Stock Code：1582

# Syncmold Enterprise Corp.

# 2019 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：May 18, 2020

**I. Contact Information of Spokesperson and Deputy Spokesperson：**

| **Spokesperson** | **Deputy Spokesperson** |
|---|---|
| Name：Daphne, Chang | Name：Vick, Liu |
| Title：Deputy General Manager | Title：Assistant Manager |
| Contact Number：(02)6621－5888 | Contact Number：(02)6621－5888 |
| E-mail：daphne.chang@syncmold.com.tw | E-mail：vick.liu@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 |
| Factory | 3F., No.348, Shanying Rd., Gueishan Dist., Taoyuan City | (03)263-0001 |

**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 2020 Shareholders' meeting.

We continued to pass through the turmoil of US-China Trade War in 2019, global stock market, exchange market both were enormously fluctuated by the influence of trade war. We encountered the fast variation in external environment, and the profits still remained growth trend in the past through steady business policy and order strategy; moreover, the optimization of product combinations and cost control. As a countermeasure of trade war, the Company accelerated to construct new production points in other regions for decreasing the possible risk from trade war. In the aspect of operational energy continuance, the Company merged aluminum-magnesium alloy die casting plant of Gatetech Technology Inc. in 2019 to increase revenue, expand customer group, and develop the efficacies of vertical integration and resource sharing.

In the next year, in addition to maintenance of steady step in monitor industry, resource integration benefits of the Company and Gatetech Technology Inc. in the main industry will gradually appear. In the aspect of growth energy, the Company will continue to utilize industrial cooperation, strategical investment or other methods for creating diversified revenues and profit growth, brining greater value for shareholders.

Here is the overview of 2019 performance:

The main products of the Company include monitor, AIO computer, TV hinge and stand, although monitor, AIO computer markets were nearly mature, the growth space was limited, therefore, total demand slightly varied, and annual created revenue and profit were relatively stable. 2019 global market share of the Company was still remained similar with the past few years, monitor and AIO both accounted for 20%, TV accounted for 0.8%. However, market share slightly varied, the Company still utilized the variation of order strategy to improve product combinations, coordinated effective cost control to achieve the efficiency of raising profits.

With prospection in 2020, the Company continuously has a bright prospect of stable demand of monitor and AIO delivery, in addition, investment returns of reinvesting Gatetech Technology Inc. appeared, encountering the condition of global epidemic, we still have confidence to remain and even exceed the past operating performance.

The 2019 operating performance report is as follows:

I.1 Annual Operating Performance Report:

1.1.1 Operating results of 2019

The Company's consolidated revenues for the year of 2019 was NT$$ 8,582,344,000, slightly decreased of 2018 consolidated revenues NT$ $8,808,885,000. The 2019 gross profit margin was 26.39%, increased of 3.3%, compared to 2018 gross profit margin of 23.09%. 2019 earnings per share of the Company was NT$7.61.

1.1.2. Implementation on Budget Plan：

Unit：NT$ in thousands

| Item | 2019 actual | 2019 forecast | Achieving rate (%) |
|---|---|---|---|
| Operating income | 8,582,344 | 9,010,630 | 95.25 |
| Operating costs | 6,317,305 | 6,814,416 | 92.71 |
| Net operating margin | 2,265,039 | 2,196,214 | 103.13 |
| Operating expenses | 987,044 | 931,747 | 105.93 |
| Non-operating incomes and expenses | 166,995 | 48,329 | 345.54 |
| Profit before income tax | 1,444,990 | 1,312,796 | 110.06 |

1.1.3 .Financial and Profitability Analysis：

(1) Financial Analysis

| Item | 2019 | 2018 | Amount change | Percentage change |
|---|---|---|---|---|
| Interest incomes | 26,755 | 48,719 | (21,964) | (45.08) |
| Interest expenses | 20,568 | 819 | 19,749 | (241.13) |

(2) Profitability

| Item | 2019 | 2018 |
|---|---|---|
| Return on Assets（%） | 10.28 | 10.49 |
| Return on equity（%） | 16.72 | 15.44 |
| Operating Profit to Paid-in Capital（%） | 103.29 | 92.72 |
| Net Income before Tax to Paid-in Capital（%） | 116.79 | 110.37 |
| Net Profit Margin（%） | 10.98 | 10.10 |
| Earnings per share（NT$） | 7.61 | 5.88 |

1.1.4. Research & Development：

The applications of large dimension, thin volume, specific appearance treatment and environmental protection materials were the development trend of LCD monitor in recent years. In addition to large dimension, the model of Gaming still brings new themes of stand automatization or luminous appearance design, etc. Adapting preceding development trend, the Company researched and developed LCD monitor stand, besides providing structural strength and basic demand of lightness, thinness, still needing aesthetic appearance of overall shape design to make LCD monitor perform basic function of multi-axle steering, and combining with the Company’s input and development result of automatization to make products have more advantages of competitiveness, become basic equipment of business space or home environment. Furthermore, the Company developed the application of arm-shaped stand for decreasing occupied space of stand, it is also another new direction and challenge.

The Company obtained invention, new and other patents for more than 40 products, most are related with LCD monitor stand products. For example, quick releasing hinge model and supporting device, rise-and-fall supporting device, sucked supporting device, etc. The R&D direction of the Company was mainly LCD monitor stand, game console monitor stand, medical monitor and TV stand.

1.2 2020 Annual summary of the business plan

1.2.1. Operating strategy:

(1) Expand the application of automatization production equipment to raise production efficiency and product quality..

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

(3) Quickly established production points in different regions to respond the variation of external environment and smoothly shipped.

(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：

The Company didn't prepare 2020 financial forecasts for the public, so there was no expected sale volume and its reference.

1.2.3.Important production and marketing policy：

As the uncertainty of approaching trade war restarts or not and the affection of COVID-19 epidemic, we prospected that 2020 global economic boom will be difficult to be better than 2019, and macro environment will be violently varied. The Company will focus on BTO, coordinate moderate safety stock to satisfy customer's need, and adapt the variation of external environment, achieve higher business performance.

1.2.4. Future corporate development strategy：

In aspect of stand products, the patent technology research and development of high-end model structural parts and the promotion of automatization technology are the main development direction of the Company, and the Company is involve in developing of new application materials and new structure. On the other hand, the Company invested in Gatetech Technology Inc. in the end of the year 2019, obtained aluminum-magnesium alloy die casting technology, expected after resource integration in the coming year, expanding application domains, raising the scope of product application to increase revenues and new growth energy. Furthermore, the Company actively established overseas production base in recent years to efficiently provide efficiently service for customers and expand new business.

1.2.5. Influences on outside competition, regulatory and macro economy：

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
CEO

# 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 |

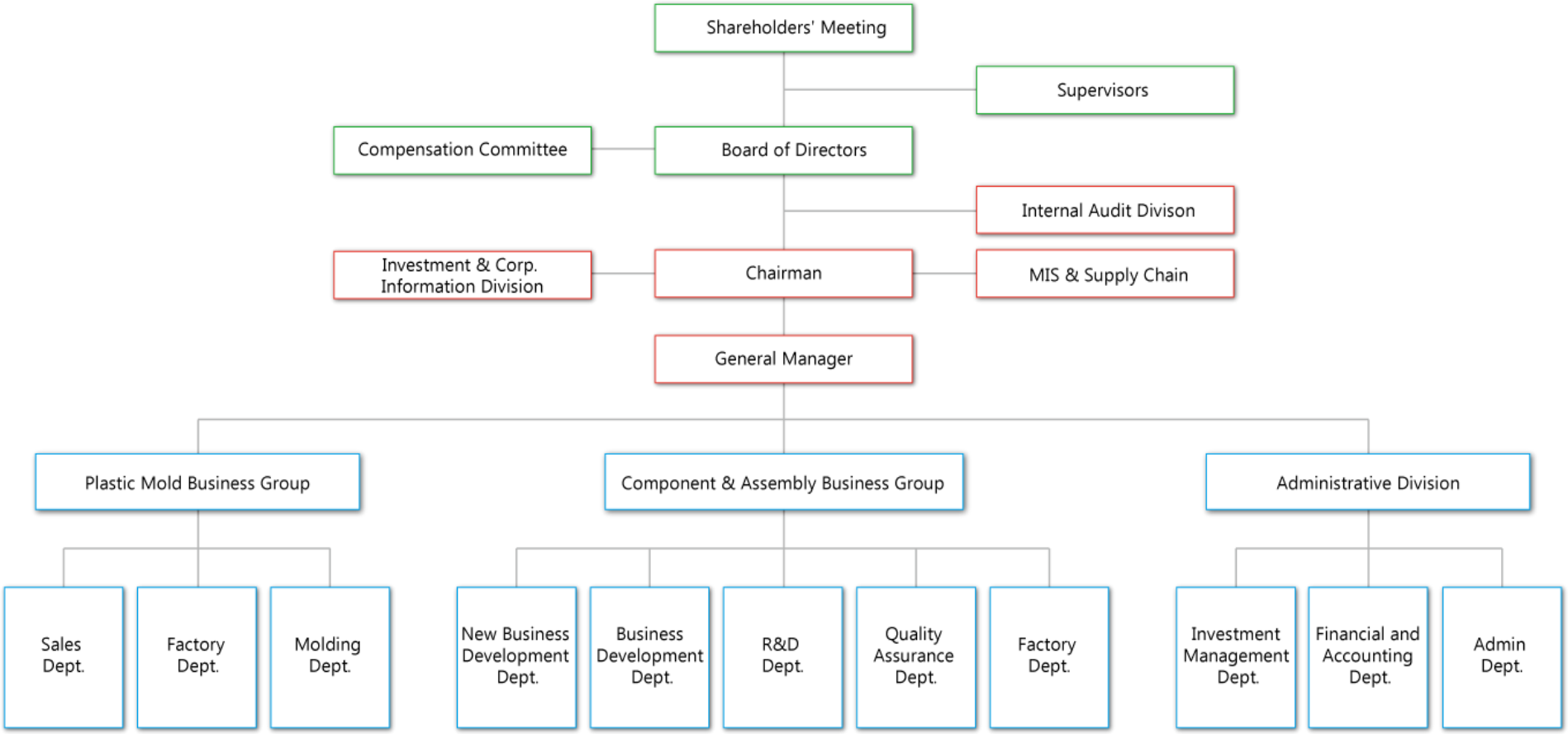
| | |
|---|---|
| | Syncmold. After the 48.6% reinvestment. |
| May 2006 | Reinvested Highgrade Tech Co, Ltd (51.4% ownership) for the design and sales of TV wall mount and projector ceiling mount products. |
| 2006 June | Reinvested Tianjin Foqun Electronic Hardware Tech. Co., Ltd 100% ownership for 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. |
| November 2019 | Invested in the equity of Gatetech Technology Inc. 72.81%, this company engages in manufacturing and selling aluminum-magnesium alloy die casting products. |
| December 2019 | Investing in establishing the subsidiary in Vietnam of 100% equity, this company engages in manufacturing and selling LCD monitor stand, hinge products. |

# 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.<br>2. Ensure the company's operations and future development direction.<br>3.Approval of major decisions of the company and the signing of important contracts.<br>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.<br>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.<br>2.Coordination of the Group's computer hardware and software and planning of network security and system integration.<br>3.Group supply chain management, process improvement, and cost control.<br>4. Supplier development and management.<br>5. Procurement cost and material quality management. |
| Investment and Corporate Information | 1.Responsible for external communications with institutions and the press on behalf<br>of the Group.<br>2. Planning for external investment assessment, execution of plan and management of follow-up. |
| Business | 1.Determination of sales budget and execution.<br>2.Product quotation, order receipt, and collection of payment.<br>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.<br>2.Maintenance of manufacturing equipment maintenance.<br>3.Maintenance measures for personal safety and quality of the work environment,<br>and maintain 5S cleanness.<br>4.Warehouse layout and shelf planning, entry and exit of material and inventory<br>management, maintenance of warehouse security, etc. |
| Research and Development | 1.Research and development of patents and technologies for hinge products.<br>2.Development of hinges and bases for various monitors, TVs, and 3C products.<br>3.Trial of various 3C product base samples and verification of customer recognition. |
| General Administration | 1.Responsible for the production and analysis of group accounting, taxation, customs, and financial statements.<br>2.Responsible for the management of the Group’s funds and budget, analysis of cost and evaluation of business performance.<br>3.Recruitment, attendance management, employee education and training, performance appraisal planning and execution.<br>4.Procurement for general affairs and asset management.<br>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 17, 2020

| 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% | 5,508,211 | 4.45% | 93,022 | 0.08% | 2,300,000 | 1.86% | Yang-Tze High School | Chairman of：<br>-Syncmold Enterprise(SAMOA) Corp<br>-Full Big Limited<br>-Forever Business Development Ltd.<br>-Grand Advance Inc.<br>-Fullking Development Ltd.<br>-Canford International Ltd.<br>-Full Glary Holding Ltd.<br>-Full Celebration Ltd.<br>-Syncmold Enterprise (USA) Corp.、GatetechTechnology Inc.、GATECH HOLDING LTD.、GATECH INTERNATIONAL LTD. | — | — | — |
| 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, | President, Component Assembly BG, Syncmold | — | — | — |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | Lee-Ming Institute of Technology<br>Sales Manager, Kernan Technology Co., Ltd.<br>Sales Manager, Cherng Jyieh Corp. | Enterprise Corp. 、GatetechTechnology Inc. | | | |
| Director | Republic of China | Chen-Tung,Chen | Male | 2010.06.24 | 2017.06.13 | 3 year | 600,000 | 0.38% | 423,000 | 0.34% | — | — | — | — | Ger-Jyh High School | GatetechTechnology Inc. | — | — | — |
| 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.<br>GatetechTechnology Inc. | — | — | — |
| Independent Director | Republic of China | Yung-Lu, Tsai | Male | 2005.05.24 | 2017.06.13 | 3 year | — | — | — | — | — | — | — | — | MBA., University of Missouri, U.S.<br>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<br>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<br>Sales Manager, | Chairman of Hui Ying Tung Electronic Co., Ltd. and Bunion Electronic Co., Ltd.<br>GatetechTechnology Inc. | — | — | — |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | Chun Peng Technology Co., Ltd. | | | | |
| Supervisor | Republic of China | Chin-Chang, Pao | Male | 2005.05.24 | 2017.06.13 | 3 year | — | — | — | — | — | — | — | — | M.B.A., The City University of New York (CUNY), U.S.<br>Manager, Listing Examination Dept., GreTai Securities Market (TPEx) | Supervisor, Macauto Industrial Co., Ltd.<br>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.<br>Manager, Xepex Electronics Co., Ltd. | Chairman, J-MAS Enterprise Co., Ltd.<br>Director, Borden Technology Corp. | — | — | — |

