The outstanding trade payables from related parties are unsecured.

h. Loans from related parties

	December 31	
Related Party Category/Name	**2018**	**2017**
Other payables		
Subsidiaries		
Grand Advance Inc.	$ 261,078	$ 252,960

The interest rate of short term borrowings from related parties is 0% in both 2018 and 2017.

i. Endorsements and guarantees

	December 31	
Related Party Category/Name	**2018**	**2017**
Subsidiaries		
Amount endorsed	$ 968,228	$ 980,320
Amount utilized	$ -	$ -

j. Compensation of key management personnel

	For the Year Ended December 31	
	2018	**2017**
Short-term employee benefits	$ 25,456	$ 23,819
Post-employment benefits	225	255

	$ 25,681	$ 24,074

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

24. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 35,103	30.715 (USD:NTD)	$ 1,078,189
RMB	45,825	4.472 (RMB:NTD)	204,929
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	166,681	30.715 (USD:NTD)	5,119,607
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

December 31, 2017

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 69,386	29.76 (USD:NTD)	$ 2,064,927
RMB	45,343	4.549 (RMB:NTD)	206,265
Non-monetary items			
Investments accounted for using the equity method			
USD	156,228	29.76 (USD:NTD)	4,649,359
Financial assets measured at cost			
USD	1,500	29.76 (USD:NTD)	48,404
Financial liabilities			
Monetary items			
USD	45,040	29.76 (USD:NTD)	1,340,390

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

	For the Year Ended December 31			
	2018		2017	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.715 (USD:NTD)	$ (4,699)	29.76 (USD:NTD)	$ (3,787)
RMB	4.472 (RMB:NTD)	(1,117)	4.549 (RMB:NTD)	7,419
Other		15		5
		$ (5,801)		$ 3,637

25. 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) 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 and 6):

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.

TABLE 1

SYNCMOLD ENTERPRISE CORPORATION

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	$ 100,000	$ 100,000	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	100,000	100,000	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
1	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	61,430	61,430	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Celebration Limited	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	92,145	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	153,575	153,575	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(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		
2	Grand Advance Inc.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	92,145	92,145	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	138,218	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	184,290	92,145	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fuzhou Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	215,005	215,005	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (USA) Corp.	Other receivables from related parties	Yes	15,358	15,358	12,286	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	184,290	138,218	46,073	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	399,295	399,295	261,078	0	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(Continued)

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

(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		
5	Fullking Development Limited	Zhongshan Fulfil Tech. Co., Ltd.	Other receivables from related parties	Yes	$ 36,858	$ 36,858	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	36,858	36,858	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
6	Zhongshan Fulfil Tech Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	35,802	35,802	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

(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	$ 40,278	$ 40,278	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	40,278	40,278	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
8	Forever Business Development Limited	Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	13,822	13,822	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	13,822	13,822	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	13,822	13,822	-	-	Short-term financing	-	Operating capital	-	-	-	$1,111,120 (20% of the net worth of the Corporation)	$2,222,239 (40% of the net worth of the Corporation)

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

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

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

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

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

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

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

TABLE 4

SYNCMOLD ENTERPRISE CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

TABLE 5

SYNCMOLD ENTERPRISE CORPORATION

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

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

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

Note 1: Financing.

Note 2: Dividends receivable.

SYNCMOLD ENTERPRISE CORPORATION

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

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

TABLE 8

SYNCMOLD ENTERPRISE CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories	234,531	Invest through Full Glary Holding Limited	184,290 (US$ 6,000 thousand)	-	-	184,290 (US$ 6,000 thousand)	31,069	100	31,598	254,829	-
Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	139,426	Invest through Full Celebration Limited	-	-	-	-	159,952	100	160,095	443,984	335,991 (US$ 10,939 thousand)

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

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Petty cash	$ 543
Cash in banks	
Checking accounts	2,872
Demand deposits	190,829
	193,701
Foreign currency demand deposits (Note)	210,825
	$ 405,069

Note: The amount of US$6,755 thousand was calculated based on the exchange rate of US$1=NT$30.715. The amount of RMB430 thousand was calculated based on the exchange rate of RMB1=NT$4.472. The amount of EUR10 thousand was calculated based on the exchange rate of EUR1=NT$35.2 and the amount of SGD48 was calculated based on the exchange rate of SGD1=NT$22.48.

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount
A	$ 672,754
B	94,684
Others (Note)	82,151
	849,589
Less: Allowance for impairment loss	50
Total	$ 849,539

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

STATEMENT 3

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realized Value
Product	$ 26,438	$ 26,922
Finished goods	102	-
Raw material	3,101	1,133
	29,641	$ 28,055
Less: Allowance for inventory valuation losses	2,194	
	$ 27,447	

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

	Balance as of January 1, 2018			Adjustments of the Year					Balance of December 31, 2018			
	Shares (In Thousands)	Shareholding Ratio %	Amount	Increase in Investments	Decrease in Investments	Share of Profit or Loss of Subsidiaries and Associates	Exchange Differences on Translating the Financial Statements of Foreign Operations	Cash Dividends	Shares (In Thousands)	Shareholding Ratio %	Amount	Note
Unlisted companies												
Grand Advance Inc.	-	100	$ 2,114,399	$ -	$ -	$ 500,232	$ (17,516)	$ (49,515)	-	100	$ 2,547,600	
Syncmold Enterprise (Samoa) Corp.	3,546	100	2,535,749	-	-	426,780	(37,293)	(351,185)	3,546	100	2,574,051	
Syncmold Enterprise (USA) Corp.	-	100	(789)	-	-	(1,207)	(48)	-	-	100	(2,044)	
High Grade Tech Co., Ltd.	2,280	38	102,665	-	-	32,448	-	(11,400)	2,280	38	123,713	
			4,752,024	$ -	$ -	$ 958,253	$ (54,857)	$ (412,100)			5,243,320	
Add: Credit balance of investments reclassified to non-current liabilities			789								2,044	
			$ 4,752,813								$ 5,245,364	

Note 1: Calculated based on the audited financial statements of the investee companies and the shareholding ratio.

Note 2: No pledges or guaranteed investments accounted for using the equity method at the end of 2018.

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity	Average Price	Amount
Sales revenue			
Display Hinges	16,442,534	181	$ 2,973,850
Others	-		46,418
			3,020,268
Other operating revenue			318,299
			$ 3,338,567

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material, beginning of year	$ 4,033
Add: Raw material purchased	33,638
Less: Raw material, end of the year	3,101
Transferred to operating expense	41
Raw materials used	34,529
Manufacturing expense	4,113
Manufacturing cost	38,642
Add: Work in process, beginning of year	-
Less: Work in process, end of year	-
Cost of finished goods	38,642
Add: Finished goods, beginning of year	53
Less: Finished goods, end of year	102
Transferred to operating expense	3
Cost of finished goods sold	38,590
Add: Product, beginning of year	15,050
Purchase of products	2,834,001
Less: Product, end of year	26,438
Transferred to operating expense	24
Cost of products	2,822,589
Add: Write-downs of inventories	1,638
	$ 2,862,817

STATEMENT 7

SYNCMOLD ENTERPRISE CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative	Research and Development Expense	Expected Credit Loss Reversed on Trade Receivables	Total
Salary	$ 21,798	$ 96,132	$ 83,341	$ -	$ 201,271
Others (Note)	68,766	62,674	63,124	(2,859)	191,705
	$ 90,564	$ 158,806	$ 146,465	$ (2,859)	$ 392,976

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

Syncmold Enterprise Corporation

Chairman

Chiu-Lang, Chen