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 | 1,018,081 | 0.82% | — | — | — | — | 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<br>Sales Manager, Kernan Technology Co., Ltd.<br>Sales Manager, Cherng Jyieh Corp. | GatetechTechnology Inc. | — | — | — | |
| V.P. | Republic of China | Connie, Hsu | Female | 2006.6.1 | 2,888 | 0.00% | — | — | — | — | Accounting, National Taiwan University<br>E.M.B.A., National Taiwan University<br>V.P., Fubon Securities Co.Ltd.<br>CPA | — | — | — | — | |
| V.P. | Republic of China | Gray, Yan | Male | 2008.12.16 | 9,000 | 0.01% | — | — | — | — | Master, Mechanical Engineering, National Cheng-Kung University (NCKU)<br>Researcher, BenQ Corporation<br>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)<br>Factory Chief, Heng Rise Co., Ltd. | President, FuZhon Fulfil Tech Co., Ltd. | — | — | — | |
| V.P. | Republic of China | Daphne, Chang | Female | 2013.4.22 | 3,000 | 0.00% | — | — | — | — | M.B.A., National Taiwan University<br>Manager, Winbond Electronics Corp.<br>Research Assistant Manager, China Development Financial Holding Corp.<br>Supervisor, Cathay Life Insurance Co., Ltd. | CoreBio Technologies Co., Ltd. | — | — | — | |
| A.V.P. | Republic of China | Y.Y., Hsieh | Male | 2011.5.16 | — | — | — | — | — | — | Mechanical Engineering, Chung Yuan Christian University<br>Manager, Attotek Technology Co., Ltd. | — | — | — | — | |
| A.V.P. (Note 1) | Republic of China | Cindy, Chang | Female | 2014.3.10 | — | — | — | — | — | — | E.M.B.A., National Taiwan University<br>Senior Director, LITE-ON Technology Corp.<br>International Sales, Test Rite Internaional Co., Ltd. | — | — | — | — | |
| Executive Assistant of Chairman. (Note 2) | Republic of China | Y.C., Huang | Male | 2020.1.1 | — | — | — | — | — | — | Management, Yuan Ze University<br>Chief Audit Executive, AWEA Mechantronic Co., Ltd.<br>Chief Audit Executive, Syncmold Enterprise Corp. | — | — | — | — | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A.V.P. | Republic of China | Phillip, Cheng | Male | 2015.7.1 | — | — | — | — | — | — | Accounting, TungHai University<br>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<br>Manager, United Fu Shen ChenTechnology Corp. | — | — | — | — | |
| 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)<br>Sales manager, Universal Weight Electronic Co., Ltd. | — | — | — | — | A.V.P. (Note 2) |

| 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 | |
| Corporate governance supervisor & Executive Assistant of Chairman | Republic of China | YI-CHUN, HUANG | Male | 2019.5.9 | — | — | — | — | — | — | Accounting, Tamkang University<br>Financial Officer, Unity Opto Technology co., Ltd.<br>Financial Officer, Casing Macron Technology Co., Ltd. | Legal representative ssupervisor of TIGA GAMING INC.<br>Legal representative director of High Grade Tech Co., Ltd. | — | — | — | |
| A.V.P. (Note 2) | Republic of China | Scott, Lu | Male | 2020.1.1 | — | — | — | — | — | — | Department of Industrial Management, National Taiwan University of Science and Technology<br>Manager of Good Way Technology Co. Ltd. | — | — | — | — | |
| Chief Audit Executive | Republic of China | Carrie, Wang | Female | 2017.12.29 | — | — | — | — | — | — | Accounting and Information, Chang Jung Christian University (CJCU)<br>Auditor, UHY L&C Company, CPAs<br>Internal Auditor, Yem Chio Co.Ltd.<br>CPA (Accountant of higher examination)<br>CIA (Certified Internal Auditor) | | — | — | — | |

Note 1：A.V.P. Cindy, Chang resigned on 2019.11.30.

Note 2：A.V.P. Scott, Lu assumed office on 2019.1.1, A.V.P. Toni, Kao resigned on 2019.1.1,Executive Assistant of Chairman, Y.C., Huang assumed office on 2020.1.1 .

### 3.2.3. Remuneration paid to Directors and management team

#### 3.2.3.1 Remunerations of Directors for 2019

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 | Cash | Stock | Cash | Stock | Syncmold | From All Consolidated Entities | |
| Chairman | Chiu-Lang, Chen | - | - | - | - | 9,500 | 9,500 | 270 | 310 | 1.04% | 1.04% | 3,530 | 11,410 | - | - | 4,400 | - | 4,400 | - | 1.88% | 2.72% | N/A |
| Director | Tim, Weng | | | | | | | | | | | | | | | | | | | | | |
| Director | Chen-Tung, Chen | | | | | | | | | | | | | | | | | | | | | |
| Director | Shu-Yen, Chuang | | | | | | | | | | | | | | | | | | | | | |
| Director | Yung-Lu, Tsai | - | - | - | - | 4,500 | 4,500 | 140 | 140 | 0.49% | 0.49% | - | - | - | - | - | - | - | - | 0.49% | 0.49% | N/A |
| Director | Wen-Hung, Kao | | | | | | | | | | | | | | | | | | | | | |

1.Described Independent Director remuneration policies, system, standard and structure, and its linkage of remuneration amount in accordance with responsibilities, risk, engaged time and other factors:

According to Articles of Corporation, distribution of employee remuneration and profit before remuneration of Director or Supervisor shall be deducted at Pre-Tax Income of the fiscal year, and the Company shall retain the amount of accumulated losses, if there is still a balance, shall allocate the remuneration of Director or Supervisor which is not higher than 2%. The Company established "Remuneration Management Measures for Director, Supervisor, Functional Committee Member and Managers", the structure of Director remuneration includes remuneration, remuneration of earrings distribution and executive business fee, in addition to execution cost, remuneration amount shall refer to Director's attendance condition of Board of Directors, engaged time in daily affairs and operation management of the Company, providing proposal direction times for operation management and contribution value, and compare with comprehensive consideration of domestic, overseas industrial standards and other factors, the Company shall provide the proposals approved by Remuneration Committee, and report to Board of Directors for approval and execution.

2. 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$1,000,000 | | | | |
| NT$1,000,001 – NT$2,000,000 | Chen-Tung, Chen、Shu-Yen, Chuang | Chen-Tung, Chen、Shu-Yen, Chuang | Chen-Tung, Chen、Shu-Yen, Chuang | Chen-Tung, Chen、Shu-Yen, Chuang |
| NT$2,000,001 – NT$3,500,000 | Chiu-Lang, Chen、Tim, Weng、Yung-Lu, Tsai、Wen-Hung, Kao | Chiu-Lang, Chen、Tim, Weng、Yung-Lu, Tsai、Wen-Hung, Kao | Yung-Lu, Tsai、Wen-Hung, Kao | Yung-Lu, Tsai、Wen-Hung, Kao |
| NT$3,500,001 – NT$5,000,000 | | | | |
| NT$5,000,001 – NT$10,000,000 | 0 | 0 | Chiu-Lang, Chen、Tim, Weng | Chiu-Lang, Chen、Tim, Weng |
| NT$10,000,001 – NT$15,000,000 | 0 | 0 | 0 | 0 |
| 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 | 6 | 6 | 6 | 6 |

3.2.3.2 Remunerations of Supervisor for 2019

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 | — | — | 4,000 | 4,000 | 190 | 200 | 0.45% | 0.45% | N/A |
| Supervisor | Tung-Ping, Cheng | | | | | | | | | |
| Supervisor | Chin-Chang, Pao | | | | | | | | | |

## Range of remuneration

| Range of Supervisor Remuneration | Name of supervisors | |
|---|---|---|
| | First three categories of remuneration (A+B+C) | |
| | Syncmold | Consolidated subsidiaries (D) |
| Under NT$1,000,000 | 0 | 0 |
| NT$1,000,001 – 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$3,500,000 | 0 | 0 |
| NT$3,500,001 – 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 |
| Total | 3 | 3 |

3.2.3.3 Remunerations of President and V.P. for 2018

Unit：NT$ in thousands

| Title | Name | Salary (A) | | Severance Pay (B) | | Bonuses and Allowance etc. (C) | | Employee Compensation (D) | | | | Ratio of total compensation (A+B+C+D) to net income | | Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's subsidiary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Syncmold | Consolidated subsidiaries | Syncmold | Consolidated subsidiaries | Syncmold | Consolidated subsidiaries | Syncmold | | Consolidated subsidiaries | | Syncmold | Consolidated subsidiaries | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| President | Posen, Chiu | 4,610 | 4,610 | - | - | - | 19,550 | 9,330 | - | 9,330 | - | 1.48% | 3.55% | N/A |
| President Component Assembly BG | Tim, Weng | | | | | | | | | | | | | |
| V.P. | Connie, Hsu | | | | | | | | | | | | | |
| V.P. | Gray, Yan | | | | | | | | | | | | | |
| V.P. | Alex, Cheng | | | | | | | | | | | | | |
| V.P. | Daphne, Chang | | | | | | | | | | | | | |

Note 1： Retirement pension for president and V.P. totals NT$ 253,000 in 2019.

## Range of remuneration

| Range of V.P. Remuneration | Name of President and V.P. | |
|---|---|---|
| | Syncmold | Consolidated subsidiaries (E) |
| Under NT$1,000,000 | Posen, Chiu | 0 |
| NT$1,000,001 – NT$2,000,000 | Daphne, Chang | Posen, Chiu |
| NT$2,000,001 – NT$3,500,000 | Tim, Weng、Alex, Cheng、Connie, Hsu、Gray, Yan | Daphne, Chang |
| NT$3,500,001 – NT$5,000,000 | 0 | 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 |
| Under NT$1,000,000 | 0 | 0 |
| NT$1,000,001 – NT$2,000,000 | 0 | 0 |
| Total | 5 | 5 |

3.1.3.4 Remunerations of Managers and Range of Remuneration for 2019

Unit：NT% in thousands

| | Title | Name | Stock | Cash | Total | Total remuneration to net income after tax（%） |
|---|---|---|---|---|---|---|
| Managers | President | Posen, Chiu | - | 19,000 | 19,000 | 2.02% |
| | President Component Assembly BG | Tim, Weng | | | | |
| | V.P. | Connie, Hsu | | | | |
| | V.P. | Gray, Yan | | | | |
| | V.P. | Alex, Cheng | | | | |
| | V.P. | Daphne, Chang | | | | |
| | A.V.P. | Y.Y., Hsieh | | | | |
| | A.V.P. | Daphne, Chang | | | | |
| | A.V.P. (Note 1) | Cindy, Chang | | | | |
| | A.V.P. | Randy, Lin | | | | |
| | A.V.P. | Phillip, Cheng | | | | |
| | corporate governance supervisor | Patrick, huang | | | | |
| | Manager | Carrie, Wang | | | | |

Note 1 V.P. Daphne, Chang resigned on 2019.11.30 .

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 2018 total remuneration to net income for Directors, Supervisors, President and Vice Presidents (%) | | Ratio of 2019 total remuneration to net income for Directors, Supervisors, President and Vice Presidents (%) | |
|---|---|---|---|---|
| | Syncmold | Consolidated subsidiaries | Syncmold | Consolidated subsidiaries |
| Directors | 2.59% | 3.60% | 2.37% | 3.12% |
| Supervisor | 0.41% | 0.41% | 0.44% | 0.45% |
| President & V.P. | 1.32% | 3.26% | 1.48% | 3.55% |

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：

Seven meetings（A） were held by the Board of Directors in the most recent year (2019) 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 | 7 | 0 | 100 | |
| Director | Tim, Weng | 7 | 0 | 100 | |
| Director | Chen-Tung, Chen | 6 | 1 | 86 | |
| Director | Shu-Yen, Chuang | 7 | 0 | 100 | |
| Independent Director | Yung-Lu, Tsai | 7 | 0 | 100 | |
| Independent Director | Wen-Hung, Kao | 7 | 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 2019/3/14 | 1. Amendment on the Company's Articles of Incorporation. | ✓ | None |
| | 2. Reconfirmation on derivation products | ✓ | None |
| | 3. The amendments to the Company's "Procedures for Endorsements and Guarantees." | ✓ | None |
| | 4. Reconfirmation on derivation products | ✓ | None |
| | 5. Discussion on loaning funds | ✓ | None |
| | 6. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Bank SinoPac | ✓ | None |
| | 7. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Taipei Fubon Commercial Bank | ✓ | None |
| | 8. 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 2019/5/9 | 1. Set up "Regulations on the self evaluation or peer evaluation of the Board". | ✓ | None |
| | 2. Set up "the standard procedure of handling requests from directors". | ✓ | None |
| | 3. Reconfirmation on derivation products | ✓ | None |
| | 4. Discussion on loaning funds | ✓ | None |
| | 5. Cancel subsidiary fund loan and assurance for endorsement. | ✓ | None |
| | Opinions of independent directors：None. | | |

| | | | |
|---|---|---|---|
| | Company's treatment of opinions：None. | | |
| | Resolution results：The matters are approved by all the attendees. | | |

| | | | |
|---|---|---|---|
| Third 2019/7/4 | 1. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by E Sun Bank | ✓ | 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. | | |
| Forth 2019/8/9 | 1. Discussion on loaning 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. | | |
| Fifth 2019/9/6 | 1. Company's investment in setting up a subsidiary in Vietnam. | ✓ | 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. | | |
| Sixth 2019/11/7 | 1. Discussion on loaning funds | ✓ | None |
| | 2. Reconfirmation on derivation products | ✓ | None |
| | 3. Company's strategy investment | ✓ | None |
| | 4. 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. | | |
| Seventh 2019/12/27 | 1.Evaluation and appointment of accountants. | ✓ | None |
| | 2. Company's investment in setting up a subsidiary in Thailand, Malaysia, and Singapore. | ✓ | None |
| | 3. Discussion on loaning funds | ✓ | 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 corporate governance team is responsible to report to the board of directors on the December 27, 2019 with the implementation of the 2019 Code of Corporate Social Responsibility and the Code of Corporate Integrity.

(2) In accordance with the developing trend of international corporate governance, the Company set up "the standard procedure of handling requests from directors" on May 9, 2019 to improve the level of corporate governance.

(3) The Company passed the "Regulations on the self evaluation or peer evaluation" on May 9, 2019 and completed the 2019 annual evaluation of the Board, Board members, and functional Committee based on the participation, profession, and continuous study of the directors and operation of the Remuneration Committee on Dec 27, 2019. According to the Board's 2019 performance evaluation result, the overall operation of the Board is good.

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

(1)Audit committee operation：the Company will establish Audit Committee in the fiscal year of 2020, this operation was not applicable in the fiscal year of 2019.

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

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

| Title | Name | Attendance in Person（B） | Attendance Rate (%)（B/A） | Remarks |
|---|---|---|---|---|
| Supervisor | Tung-Ping, Cheng | 7 | 100 | |
| Supervisor | Chin-Chang, Pao | 5 | 71 | |
| Supervisor | Jui-Tai, Wu | 7 | 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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| 2. Equity structure and shareholder rights<br>(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<br>(2) Does the Company have a list of those who ultimately control the major shareholders of the Company?<br>(3) How does the Company establish its risk management mechanism and firewalls involving related enterprises? | V<br>V<br>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.<br>(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.<br>(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 subsidiaries are regulated with proper risk control. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

| 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) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market? | V | | (4) Syncmold worked out the “Management measures for handling internal significant information and preventing insider trading” to prohibit the use of undisclosed insider information to trade securities on the market and propagandize regularly to insiders and employees. | |
| 3、Composition and Responsibilities of the Board of Directors<br>(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：<br>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：<br>1.Basic requirements and values: gender, age, nationality and culture, etc. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

<table>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.<br>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：<br>1. Operation judgement 2. Accounting and financial knowledge 3. Business management 4. Crisis dealing 5. Industry knowledge 6. International market view 7. Leadership 8. Decision-making<br>Implementation on diversity of the board of directors
<table>
<tr><th>Core Item<br>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>V</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 and MOPS.</td>
<td></td>
</tr>
<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 formed the remuneration committee according to law, an Audit Committee was set up on Jun 18, 2020 to improve the supervision of the Board.</td>
<td>(2) Assessment of the necessity for additional functional committees with reference to the business operation status and scale in the future.</td>
</tr>
</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 and report the result to the Board for reference on directors' individual remuneration and reappointed nomination? | V | V | (3) To implement corporate governance, to improve the functions of the board of directors and to enhance the operation efficiency of the board of directors, the board of directors' meeting of the Company has approved the "Regulations for Board of Directors Performance Evaluation" on May 9, 2019, and has specified that the internal board of directors performance evaluation, self-evaluation of individual board member, peer evaluation and each functional committee shall be conducted at least once annually.<br>The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum,<br>the following five aspects:<br>1. Participation in the operation of the company.<br>2. Improvement of the quality of the board of directors' decision making.<br>3. Composition and structure of the board of directors.<br>4. Election and continuing education of the directors.<br>5. Internal control.<br>The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:<br>1. Alignment of the goals and missions of the company. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | 2. Awareness of the duties of a director;<br>3. Participation in the operation of the company.<br>4. Management of the internal relationship and communication.<br>5. The director's professionalism and continuing education.<br>6. Internal control.<br>The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:<br>1. Participation in the operation of the company.<br>2. Awareness of the duties of the functional committee.<br>3. Improvement of quality of decisions made by the functional committee.<br>4. Composition of the functional committee and election of its members.<br>5. Internal control.<br><br>The Company has completed relevant evaluation on the board of director's operation for the period from January 1, 2019 to December 31, 2019, including the self-evaluation questionnaire survey of 6 directors (including 2 independent directors) and the internal self-evaluation questionnaire survey of the board of directors.<br><br>The statistical method for the performance evaluation is divided into two types: the board member self-evaluation and questionnaire and the internal self-evaluation questionnaire for board of directors. In the questionnaire, a higher score in an item means that the achievement rate for the item is higher. For an achievement rate above 90%, it is evaluated to be "Outstanding"; when the achievement rate is above 80%, it is evaluated to be "Successful"; for the rest of | |

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| | | | the rates, they are evaluated to be “Improvement Needed.” After the completion of the aforementioned evaluation score statistics, the 2019 board of director’s performance evaluation achievement rate of the Company was 90% and the evaluation result was “Outstanding.” In addition, the evaluation result was reported in the board of directors’ meeting dated December 27, 2019.<br>The Company has passed the “directors, supervisors, functional committees, and managers’ remuneration management regulation” on Dec 27, 2019. According to the regulation, the Board has the right to determine the directors and supervisors’ remuneration based on two dimensions in the assessment of evaluation on the Board’s performance, “participation of the Company’s operation”, and “contribution value”. | |
| (4) Does the Company have the independence of the public accountant evaluated regularly? | | | (4) The Company evaluates the independence of public accountant according to the regulations of “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and “The Norm of Professional Ethics for Certified Public Accountant No. 10”. Major evaluation items are as follow:<br>1. Company shares, bond, or other instruments held by a shareholder in one’s own name and by a spouse, underage child, or in others’ name.<br>2. No capital loan in one’s own name and a spouse or in others’ name.<br>3. No business relation with the Company’s directors, supervisors, and managers that interfere with the independence on one’s own name and a spouse. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | 4. Not served as the Company's directors, supervisors, managers, or a position that has significant effect on audit cases in one's own name within two years, and promise not served in the positions mentioned previously.<br>5. None of one's family member served as the Company's directors, supervisors, managers, or a position that has significant effect on audit during the auditing period.<br>6. Not a direct relative, affinity, second-degree relative of the Company's directors, supervisors, managers during the auditing period.<br>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 27, 2019. | |
| 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 | | According to the resolution of the board of directors' meeting dated May 9, 2019, the Company established the corporate governance team, and the Special Assistant of the Chairman's Office, Yi-Chun Huang, was appointed to act as the corporate governance supervisor to protect the rights and interests of shareholders and to strengthen the functions of the board of directors.<br>Special Assistant, Yi-Chun Huang, is already equipped with management work experience in financial and stock affairs for more than ten years, and his main responsibilities are to provide information and documents necessary for the directors and supervisors to perform duties, to assist the directors and supervisors in legal compliance and to handle matters related to the board of directors' meetings and shareholders' | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | meetings according to the laws.<br>2019 duty execution status is as follows:<br>1. Assist independent directors and general directors to perform job duties, provide necessary documents and arrange the training for the directors.<br>2. Provide assistance to legal compliance of the board of directors' meeting and the shareholders' meeting procedure and resolution.<br>3. Prepare the board of directors' meeting agenda for informing the directors seven days prior to the convention of the meeting, convene meeting and provide meeting documents and data. In case where a proposal requires any director's recusal of conflict of interest, provide a notice in advance, and complete the meeting minutes for the board of directors' meeting within twenty days after the meeting.<br>4. Handle the shareholders' meeting date preliminary registration, prepare meeting notice, meeting handbook and meeting minutes within the statutory deadlines and handle the registration alternation matters for the amendment of the articles of incorporation or the election of directors. | |
| 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： | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | |
|---|---|---|---|---|
| | | | //www.syncmold.com.tw/syncmold-2018/item_interested_person_2018.html) | |
| 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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| 7、Information disclosure<br>(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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | |
|---|---|---|---|---|
| (3) Does the Company file and disclose the annual financial reports within two months after the end of its accounting year, and disclose and file the financial reports of the first, second, and third quarters and monthly operation status in advance before the deadline? | | V | (3) The Company did not file and disclose the 2019 financial reports within two months after the end of its accounting year. | It will be adjusted in accordance with the authority's regulations in the future. |
| 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.。<br>(2) Investor Relations: Establish a communication channel for the spokesperson and agency spokesperson system to respond to shareholders' questions.<br>(3) Supplier Relationship: The company has always maintained a good relationship with its suppliers. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

| 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.<br>(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.<br>(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.<br>(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.<br>(8) The acquisition of liability insurance for directors :The Company has acquired liability insurance for directors and supervisors. | |

9、Please explain the improved status and the priority matters and measures on the unimproved items based on the latest Corporate Governance Evaluation Result by the Taiwan Stock Exchange Corporate Governance Center:

The score the Company received in the 6th Annual Corporate Governance Evaluation was in the 6-20 percentile.

1.1 The consecutive terms of Independent Director reached three sessions, shall accurately disclose the reason of consecutively nominating to serve as Independent Director on Market Observation Post System.

1.3 Does the Company have more than one third Directors (including at least one independent director position) and appoint Supervisors, at least one supervisor position attending regular shareholder meetings?

2.7 Did the Company voluntarily appoint more positions of independent directors than the regulations?

2.8 Were the consecutive terms of at least two independent directors not longer than nine years?

2.10 Did the Company establish Audit Committee in accordance with the regulations?

3.2 Did the Company synchronously declare important information in English?

The Company didn't score in the fiscal year of 2019, and still investigated and plan ned forward the matters as following:

1.6 Did the Company convene regular shareholder meetings before the end of May?

2.14 Did the Company establish Functional Committee, besides the regulations?

2.23 Did the evaluation measures for Board of Directors performance approve, specify that implementing external evaluation at least one time every three years?

3.4 Did the Company announce annual financial statements within two months after the end of the fiscal year?

3.13 Did the Company voluntarily disclose individual remunerations of directors and supervisors in annual report?

3.21 Dis the Company disclose individual remunerations of general manager and vice general manager in annual report?

4.5 Did the CSR and other reports established by the Company disclose reports of non-financial information, and obtain verification from the third party?

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. 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.
2. In the event that any member of the Remuneration Committee has expressed dissent or reservation over the Committee’s decisions, and that the dissent or reservation has been recorded or delivered in writing, the decision shall indicate the date of the Committee’s meeting, term, contents of the proposal, opinions of all the members, and how the opinions of a member is handled: None.
3. The results of the recent annual Compensation Committee discussion and resolution are as follows:

C. Dates, motions and resolutions of remuneration committee in 2019

| Date | Proposal | Compensation Committee resolution | The opinions of the Compensation Committee |
|---|---|---|---|
| 2019.03.06 | 1. Review 2018 annual directors' compensation and employee compensation distribution proposal | All the attending members passed the resolution | All the attending directors passed the resolution |
| 2019.06.21 | 1. Review 2018 directors and supervisor compensation distribution proposal.<br>2. Review 2018 management compensation distribution proposal. | All the attending members passed the resolution | All the attending directors passed the resolution |
| 2019.12.19 | 1. Review the second allocation of 2018 management employee bonus<br>2. Review 2019 management year-end bonus proposal.<br>3. Review 2020 manager promotion and salary adjustment plan. | All the attending members passed the resolution | All the attending directors passed the resolution |

3.3.5 Performance of Corporate Social Responsibility

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “CorporateSocialResponsibilityBest-PracticePrinciplesforTWSE/GTSMListedCompanies”and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>1. Has the Company set up major principles on the risk assessment on environment, society, and corporate governance issues related to the company operations, and set up related policy or strategy of risk management?</td><td>V</td><td></td><td>The Company has set up risk assessment on major issues based on the major principles of corporate social responsibility and set up related policy or strategy of risk management as follow:
<table>
<tr><th>Major Principles</th><th>Risk Assessment Item</th><th>Related Policy or Strategy of Risk Management</th></tr>
<tr><td>Environment</td><td>Environmental protection</td><td>The Company has done its responsible in environment and actively promote the activity and measures on environmental education and environmental production and energy saving, such as bring one’s own cups and utensils, double-printed on paper or reuse single-printed paper to reduce the energy consumption and energy saving. Specific and quantify data and goal are set up for performance management.</td></tr>
<tr><td>Society</td><td>Labor Relations</td><td>Employees are the most important partners and assets of a corporate. The Company is dedicated to building a good labor relation and provides a stable working environment, multiple education training system, and diverse employee benefits, so that every employee can enjoy one’s job and take care of their family while developing their career.</td></tr>
<tr><td>Corporate Governance</td><td>Regulation Compliance</td><td>The Company ensures all personnel and operation have followed the relative regulations through governance organization and implement internal control system.</td></tr>
</table></td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>2. 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?</td><td>V</td><td></td><td>The Company has set up a Corporate Governance Team on the Board meeting on May 9, 2019 and assigned Huang Yi-Chung, the special assistant of the Chairman’s room, as the governance manager. The team is also responsible for corporate social</td><td>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

| Item | Implementation Status | | | Deviations from "CorporateSocialResponsibilityBest-PracticePrinciplesforTWSE/GTSMListedCompanies"and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | responsibility and takes charge of proposing and executing project on the policy, system, or management direction of the corporate social responsibility. An annual performance target and specific execution project and a regular meeting will be set up to review the executing performance on the compliance status of the corporate social responsibility and project execution. It will report the execution status to the Board annually, and the 2019 execution status was reported on Dec 27, 2019. | |
| 3. Development of sustainable environment<br>(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character? | V | | (1) Environmental and safety and health management systems have been established and ISO14001, OHSAS 18001 and other certifications have been obtained. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environment? | V | | (2) 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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | |
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| (3) Does the Company evaluate the existing and future potential risk and opportunity of climate change to the corporate, and adopt relative corresponding measures? | V | | (3) Substantial Risk of Corporate Caused by Climate Change:<br>Climate change will cause extreme weather, including increased frequency of typhoons (hurricanes), increase of annual average temperature, concentrated and short-time of rains and uneven rainfalls, such that the power consumption for air conditioning and office lighting demand of the Company is increased, leading to increase of power consumption cost.<br>Opportunity to Corporate Due to Climate Change:<br>In response to the low carbon economic demands of the governments, customers and international investment institutions, the Company seeks to contribute efforts to the greenhouse climate change and considers the sources of various aspects along with the implementation of green research, green factory, enhanced energy saving, water saving, reduction of production energy and environmental information disclosure etc., in light of continuously seeking the reduction of impacts of the Group on the environment. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (4) Has the Company count the greenhouse gas emissions, water usage, and total weight of waste over the last two years, and formulate policy on energy saving, greenhouse gas reducing, water saving, or waste management? | | | (4) According to the self-accounting result, the emissions for Scope II in 2018 and 2017 were approximately below the carbon dioxide equivalent of 199,278 and 196,116 kg. The Company will continue to contribute efforts in the reduction of greenhouse gas emission.<br>The domestic greenhouse gas emission of the | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | Company refers to the indirect emission type, and the emission source mainly comes from the power consumption demanded by the air conditioning and office lighting. Accordingly, energy saving method is adopted for the establishment of relevant policies in order to achieve the goal of reduction of greenhouse gas emission. | |
| 4. Social issues<br>(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 and follows the internationally known human rights such as "Universal Declaration of Human Rights" and "Guiding Principles on Business and human rights" by the United Nations and precludes any behavior that infringes or violates human rights. 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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (2) Does the Company set up and implement reasonable employee benefits (including remuneration, vacation, and other benefits), and reflect the operation performance or result on the employee remuneration? | V | | (2) The Company has set up Committee of Employees' Welfare on 2004 to establish all benefit measures. The implementation is disclosed on the Company's website and page 70 of the annual report. Remuneration Committee was also set up to evaluate operation cost, profitability, consumer price index, fairness of the internal and external salary, and performance management, and use them and social responsibility as reference to allocate and adjust remuneration of all employees. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| (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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (4) Does the Company have an effective career capacity development training program established for the employees? | V | | (4) 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. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (5) 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 | | (5) 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 stakeholders (http://www.syncmold.com.tw/syncmold-2018/item_interested_person_2018.html). | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |
| (6) Does the Company have a supplier management policy, and request its supplier to follow the related regulation on environmental protection, occupational safety, or labor human rights and its implementation? | | | (6) The Company has set up “Supplier Management Regulation” and ask the new suppliers to sign “environmental management substance guarantee”, and “supplier honest credit contract”, while providing “Content of harmful substances test report SGS”, “Product raw material chart” and other information to ensure its product is complied with | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

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| | V | | ROHS regulation before it can be listed as the qualified suppliers. Quality assurance department will conduct an annual evaluation plan on the qualified suppliers and perform audit in these suppliers to ensure the stable quality on the raw material. If the supplier does not pass the evaluation assessment and not improve after discussion and counseling, it will be disqualified. | |
| 5. Does the Company follow the international regulation when preparing the corporate social responsibility report or other report that disclose company information other than financial data? Does the report obtain a third party verification or assurance? | V | | The Company's CRS report of 2018 was prepared in accordance with the "core" item in the Standards of Global Reporting Initiative (GRI) and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports" and disclosed on the Company's website on 2019. | In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. |

6. 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.

7. 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 2018 and 2019, 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 2019, 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 2019, the number of qualified employees has reached 15 with the total of 25 children, totaling NT$ 150,000 to reduce burden of employee.

(e) To establish a workplace environment of good occupation and healthy balance, in addition to monthly provision of fixed health newsletters by E-mail, the Company advertises the knowledge of various medical treatment and health care, and weekly invites the doctor and nurse to provide free consultation service of medical treatment for the personnel to expect that the personnel can take good care of their health besides hard work.

(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：

1. Made donations to Chungho Station of Hua-Shan Foundation for New Year’meals and delivery service; assisting with supplies gathering and volunteering service.
2. Made donations as scholarship to assist students with good grades but from a low-income family to finish school.
3. Made donations to Taiwan Read Foundation and set up a book stack in the Tong-shi Elementary School in Yunlin.
4. For other information, please refer to the Annual Corporate Social Responsibility Report on the Company’s website：(http://www.syncmold.com.tw/syncmold-2018/item_csr_report_2018.html)

3.3.6 Implementation of corporate ethical management and measures taken:

| Item | Implementation Status | | | Discretions with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the Reasons |
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| | Yes | No | Summary | |
| 1. Formation of ethical management policies and methods<br>(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 Board has passed the “Integrity Operation Regulation” and “Ethical Behavior Principle” and appointed Mr. Huang Yi-Chung, the governance manager, in charge to plan and execute integrity operation policy and prevention. In order to ensure the implementation, the performance will be reported to the Board, and the 2019 execution performance was reported on Dec 27, 2019. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| (2) Does the Company set up a disintegrated behavior risk assessment to analyze and evaluate any highly disintegrated behavior in its operation scope regularly while at least cover the prevent measures under Article 7 (2) in Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? | V | | (2) 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 Quarterly to ensure that the design and implementation of the system continues to be effective. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |

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| (3) 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 | | (3) 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. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| 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? | 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. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| (2) Does the Company have a specific 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 | | (2) The corporate governance team 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 once a year. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| (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 | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |

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| | | | their representatives, which are harmful to the interests of the company, are avoided during discussion and voting. | |
| (4) Does the Company have established effective accounting systems and internal control systems to make related audit plan to verify and prevent disintegrated behavior based on the assessment from internal audit department 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. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| (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 2019, the company held internal and external education training on integrity management with a total of 55 people and 330 hours (including integrity management regulations, corporate governance practices, accounting systems and internal control). | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| 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. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |

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| (2) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported? | V | | (2) The company's Company has set up reporting procedures on “reporting illegal, unethical, or disintegrated behavior case” reporting procedures have a confidentiality mechanism for information of the parties. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| (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 Company has set up reporting procedures on “reporting illegal, unethical, or disintegrated behavior case” reporting procedures have a confidentiality mechanism that prohibits retaliation against informants. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
| 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. | In compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |

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 Ethical Management 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 2019 Statement of Internal Controls

Syncmold Enterprise Corp.

Statement of Internal Controls

Date：March 13, 2020

According to the examination on internal control system done by the Company itself in 2019, 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, 2019 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 13, 2020. Among the 6 attending Directors, to the contents of this statement.

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

3.3.10 The fiscal year 2019, up to publication of annual report and internal personnel was punished in accordance with regulations, or the Company's punishment for internal personnel violated internal control system and regulations, its punishment results which probably caused important affection for shareholders' equity or securities shall be specified the content of punishment, main deficiencies and improvement: None

3.3.11 Important resolutions made by the Shareholders' Meeting and Board of Directors by the end of 2019 and the printing date of the annual report：

(1) Resolutions and Implementation of 2019 Shareholders' Meetings

| Meeting Date | Summary | Resolutions | Implementation |
|---|---|---|---|
| 2019.06.20 | 1.Acknowledge 2018 final statement | Approved | |
| | 2. Acknowledge 2018 earnings distributionCash dividends of NT$ 804,207,111 and cash dividends of NT$ 6.5 per share. | Approved | 2019.07.14 is set as cash dividend ex-dividend date and cash dividend of NT$ 804,207,111 on 2018.08.02 |
| | 3.Discussion on Amendment of the Articles of Incorporation | Approved | Announced on the company's website and implemented in accordance with the revised version. |
| | 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. |
| | 5.Discussion on Amendment of the Operational Procedures of Loaning the Company Funds | Approved | Announced on the company's website and implemented in accordance with the revised version. |
| | 6.Discussion on Amendment of the Operational Procedures for Endorsements and Guarantees | 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 |
|---|---|---|
| 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 loaning funds | Approved by all attending directors without objection. |

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| | 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 loaning 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. |
| 2019.07.04 | 1. 2018 remuneration distribution for director and supervisor | Approved by all attending directors without objection. |
| | 2. 2018 remuneration distribution for employee | Approved by all attending directors without objection. |
| | 3. Release of Prohibition on Managers from Participation in Competitive Business | Approved by all attending directors without objection. |
| | 4. Reconfirmation on borrowing amount and assurance for subsidiary endorsement by E Sun Bank | Approved by all attending directors without objection. |
| | 5. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| 2019.08.09 | 1. Amendments to the "Code of corporate ethical management" | Approved by all attending directors without objection. |
| | 2. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 3. Discussion on loaning funds | Approved by all attending directors without objection. |
| | 4. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 5. Amendment on written internal control system | Approved by all attending directors without objection. |
| 2019.09.06 | 1. Company invested in the establishment of a Vietnamese subsidiary | Approved by all attending directors without objection. |
| | 2. The company plans to establish a production base in Taiwan | Approved by all attending directors without objection. |

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| | 3. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 4. Amendment on written internal control system | Approved by all attending directors without objection. |
| 2019.11.07 | 1. Equity strategic investment | Approved by all attending directors without objection. |
| | 2. Discussion on loaning funds | Approved by all attending directors without objection. |
| | 3. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 4.Amendments to the “Code of Practice on Corporate Governance” | Approved by all attending directors without objection. |
| | 5. Amendment on written internal control system | Approved by all attending directors without objection. |
| 2019.12.27 | 1. 2019 annual operating budget plan | Approved by all attending directors without objection. |
| | 2. Remuneration Measures for Director, Supervisor, Functional Committee Member and Manager | Approved by all attending directors without objection. |
| | 3. 2018 2nd remuneration distribution for manager and employee | Approved by all attending directors without objection. |
| | 4. 2019 bonus distribution for manager | Approved by all attending directors without objection. |
| | 5. 2020 manager’s promotion and salary adjustment plan | Approved by all attending directors without objection. |
| | 6. 2019 internal audit plan | Approved by all attending directors without objection. |
| | 7. Investment in establishing the subsidiary in Thailand | Approved by all attending directors without objection. |
| | 8. Investment in establishing the subsidiary in Malaysia | Approved by all attending directors without objection. |
| | 9. Investment in establishing the subsidiary in Singapore | Approved by all attending directors without objection. |
| | 10. Evaluation on CPAs independence and appointment | Approved by all attending directors without objection. |
| | 11. Discussion on loaning funds | Approved by all attending directors without objection. |
| | 2. Establishment of Audit Committee Organic Regulations | Approved by all attending directors without objection. |
| | 13. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 14. Amendment on written internal control system | Approved by all attending directors without objection. |
| 2020.03.13 | 1. Amendment on Article of Incorporation | Approved by all attending directors without objection. |
| | 2. Establishment of Audit Committee Organic Regulations | Approved by all attending directors without objection. |
| | 3. Amendment of Procedure for Election of Directors and Supervisors | Approved by all attending directors without objection. |
| | 4.Amendments to the “Rules and Procedures for Shareholders’ Meeting” | 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. |

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| | 7. Amendment to the “Endorsement Guarantee Measure” | Approved by all attending directors without objection. |
| | 8. Acknowledgment of 2018 final statement | Approved by all attending directors without objection. |
| | 9. Acknowledgment of the 2018 earnings distribution | Approved by all attending directors without objection. |
| | 10.Remuneration distribution on 2018 employee, director and supervisor | Approved by all attending directors without objection. |
| | 11. 2019 statement of internal controls | Approved by all attending directors without objection. |
| | 12. Election of Directors | Approved by all attending directors without objection. |
| | 13. Acceptance of related matters for nomination of Independent Director candidates | Approved by all attending directors without objection. |
| | 14. Submission for approval of Independent Director candidates list nominated by Board of Directors | Approved by all attending directors without objection. |
| | 15. Proposal for the 15th-term release the Newly-elected Directors from non-competition Restrictions. | Approved by all attending directors without objection. |
| | 16. Plan to hold 2019 annual shareholders’ meeting | Approved by all attending directors without objection. |
| | 17.Acceptance of shareholder proposals and shareholder related matter on 2019 annual shareholders’ meeting | Approved by all attending directors without objection. |
| | 18.Reconfirmation on borrowing amount and assurance for subsidiary endorsement by Bank SinoPac | Approved by all attending directors without objection. |
| | 19. Discussion on loaning funds | Approved by all attending directors without objection. |
| | 20. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 21. Amendment on written internal control system | Approved by all attending directors without objection. |
| 2020.05.07 | 1. Location authorization of 2020 regular shareholder meeting | Approved by all attending directors without objection. |
| | 2. Audit for 2019 remuneration distribution of Directors and Supervisors | Approved by all attending directors without objection. |
| | 3. Audit for 2019 remuneration distribution of managers and employees | Approved by all attending directors without objection. |
| | 4. Reconfirmation on derivation products | Approved by all attending directors without objection. |
| | 5. Discussion on loaning funds | Approved by all attending directors without objection. |
| | 6. Credit line of E.Sun Commercial Bank Ltd. | Approved by all attending directors without objection. |
| | 7. Loan amount of Taipei Fubon Bank Co., Ltd. & recognition of endorsement guarantee for the subsidiary | Approved by all attending directors without objection. |
| | 8. Recognition for credit line of Yuanta Commercial Bank Company Ltd. | Approved by all attending directors without objection. |
| | 9.Amendment of written internal control system | Approved by all attending directors without objection. |

3.3.12 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

3.3.13The resignation or dismissal of the Company’s Chairman, President, Accounting Officer, Finance Office, Internal Audit Director, Corporate Governance Supervisor and RD Supervisor 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 | 2019 | |

Monetary unit：NT$ in thousands

| Fees Items / Fee Range | | Audit fee (Note) | Non-audit fee | Total |
|---|---|---|---|---|
| 1 | Under NT $2,000,000 | | V | |
| 2 | NT$2,000,001 ~ $4,000,000 | | | |
| 3 | NT$4,000,001 ~ $6,000,000 | | | |
| 4 | NT$6,000,001 ~ $8,000,000 | V | | V |
| 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 | 6,401 | - | - | - | 72 | 72 | The year of 2019 | 1.The audit fee includes Syncmold, its consolidated subsidiary and the check list of non-supervisor, full-time employee<br>2.Other contents include the review of annual report and the direct deduction of business tax. |
| | Chih-Yuan Chen | | | | | | | | |

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 | 2019 | | As of April 20,2020 | |
|---|---|---|---|---|---|
| | | Increase (decrease) of shareholding | Increase (decrease) of shares pledged | Increase (decrease) of shareholding | Increase (decrease) of shares pledged |
| Chairman | Chiu-Lang, Chen | 0 | 0 | 200,000 | 0 |
| Director | Tim, Weng | 0 | 0 | 0 | 0 |
| Director | Chen-Tung, Chen | 0<br>(9,000) | 0 | 8,000<br>(26,000) | 0 |
| Director | Shu-Yen, Chuang | 0 | 0 | 0 | 0 |
| Director | Yung-Lu, Tsai | 0 | 0 | 0 | 0 |
| Director | Wen-Hung, Kao | 0 | 0 | 0 | 0 |
| Supervisor | Tung-Ping, Cheng | 0 | 0 | 0 | 0 |
| Supervisor | Chin-Chang, Pao | 0 | 0 | 0 | 0 |
| Supervisor | Jui-Tai, Wu | 0 | 0 | 0 | 0 |
| President | Posen, Chiu | 0<br>(465,000) | 0 | 0 | 0 |
| V.P. | Connie, Hsu | 0 | 0 | 0 | 0 |
| V.P. | Gray, Yan | 0 | 0 | 0 | 0 |
| V.P. | Alex, Cheng | 0 | 0 | 0 | 0 |
| V.P. | Daphne, Chang | 3,000 | 0 | 0 | 0 |
| A.V.P. | Y.Y., Hsieh | 0 | 0 | 0 | 0 |
| A.V.P. (Note 1) | Cindy, Chang | 0 | 0 | 0 | 0 |
| A.V.P. | Randy, Lin | 0 | 0 | 0 | 0 |
| A.V.P. | Phillip, Cheng | 0 | 0 | 0 | 0 |
| A.V.P. | Monty, Chen | 0 | 0 | 0 | 0 |
| A.V.P. | Toni, Kao | 0 | 0 | 0 | 0 |
| Corporate governance supervisor(Note 2) | YI-CHUN, HUANG | 0 | 0 | 0 | 0 |
| A.V.P. (Note 2) | Scott, Lu | 0 | 0 | 0 | 0 |
| Manager | Carrie, Wang | 0 | 0 | 0 | 0 |

Note 1：A.V.P. Cindy, Chang dismissed on 2019.11.30.

Note 2：A.V.P. Scott, Lu appointed 2020.01.1、A.V.P. YI-CHUN, HUANG appointed on 2019.05.9.

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 20, 2020

| 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 | 5,508,211 | 4.45% | 93,022 | 0.08% | 2,300,000 | 1.86% | Jianhong, Chen | first-degree relatives | |
| | | | | | | | Jianyuan, Chen | first-degree relatives | |
| Fuyan Investment Co., Ltd. (Representative: Jianyuan, Chen) | 5,200,139 | 4.20% | - | - | - | - | Chiu-Lang ,Chen | first-degree relatives | |
| | 2,551,717 | 2.06% | - | - | - | - | Jianhong, Chen | second-degree relatives | |
| Citibank (Taiwan) Commercial Bank is entrusted to the Norwegian Central Bank Investment Account | 3,425,500 | 2.77% | - | - | - | - | - | - | |
| Jianyuan, Chen | 2,551,717 | 2.06% | - | - | - | - | Chiu-Lang ,Chen | first-degree relatives | |
| | | | | | | | Jianhong, Chen | second-degree relatives | |
| Jianhong, Chen | 2,847,750 | 2.30% | - | - | - | - | Chiu-Lang ,Chen | first-degree relatives | |
| | | | | | | | Jianyuan, Chen | second-degree relatives | |
| Tim, Weng | 2,747,581 | 2.22% | - | - | - | - | - | - | |
| Guanzhen Investment Co., Ltd. (Representative: Jianhong, Chen) | 2,997,647 | 2.42% | - | - | - | - | Chiu-Lang ,Chen | first-degree relatives | |
| | 2,847,750 | 2.30% | - | - | - | - | Jianyuan, Chen | second-degree relatives | |
| Hongbo Investment Co., Ltd. (Representative: Chiu-Lang ,Chen) | 2,300,000 | 1.86% | - | - | - | - | Jianhong, Chen | first-degree relatives | |
| | 5,508,211 | 4.45% | - | - | - | - | Jianyuan, Chen | first-degree relatives | |
| Standard Chartered Bank entrusted with the GMO Emerging Markets Fund | 2,361,250 | 1.91% | - | - | - | - | - | - | |
| 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, 2020

| 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. | 5,200,000 | 38.29% | - | - | 5,200,000 | 38.29% |
| Gatetech Technology Co., Ltd. | 41,951,483 | 72.98% | - | - | 41,951,483 | 72.98% |

## IV、CAPITAL OVERVIEW

### 4.1 Capital And Shares

#### 4.1.1 Source of capital

##### 4.1.1.1 Type of capital

April 20, 2020；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<br>2. Retained warrants for subscription of 3,000,000 share |

##### 4.1.1.2 Formation of capital

April 20, 2020；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$1,000) | Capital Increased by Assets Other than Cash | Approval date and document No. |
| 2004.12 | 10 | 15,000 | 150,000 | 15,000 | 150,000 | Capital increase 125,000 by cash | — | December 13, 2004 Tai.Chai.Chen.I.Tzi No. 09333164610 |
| 2005.07 | 10 | 40,000 | 400,000 | 25,000 | 250,000 | Capital increase 70,000 by cash<br>Capital increase 30,000 by earning | — | July 7, 2005 Tai.Chai.Chen.I.Tzi No. 09432406570 |
| 2006.10 | 10 | 40,000 | 400,000 | 30,810 | 308,100 | Capital increase 58,100 by earning | — | November 17, 2006 Tai.Chai.Chen.I.Tzi No. 09533140020 |
| 2007.03 | 10 | 40,000 | 400,000 | 35,000 | 350,000 | Capital increase 41,900 by cash | — | March 2, 2007 Tai.Chai.Chen.I.Tzi No. 09631749920 |
| 2007.09 | 10 | 50,000 | 500,000 | 41,500 | 415,000 | Capital increase 65,000 by earning | — | September 19, 2007 Tai.Chai.Chen.I.Tzi No. 09632780680 |
| 2008.09 | 10 | 160,000 | 1,600,000 | 45,057 | 450,565 | Capital increase 35,565 by earnings and employee stock option | — | September 19, 2007 Tai.Chai.Chen.I.Tzi No. 09733104880 |
| 2008.12 | 10 | 160,000 | 1,600,000 | 135,169 | 1,351,685 | Merged with Fulfil Tech. Co., Ltd with new issuance of NT$ 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 employee stock option | — | September 16, 2010 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 20, 2020；Unit：People；Share；%

| Shareholder Structure Quantity | Governments | Financial Institutions | Other Institutions | Individuals | Foreign Institutions & Individuals | Total |
|---|---|---|---|---|---|---|
| Members | 0 | 2 | 174 | 18,377 | 181 | 18,734 |
| Total Share Held | 0 | 1,472,000 | 13,503,395 | 72,984,777 | 35,763,999 | 123,724,171 |
| Shareholdings (%) | 0% | 1.19% | 10.91% | 58.99% | 28.91% | 100.00% |

4.1.3 Distribution of common shares：

April 20, 2020；Unit：Share；%

| Shares | No. of Shareholders | Total Share Held | Shareholdings (%) |
|---|---|---|---|
| 1-999 | 8,909 | 1,962,837 | 1.59 |
| 1,000-5,000 | 7,548 | 16,141,107 | 13.04 |
| 5,001-10,000 | 1,194 | 8,906,278 | 7.20 |
| 10,001-15,000 | 404 | 5,193,656 | 4.20 |
| 15,001-20,000 | 168 | 3,019,966 | 2.44 |
| 20,001-30,000 | 179 | 4,495,155 | 3.63 |
| 30,001-40,000 | 88 | 3,102,395 | 2.51 |
| 40,001-50,000 | 39 | 1,819,204 | 1.47 |
| 50,001-100,000 | 83 | 5,871,681 | 4.75 |
| 100,001-200,000 | 49 | 6,985,470 | 5.65 |
| 200,001-400,000 | 36 | 10,847,213 | 8.76 |
| 400,001-600,000 | 8 | 3,860,272 | 3.12 |
| 600,001-800,000 | 6 | 3,919,754 | 3.17 |
| 800,001-1,000,000 | 3 | 2,630,250 | 2.13 |
| 1,000,001 股以上 | 20 | 44,968,933 | 36.34 |
| Total | 18,734 | 123,724,171 | 100.00 |

4.1.4 List of Major Shareholders

April 20, 2020；Unit：Share；%

| Name of Major Shareholders | Share Held | Shareholdings (%) |
|---|---|---|
| Chiu-Lang,Chen | 5,508,211 | 4.45 |
| Fuyan Investment Co., Ltd. | 5,200,139 | 4.20 |
| Citibank (Taiwan) Commercial Bank is entrusted to the Norwegian Central Bank Investment Account | 3,425,500 | 2.77 |
| Jianyuan, Chen | 2,847,750 | 2.30 |
| Jianhong, Chen | 2,551,717 | 2.06 |
| Tim, Weng | 2,747,581 | 2.22 |
| Hongbo Investment Co., Ltd. | 2,300,000 | 1.86 |
| Standard Chartered Bankentrusted with the GMO Emerging Markets Fund | 2,361,250 | 1.91 |
| 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 | | | 2018 | 2019 | As of March 31, 2020 |
|---|---|---|---|---|---|
| Market Price Per Share | Highest | | 68.90 | 91.70 | 88.00 |
| | Lowest | | 50.9 | 64.40 | 60.50 |
| | Average | | 62.39 | 79.86 | 72.29 |
| Book Value Per Share | Before distribution | | 44.90 | 44.38 | 45.01 |
| | After distribution | | 38.40 | — | — |
| Earnings per share | Weighted average shares | | 151,407 | 123,724 | 123,724 |
| | Earnings per share | Before distribution | 5.88 | 7.61 | 1.07 |
| | | After distribution | — | — | — |
| Dividends per share | Cash dividend (note 1) | | 6.50 | 4.50 | — |
| | Stock dividends | Before distribution | — | — | — |
| | | After distribution | — | — | — |
| | Accumulated unappropriated dividends | | — | — | — |
| Investment return analyses | P/E ratio | | 10.61 | 10.49 | — |
| | Price-dividend ratio | | 9.60 | 17.75 | — |
| | Cash dividend yield | | 10.42% | 5.63% | — |

Note 1：2019 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 2019 is NT$ 556,758,769 which is NT$ 4.5 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 13, 2020 and submitted to the 2020 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$ 79,000,000 and 18,000,000, accounting for 8.38% 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 | 2019 recorded amount | Estimated amount (note) | difference | reason | Status |
|---|---|---|---|---|---|
| Employee Compensation | 79,339 | 79,000 | (339) | Due to accounting practice. | If the actual distribution amount is different from the estimated number, it is regarded as 2020 annual expense. |
| Remuneration to Directors and Supervisors | 17,416 | 18,000 | 584 | | |

note：Approved by 2019 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$ 7.61 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 | 2018 recorded amount | Actual amount | Difference | Reason | Status |
|---|---|---|---|---|---|
| Employee Compensation | 75,903 | 76,000 | 97 | Due to accounting practice. | The difference is regarded as 2019 annual expense. |
| Remuneration to Directors and Supervisors | 16,662 | 17,000 | 338 | | |

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 | 2018 Net Sales | Percentage of total Net Purchases (%) | 2019 Net Sales | Percentage of total Net Purchases (%) |
|---|---|---|---|---|
| Stand Products | 8,197,244 | 93.06 | 8,058,052 | 93.89 |
| Molds | 611,641 | 6.94 | 524,292 | 6.11 |
| Total Net Sales | 8,808,885 | 100.00 | 8,582,344 | 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 and AL and MG alloy die caster. 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 / | We provide clients with consistent development process from |

| | |
|---|---|
| mechanism design | 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. |
| Aluminum and Magnesium die casting manufacturing | professional manufacturer for Aluminum and Magnesium alloy die caster. The main products are Automotive parts, Bicycle components, Optical components, Air Valve components, DIY tools. |

(4) Plan for developing new products or services

Current product items of the Company include mold making of LCD monitor stand, LCD TV stand, AIO computer stand, LCD monitor cover and other products, and mass production service of injection products. In the aspect of stand products, the Company engaged in developing compound process parts for simplifying product assembling; meanwhile, the Company successfully introduced automatization production equipment in 2019, raised production efficiency and product quality, developed components of automatization equipment through construction experience of automatization production equipment, and utilized the method of renting automatization equipment to increase business development opportunities. Furthermore, the Company actively developed and made reelable monitor hinges for utilizing on foldable cell phone hinge and increasing new energy for operation.

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, NEC 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。<br>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。<br>Tungsten carbide：CB-CERATIZIT、Porite Taiwan and Titanco。<br>Parts：Futaba Taiwan、New Stone、Sen Yun、Chuen Jaang。 |
| Peripheral ⇨ | Heat treatment：Kaori、Xing Guang、HISEN ENTERPRISES、Shin Kwang and NIHON PARKERIZING。<br>Surface treatment：Princo、HUI TAI。<br>CAD/CAM/CAE system：Darcam、SolidWizard、Parametric、ugintech、Cimatron、Getranic。<br>Manufacturer - Moldex3D。 |
| Midstream ⇨ | Plastic molds：Syncmold、Nan Jomg、Ho Hsing、KAI MING and Depo。 |
| Channel ⇨ | Main：directly sold to domestic clients<br>subordinate：directly sold to international clients |
| Downstream ⇨ | Electronic Communications：TPV、Acer、Foxconn、Wistron、Qisda、Asus。<br>Photoelectric：Innolux、AUO、HannStar。<br>Transportation ：Yulon、Ford、China Motor、Kymco、Merida。<br>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.

LCD monitor stand and hing products account for 80% of the Company's operating revenues, E-sport monitors account for 13.5%, according to the data of WitsView, E-sport LCD monitor was driven by curved E-sport type trend, the delivery volume of 2019 was 8.50 million, increased of 57%, compared to 2018, and with the variation of E-sport panel suppliers and brand development models, it indicated that the supply of E-sport panel increased, made the price of E-sport monitor gradually affordable, it was beneficial to the popularity of products, the growth energy still continued in the coming years, estimated delivery volume will reach 11 million to12 million in 2020. Furthermore, parts of brands introduced extra large dimension E-sport products, the development of high-end E-sport products and market acceptance were one of the prospective focuses in the future.

Moreover, the world was affected by COVID-19 epidemic in Q1 2020, in respond to the data of TrendForce, the Company recently decreased global overall deliver volume of LCD monitor from 29 million to 27.50 million, annual decrease of 5.2% in Q1 2020. However, the epidemic spread all over the world, people was forced to change life style, and triggered long distance business opportunities, many industries, schools and governmental organization started to investigate and discuss that adopting long distance model of working at home or online learning, although global epidemic kept spreading, the operation of the Company was expected to remain normal standard in the coming year.

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In the aspect of LCD TV stand, according to the research data of WitsView, panel material shortage and labor shortage in production lines caused by the epidemic were approximately solved, panel plant actively dashed to deliver products, and it indicated that the affection of the epidemic came to an end at supply-side, however, many countries announced lockdown and isolation one another during the period of the epidemic, it caused pessimism for macroeconomic, led into the depression of terminal sale. Worldwide international sporting events, like the Olympics, were sequentially closed down, buyer's attitude turned to conservative, expected TV panel delivery of Q2 decreased of 7%, relevant revenues of LCD TV products only accounted for 8% of operating revenue of the Company, the affection scope for the Company was restricted.

Stand products relative to AIO computer are one of the top three operating revenue sources, the revenue accounted for 12% of operating revenues. As devotion to light and simple shape in recent years, american brands started to research and develop that installing computer motherboard in AIO computer with stand, presented a concept of stand itself a computer, directly installed on the optional monitor, in addition to simple appearance, also inspired a theme of space saving. Moreover, as the epidemic triggered long distance business opportunities, the manufacturer introduced integration personal computers, terminal equipment of monitor for video conferences, added new growth energy for AIO computers, the Company has a good expectation for the market.

To sum up above description, in addition to product itself efficiency, the market demand of LCD monitor, LCD TV and AIO computer, dimension, weight, appearance and specific application functions and others were important factors of affecting the market. Hence how to be more efficient and better quality, meanwhile provide aesthetic shape design, variation research and development of stand and hinge products, all are the essential subjects and consecutive development direction encountered by the Company.

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, NEC 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, meanwhile conforming the variation and market trend of dimension and appearance for LCD monitor industry in recent years. The research and development of the Company turned to the stand with features of light, thin and high supporting strength, and the Company considered buyer's demand of aesthetic shape and space saving to make products have more advantages of market competitiveness.

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

| 2019 | | March 31, 2020 | |
|---|---|---|---|
| Amount | % of Sales | Amount | % of Sales |
| 170,127 | 1.98% | 36,620 | 2.12% |

The Company's research and development expenses for 2019 increased by 15% 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 and research and development of automatization production and inspection.

In the year of 2020, it is estimated that the investment in research and development will account for 1.8 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, cable management, sucked supporting device, quick releasing hinge model and pivoting 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 product market, create new energy of revenues

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

(E) Establish safety stock system, decrease the risk of raw materials supply, and more efficient stock cost.

B. Operation and management strategy

(A) Integration of group resources, increase the scope of product application, gradually raise operation scale of the group

(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.

(C) Integrate horizontal and vertical resources, expand the group's scale through strategical investment or merger and acquisition.

(E) Utilize global layout, actively add overseas production bases, diversify supply risk.

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 | 2018 | | 2020 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| International Sales | 8,757,624 | 99.42 | 8,560,428 | 99.74 |
| Domestic Sales | 51,261 | 0.58 | 21,916 | 0.26 |
| Net operating revenue | 8,808,885 | 100.00 | 8,582,344 | 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.

According to the statistic data of professional institution, global shipment of LCD monitor of 2019 was 127,100 thousand, the Company's market share was 25%; global shipment of LCD TV of 2019 was 217,000 thousand, the Company's market share was 1.5%; global shipment of AIO computer of 2019 was 12,200 thousand, the Company's market share was 26%. 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 2019 is about NT$ 42.1 billion and the output value of plastic molds is about NT$ 10.63 billion. The revenue of plastic molds of our company in 2019 is about NT$ 520 million. It is estimated that the company's share of the output value of plastic molds is low and still has room for growth.

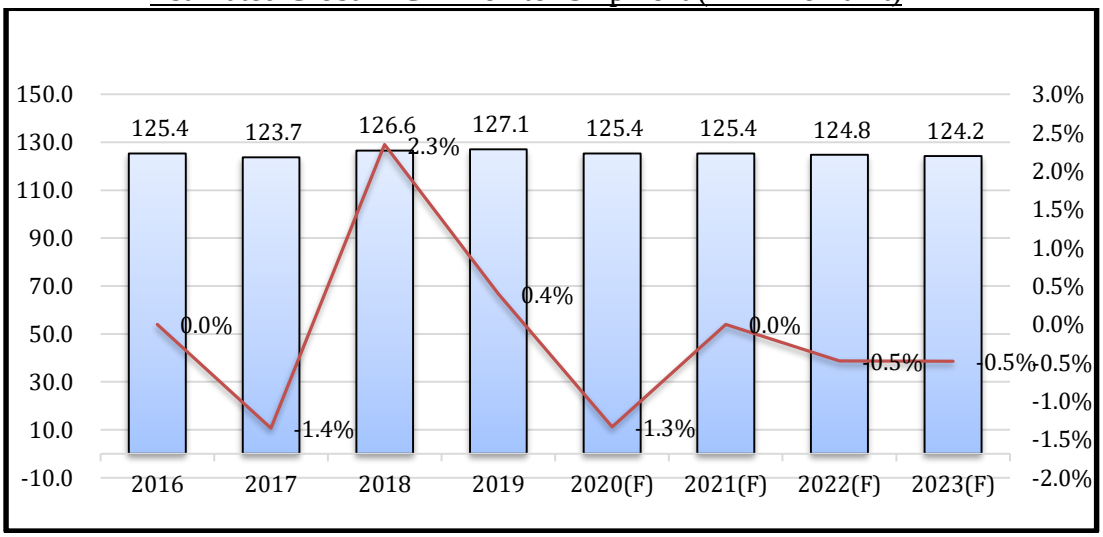
(3) Future Market Demand and Growth

A. Stand products

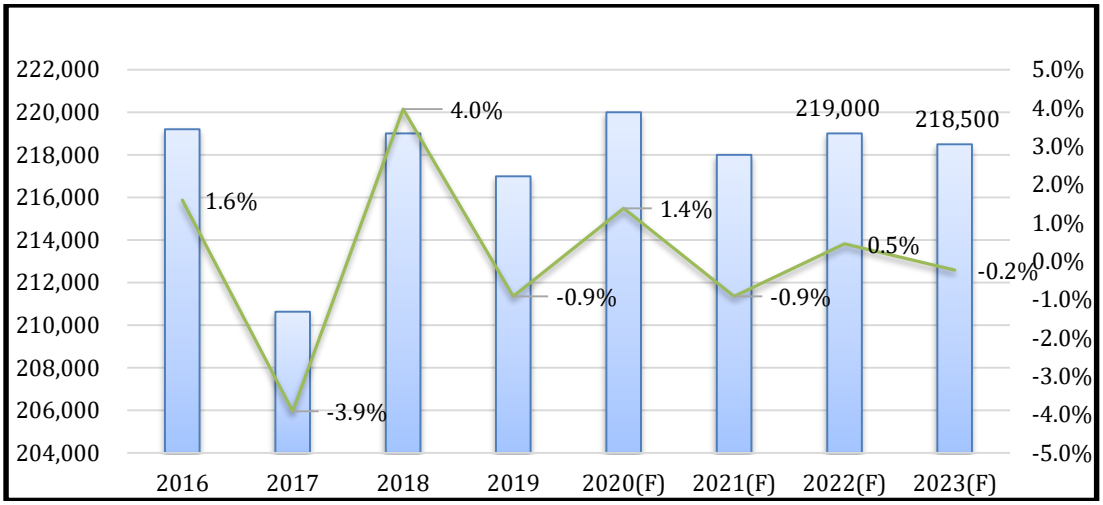
The stand and hinge products produced by the company are mainly used in LCD monitors, LCD TVs and AIO computers. The future development of LCD monitors, LCD TVs and AIO computers is as follows:

According to a professional statistical institution, the global LCD monitor shipments in 2019 were approximately 127,100,000 units and the estimated shipments in 2020were 125,400,000 units. Global LCD TV shipments were 217,000,000 units in 2019, with an estimated global shipment of 220,000,000 units in 2020, however, as the world was affected by the epidemic, the post-shipment performance of monitor and TV was still needed to observe. In 2019, global AIO computer shipments were 12,200,000 units, and global shipments were estimated at 12,000,000 units in 2020. The market demand in 2020 is equivalent to 2019. 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 12 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.

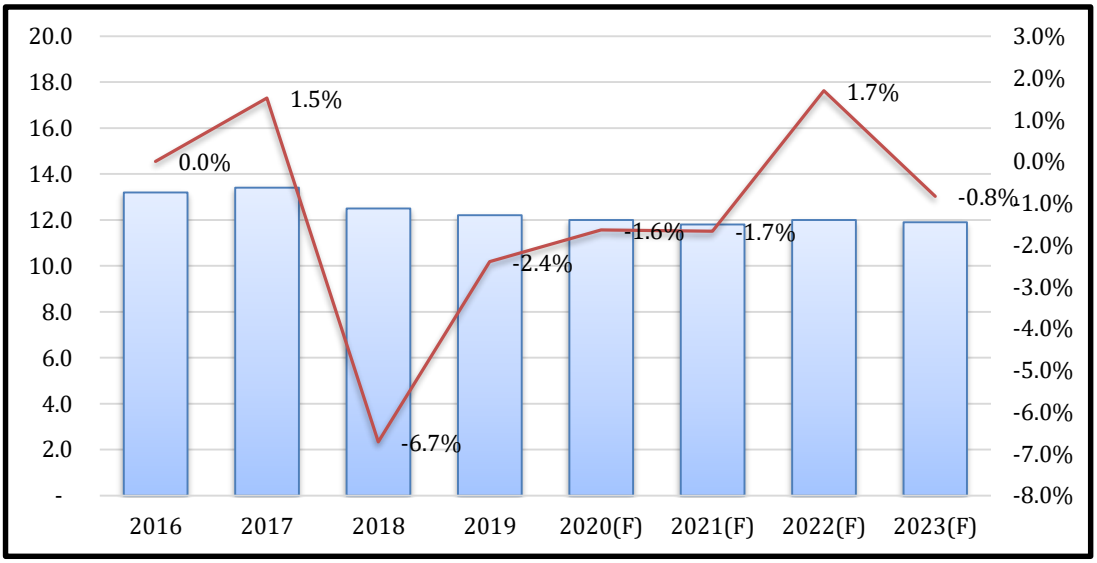
Estimated Global LCD Monitor Shipment (in million unit)



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 2019 mold industry output value decreased by 6.6% compared with 2018, 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 (Year) | Output Value A | Export Value B | Import Value C | Domestic Demand D=A-B+C | Demand Growth E | Export Ration F=B/A | Ratio of Dependence on Import G=C/D | Self-Sufficiency Rate 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% |
| 2019 | 421.0 | 129.8 | 26.8 | 318.0 | -6.6% | 30.8% | 8.42% | 91.58% |

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 currently actively makes the global deployment for production bases to decrease product supply chain risk, and provide overall services for the customers around the world.

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 the scope of products to create growth energy of revenues

The Company integrated the group's resources, increased the scope of product sale to expand the Company's scale and diversify operation risk through the policies of strategical investment, merger and acquisition. The Company invested in Gatetech Technology Inc. and obtained the equity of 72.81% with this strategy at the end of the fiscal year 2019.

(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.

(D) Raise automatization ratio, research and development

The Company voluntarily researched and developed automatization equipment, introduced production lines to strengthen production efficiency and product quality of the Company, and pushed the research results of automatization equipment in the scope of other intelligential manufacturing, expanded new business scopes.

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

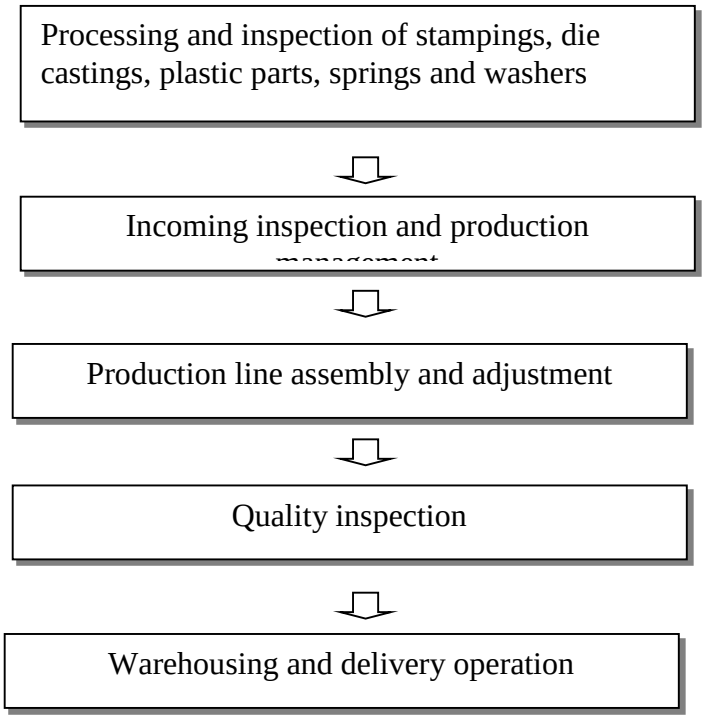
The company's stand and hinge products are mainly used in LCD monitor, LCD TV and AIO computer as an important component to support the display and assist its rotation (steering). In addition to the basic structural strength to support and connect the LCD display, it is also design for multi-steering 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

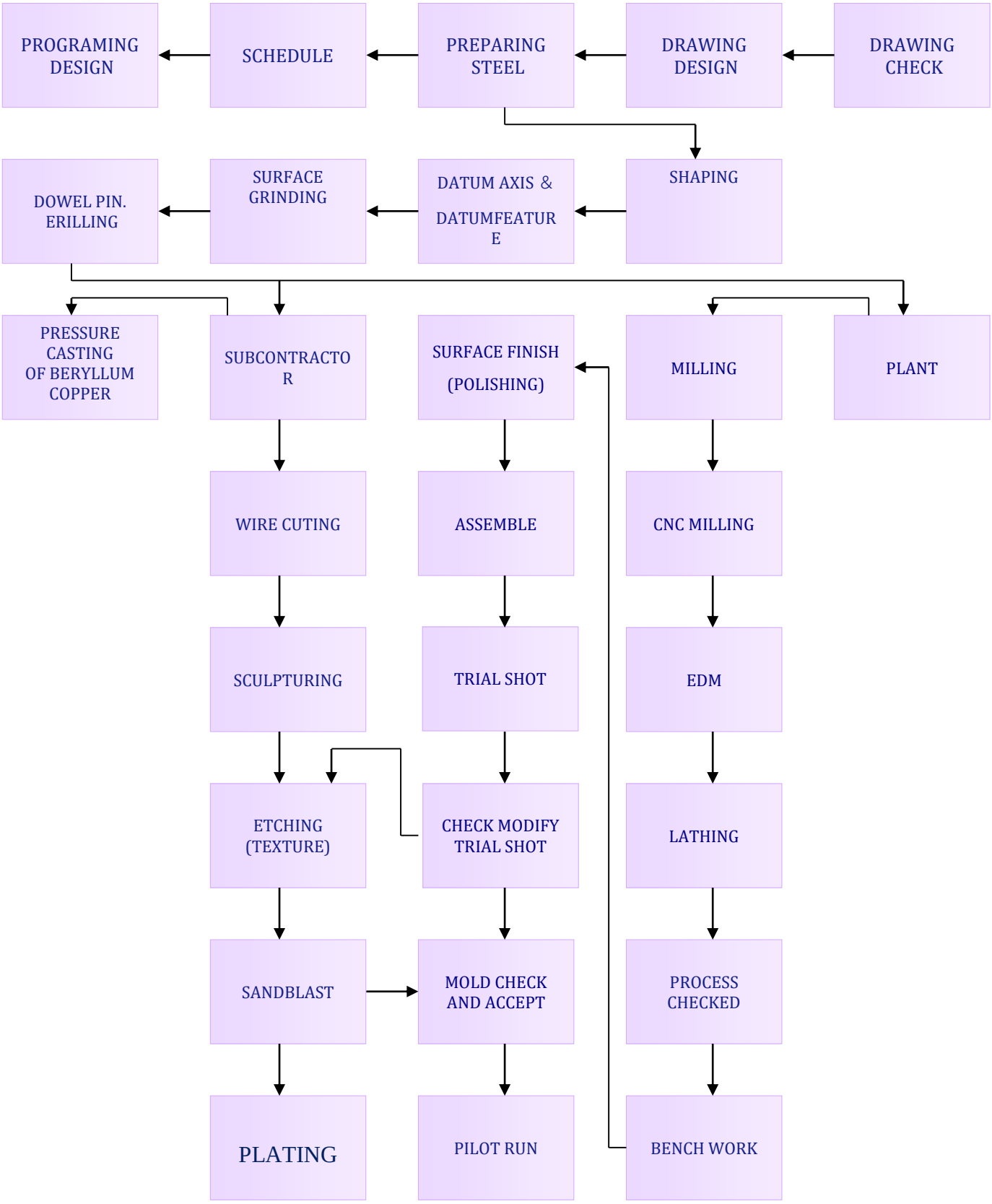
The company produces plastic injection molds for the outer shell or components of LCD monitors, LCD TVs and other products.

(2)Production Process

A. Stand products



B. Molds


PROGRAMING DESIGN
SCHEDULE
PREPARING STEEL
DRAWING DESIGN
DRAWING CHECK
DOWEL PIN. ERILLING
SURFACE GRINDING
DATUM AXIS & DATUMFEATURE
SHAPING
PRESSURE CASTING OF BERYLLUM COPPER
SUBCONTRACTOR
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 | 2018 | | | | 2019 | | | | 2020 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 | 2,174,287 | 24.68 | None | Company A | 2,315,820 | 26.98 | None | Company A | 434,301 | 25.24 | None |
| 2 | Company B | 1,495,137 | 16.97 | None | Company C | 1,299,662 | 15.14 | None | Company B | 208,831 | 12.14 | None |
| 3 | Company C | 1,159,161 | 13.16 | None | Company D | 1,135,567 | 13.23 | None | Company C | 205,943 | 11.97 | None |
| 4 | Company D | 797,672 | 9.06 | | Company B | 716,859 | 8.35 | | Company D | 135,468 | 7.87 | |
| | Other | 3,182,628 | 36.13 | - | Other | 4,527,505 | 13.22 | - | Other | 735,966 | 46.01 | - |
| | Net Sales | 8,808,885 | 100.00 | | Net Sales | 8,582,344 | 100.00 | | Net Sales | 1,720,509 | 100.00 | |

There are no major changes in the major clients ranking.

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

Unit：thousand units / NT$ in thousands

| Year / Output / Main Products | 2018 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Production capacity | Production Quantity (1000 PCS) | Production Value | Production capacity | Production Quantity (1000 PCS) | Production Value |
| Stand Products (1000 PCS) | - | 55,993 | 6,907,618 | - | 52,732 | 6,557,291 |

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

| Shipment & Sales / Year / Main Products | 2018 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic Sales | | Export Sales | | Domestic Sales | | Export Sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Stand Products (1000 PCS) | 81 | 51,261 | 46,692 | 8,145,983 | 51 | 21,916 | 43,866 | 8,036,136 |

5.3 Information About Of Employee

Unit：People；%

| Item / Year | | 2018 | 2019 | As of March 31,2020 |
|---|---|---|---|---|
| No. of Employee | Direct Staff | 0 | 0 | 0 |
| | Indirect Staff | 97 | 111 | 123 |
| | R&D Staff | 85 | 93 | 96 |
| | Total | 182 | 204 | 219 |
| Average age | | 39.36 | 39.11 | 39.46 |
| Average seniority | | 6.3 | 6.1 | 5.8 |
| Academy Ratio (%) | Master and above | 14.29% | 10.78% | 9.87% |
| | College | 78.57% | 80.88% | 79.37% |
| | Senior High School and Below | 7.14% | 8.34% | 10.76% |

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 | | | | | Financial data up to March 31, 2020 ( Note 2 ) |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Current asset | | 7,938,333 | 7,782,701 | 7,314,607 | 7,167,417 | 7,651,497 | 7,429,649 |
| Investments using equity method | | 70,619 | 95,063 | 102,665 | 123,713 | 168,252 | 171,358 |
| Property, plant, and equipment | | 715,758 | 611,792 | 557,808 | 543,858 | 1,225,581 | 1,225,184 |
| Intangible assets | | 17,753 | 25,283 | 21,489 | 22,308 | 26,637 | 24,322 |
| Other assets | | 605,174 | 529,933 | 587,947 | 537,206 | 953,543 | 1,019,612 |
| Total assets | | 9,347,637 | 9,058,687 | 8,584,516 | 8,394,502 | 10,025,510 | 9,870,125 |
| Current liability | Before distribution | 2,587,470 | 2,493,540 | 2,452,088 | 2,598,926 | 3,786,437 | 3,546,878 |
| | After distribution | 3,936,178 | 3,373,540 | 3,276,916 | 3,403,133 | (Note 1) | (Note 1) |
| Noncurrent liabilities | | 1,154,648 | 984,486 | 161,828 | 239,978 | 519,442 | 523,168 |
| Total liabilities | Before distribution | 3,742,118 | 3,478,026 | 2,613,916 | 2,838,904 | 4,305,879 | 4,070,046 |
| | After distribution | 4,416,472 | 4,358,026 | 3,438,744 | 3,643,111 | (Note 1) | (Note 1) |
| Shareholder's equity attributable to parent company | | 5,605,519 | 5,580,661 | 5,970,600 | 5,555,598 | 5,490,374 | 5,569,287 |
| Capital stock | | 1,498,564 | 1,498,564 | 1,635,733 | 1,237,242 | 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 | | 1,940,072 | 2,094,403 | 2,591,280 | 2,591,280 | 2,591,280 | 2,591,280 |
| Retained earnings | Before distribution | 1,879,035 | 2,116,980 | 2,106,313 | 2,158,582 | 2,295,872 | 2,428,646 |
| | After distribution | 1,204,681 | 1,236,980 | 1,281,485 | 1,354,375 | (Note 1) | (Note 1) |
| Other equity | | 287,848 | (164,536) | (376,649) | (431,506) | (634,020) | (687,881) |
| Treasury stock | | - | - | - | - | — | — |
| Non-controlling equity | | - | - | - | - | 229,257 | 230,792 |
| Total equity | Before distribution | 5,605,519 | 5,580,661 | 5,970,600 | 5,555,598 | 5,719,631 | 5,800,079 |
| | After distribution | 4,931,165 | 4,700,661 | 5,145,772 | 4,751,391 | (Note 1) | (Note 1) |

Note 1：The proposal for the distribution of the 2019 earnings is yet to be resolved in the shareholders' meeting.

Note 2：The 2020Q1 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 | | | | |
|---|---|---|---|---|---|---|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Current assets | | 891,171 | 1,628,556 | 2,418,339 | 1,724,346 | 1,574,884 |
| Investments using equity method | | 6,104,156 | 5,915,794 | 4,752,813 | 5,245,364 | 6,145,911 |
| Property, plant, and equipment | | 114,909 | 114,952 | 109,205 | 112,477 | 118,158 |
| Intangible assets | | 9,030 | 18,751 | 16,041 | 13,191 | 17,159 |
| Other assets | | 493,104 | 435,306 | 438,288 | 429,953 | 412,084 |
| Total assets | | 7,612,370 | 8,113,359 | 7,734,686 | 7,525,331 | 8,268,196 |
| Current liabilities | Before distribution | 856,270 | 1,551,908 | 1,603,994 | 1,729,426 | 2,486,460 |
| | After distribution | 1,530,624 | 2,431,908 | 2,428,822 | 2,533,633 | (Note 1) |
| Noncurrent liabilities | | 1,150,581 | 980,790 | 160,092 | 240,307 | 291,362 |
| Total liabilities | Before distribution | 2,006,851 | 2,532,698 | 1,764,086 | 1,969,733 | 2,777,822 |
| | After distribution | 2,681,205 | 3,412,698 | 2,588,914 | 2,773,940 | (Note 1) |
| Shareholder's equity attributable to parent company | | 5,605,519 | 5,580,661 | 5,970,600 | 5,555,598 | 5,490,374 |
| Capital stock | | 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 | | 1,940,072 | 2,094,403 | 2,591,280 | 2,591,280 | 2,591,280 |
| Retained earnings | Before distribution | 1,879,035 | 2,116,980 | 2,106,313 | 2,158,582 | 2,295,872 |
| | After distribution | 1,204,681 | 1,236,980 | 1,281,485 | 1,354,375 | (Note 1) |
| Other equity | | 287,848 | (164,536) | (376,649) | (431,506) | (634,020) |
| Treasury stock | | - | - | - | — | — |
| Non-controlling equity | | - | - | - | — | — |
| Total equity | Before distribution | 5,605,519 | 5,580,661 | 5,970,600 | 5,555,598 | 5,490,374 |
| | After distribution | 4,931,165 | 4,700,661 | 5,145,772 | 4,751,391 | (Note 1) |

Note 1：The proposal for the distribution of the 2019 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, 2020 （Note 1） |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Operating income | 9,466,333 | 9,138,485 | 8,870,758 | 8,808,885 | 8,582,344 | 1,720,509 |
| Gross profit | 2,125,343 | 2,166,883 | 2,053,546 | 2,034,141 | 2,265,039 | 427,514 |
| Operating profit | 1,071,647 | 1,182,074 | 1,234,450 | 1,147,221 | 1,277,995 | 220,428 |
| Non-Operating income and expense | 163,973 | 182,365 | (12,906) | 218,327 | 166,995 | 5,719 |
| Net income before tax | 1,235,620 | 1,364,439 | 1,221,544 | 1,365,548 | 1,444,990 | 226,147 |
| Net income of continuing operations | 790,738 | 909,263 | 869,440 | 889,961 | 942,595 | 135,762 |
| Discontinuing operation loss | - | - | - | - | — | — |
| Net income | 790,738 | 909,263 | 869,440 | 889,961 | 942,595 | 135,762 |
| Other comprehensive profit and loss (net) | (96,430) | (449,348) | (212,220) | (54,642) | (203,522) | (55,314) |
| Total current comprehensive profit | 694,308 | 459,915 | 657,220 | 835,319 | 739,073 | 80,448 |
| Net income attributable to parent company’s shareholders | 790,738 | 909,263 | 869,440 | 889,961 | 941,542 | 132,774 |
| Net income attributable to non-controlling equity | - | - | - | - | 1,053 | 2,988 |
| Total comprehensive profit and loss attributable to parent company’s shareholders | 694,308 | 459,915 | 657,220 | 835,319 | 738,983 | 78,913 |
| Total comprehensive profit and loss attributable to non-controlling equity | - | - | - | - | 90 | 1,535 |
| Earnings per share | 5.28 | 6.06 | 5.42 | 5.88 | 7.61 | 1.07 |

Note 1：The 2020Q1 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 | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Operating income | 1,561,567 | 3,070,409 | 3,554,107 | 3,338,567 | 3,706,674 |
| Gross profit | 470,946 | 529,754 | 545,264 | 475,750 | 550,327 |
| Operating profit | 151,434 | 213,170 | 208,375 | 82,774 | 117,630 |
| Non-Operating income and expense | 763,167 | 819,181 | 774,618 | 981,723 | 995,052 |
| Net income before tax | 914,601 | 1,032,351 | 983,056 | 1,064,497 | 1,112,682 |
| Net income of continuing operations | 790,738 | 909,263 | 869,440 | 889,961 | 941,542 |
| Discontinuing operation loss | - | - | - | - | — |
| Net income | 790,738 | 909,263 | 869,440 | 889,961 | 941,542 |
| Other comprehensive profit and loss (net) | (96,430) | (449,348) | (212,220) | (54,642) | (202,559) |
| Total current comprehensive profit | 694,308 | 459,915 | 657,220 | 835,319 | 738,983 |
| Net income attributable to parent company's shareholders | 790,738 | 909,263 | 869,440 | 889,961 | 941,542 |
| Net income attributable to non-controlling equity | - | - | - | - | — |
| Total comprehensive profit and loss attributable to parent company's shareholders | 694,308 | 459,915 | 657,220 | 835,319 | 738,983 |
| Total comprehensive profit and loss attributable to non-controlling equity | - | - | - | - | — |
| Earnings per share | 5.28 | 6.06 | 5.42 | 5.88 | 7.61 |

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 |
|---|---|---|---|
| 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 |
| 2019 | 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, 2020（Note 2） |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Financial structure | Debt to assets ratio（％） | 40.03 | 38.39 | 30.45 | 33.82 | 42.95 | 41.24 |
| | Long term funds to property, plant, and equipment ratio（％） | 944.48 | 1,073.10 | 1,099.38 | 1,065.64 | 509.07 | 516.11 |
| Solvency | Current ratio (%) | 306.80 | 312.67 | 298.30 | 275.78 | 202.08 | 209.47 |
| | Quick ratio (%) | 276.55 | 282.32 | 269.84 | 246.47 | 177.59 | 184.64 |
| | Interest coverage ratio (times) | 71.70 | 110.34 | 330.61 | 1,668.34 | 71.25 | 31.35 |
| Operating ability | Receivables turnover (times) | 2.21 | 2.44 | 2.76 | 2.72 | 2.46 | 2.20 |
| | Accounts receivable collecting days | 165.15 | 149.59 | 132.24 | 134.19 | 148.37 | 165.90 |
| | Inventory turnover (times) | 11.15 | 10.76 | 11.02 | 11.25 | 8.47 | 5.99 |
| | Payables turnover (times) | 3.56 | 3.65 | 3.59 | 3.74 | 3.38 | 2.98 |
| | Average sales day for inventory | 32.74 | 33.92 | 33.12 | 32.44 | 43.09 | 60.93 |
| | Property, plant, and property turnover (times) | 13.23 | 14.94 | 15.90 | 16.20 | 7.00 | 5.62 |
| | Total asset turnover (times) | 1.01 | 1.01 | 1.03 | 1.05 | 0.86 | 0.70 |
| Profitability | Return on Assets（％） | 8.34 | 9.99 | 9.89 | 10.49 | 10.38 | 5.64 |
| | Return on equity（％） | 14.16 | 16.26 | 15.05 | 15.44 | 16.72 | 9.43 |
| | Ratio of net income before tax to paid-in capital（％） | 82.45 | 91.05 | 74.68 | 110.37 | 116.79 | 73.11 |
| | Profit margin（％） | 8.35 | 9.95 | 9.80 | 10.10 | 10.98 | 7.89 |
| | Earnings per share（NT$）（Note 3） | 5.28 | 6.06 | 5.42 | 5.88 | 7.61 | 1.07 |
| Cash flow (note 4) | Cash flow ratio（％） | 43.04 | 62.10 | 42.17 | 16.95 | 29.75 | 13.71 |
| | Cash Flow Adequacy Ratio（％） | 86.21 | 128.32 | 122.33 | 119.97 | 116.61 | 123.00 |
| | Cash Flow Re-investment Ratio（％） | 6.33 | 13.18 | 2.47 | - | 4.96 | 7.34 |
| Leverage | Operating leverage | 1.12 | 1.10 | 1.09 | 1.10 | 1.20 | 1.33 |
| | Financial leverage | 1.02 | 1.01 | 1.00 | 1.00 | 1.02 | 1.03 |

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 of debt ratio: Mainly due to the decrease in 2019 total liabilities by NTD$1,466,975,000, compared to 2018, debt ratio increased, compared to the fiscal year 2018.
2. Decrease in interest coverage ratio: Mainly due to the increase in 2019 interest expenses by 19,749,000. the interest coverage ratio was lower than that of the fiscal year of 2018.
3. Decrease of current ratio and quick ratio: Mainly due to the increase in 2019 current debt by NTD$1,187,511,000, compared to 2018, current ratio and quick ratio decreased, compared the fiscal year 2018.
4. Decrease of the rate which long-term funds accounted for property, plant and equipment, and the turnover of property, plant and equipment: Mainly due to the increase in 2019 fixed assets by NTD$681,723,000, so the rate which Long-term funds accounted for property, plant and equipment decreased.
5. Increase of cash flow ratio and cash reinvestment ratio: Mainly due to the increase in 2019 total fixed assets and long-term funds by NTD$1,276,257,000, and 2019 cash flows from operating activities increased by NTD$686,050,000, compared to the fiscal year 2018, so cash flow ratio and cash reinvestment ratio increased.

6.2.2 Proprietary Financial Analysis within the last few years - IFRS

| Analysis Item | Year | Financial analysis within the last 5 years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Financial Structure | Debt to assets ratio（％） | 26.36 | 31.22 | 22.81 | 26.17 | 33.60 |
| | Long term funds to property, plant, and equipment ratio（％） | 5,562.57 | 5,707.99 | 5,613.93 | 5,152.97 | 4,850.02 |
| Solvency | Current ratio (%) | 104.08 | 104.94 | 150.77 | 99.71 | 63.34 |
| | Quick ratio (%) | 101.89 | 103.94 | 149.61 | 97.88 | 62.13 |
| | Interest coverage ratio (times) | 62.58 | 85.01 | 265.83 | 1,300.75 | 894.00 |
| Operating ability | Receivables turnover（times） | 2.69 | 3.70 | 3.47 | 3.21 | 3.42 |
| | Accounts receivable collecting days | 135.46 | 98.59 | 105.14 | 113.75 | 106.06 |
| | Inventory turnover (times) | 79.70 | 146.94 | 172.92 | 117.38 | 113.14 |
| | Payables turnover (times) | 4.78 | 3.69 | 2.76 | 2.77 | 2.97 |
| | Average sales day for inventory | 4.58 | 2.48 | 2.11 | 3.11 | 3.22 |
| | Property, plant, and property turnover (times) | 13.59 | 26.71 | 32.55 | 29.68 | 31.37 |
| | Total asset turnover (times) | 0.21 | 0.38 | 0.46 | 0.44 | 0.45 |
| Profitability | Return on Assets（％） | 10.73 | 11.69 | 11.01 | 11.67 | 11.94 |
| | Return on equity（％） | 14.16 | 16.26 | 15.05 | 15.44 | 17.05 |
| | Ratio of net income before tax to paid-in capital (%) | 61.03 | 68.89 | 60.10 | 86.04 | 89.93 |
| | Profit margin (%) | 50.64 | 29.61 | 24.46 | 26.66 | 25.40 |
| | Earnings per share（NT$）（Note 3） | 5.28 | 6.06 | 5.42 | 5.88 | 7.61 |
| Cash flow (Note 4) | Cash flow ratio（％） | 18.49 | 23.09 | 2.09 | - | 5.62 |
| | Cash Flow Adequacy Ratio（％） | - | 8.67 | 7.75 | 2.17 | 13.74 |
| | Cash Flow Re-investment Ratio（％） | - | - | - | - | - |
| Leverage | Operating leverage | 1.09 | 1.07 | 1.09 | 1.21 | 1.49 |
| | Financial leverage | 1.11 | 1.06 | 1.02 | 1.01 | 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 of current ratio and quick ratio: Mainly due to the increase in 2019 short-term loan by NTD$496,982,000, compared to the fiscal year 2018, total current debt increased substantially, so current ratio and quick ratio decreased fairly.

2.Decrease of interest coverage ratio: Mainly due to the increase in 2019 interest expense by NTD$427,000, compared to the fiscal year 2018, so interest coverage ratio decreased, compared the fiscal year 2018.

3.Increase of the rate that debt accounted for assets: Mainly due to the increase in 2019 total debt by NTD$808,089,000, cost of goods sold decreased by NTD$146,026,000, compared to the fiscal year 2017.

4.Increase of EPS: Mainly due to the increase in 2019 net income by NTD$51,581,000, weighted average number of shares outstanding decreased by 27,683 shares, so EPS increased.
5.Increase of degree of operating leverage: Mainly due to increase in 2019 net income by 1.72%, compare to the fiscal year 2018.

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

# 2019 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.

2019 Annual General Shareholders' Meeting of the Company

Supervisors：Tung-Ping, Cheng

Chin-Chang, Pao

Jui-Tai, Wu

March. 16th, 2020

6.4 Financial Report (Consolidated): Please refer to page 120 to page 193.

6.5 Financial Report (Stand-Alone): Please refer to page 193 to page 271.

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 | 2018 | 2019 | Differences | |
|---|---|---|---|---|
| | | | amount | % |
| Cash and cash equivalents | 2,681,311 | 2,889,307 | 207,996 | 7.76 |
| Current Financial Assets at Fair Value through Profit or Loss | 192,576 | 91,989 | (100,587) | (52.23) |
| Notes receivable | 433,256 | 401,766 | (31,490) | (7.27) |
| Accounts receivables (Net) | 3,039,370 | 3,088,959 | 49,589 | 1.63 |
| Inventory (Net) | 572,263 | 747,098 | 174,835 | 30.55 |
| Current assets | 7,167,417 | 7,651,497 | 484,080 | 6.75 |
| Investment under equity method | 123,713 | 168,252 | 44,539 | 36.00 |
| Property, plant, and equipment | 543,858 | 1,225,581 | 681,723 | 125.35 |
| Goodwill | 366,777 | 324,597 | (42,180) | (11.50) |
| Prepayments for equipment | 27,704 | 22,455 | (5,249) | (18.95) |
| Total assets | 8,394,502 | 10,025,510 | 1,631,008 | 19.43 |
| Current liabilities | 2,598,926 | 3,786,437 | 1,187,511 | 45.69 |
| Noncurrent liabilities | 239,978 | 519,442 | 279,464 | 116.45 |
| Total liabilities | 2,838,904 | 4,305,879 | 1,466,975 | 51.67 |
| Capital stock | 1,237,242 | 1,237,242 | - | - |
| Additional paid-in capital | 2,591,280 | 2,591,280 | - | - |
| Retained earnings | 2,158,582 | 2,295,872 | 137,290 | 6.36 |
| Other equity | (431,506) | (634,020) | (202,514) | (46.93) |
| Equity attributable to owners | 5,555,598 | 5,490,374 | (65,224) | 1.17 |
| NON-CONTROLLING INTERESTS | - | 229,257 | 229,257 | 2,292.57 |
| Total equity | 5,555,598 | 5,719,631 | 164,033 | 2.95 |

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. Flow decrease in financial assets at fair value through profit or loss: it was due to the decrease in 2019 non-derivative financial assets by NTD$100,587,000, compared to the fiscal year 2018.
2. Increase of net inventory: Mainly due to purchase of Gatetech Technology Co., Ltd. in 2019, consolidated assets increased by NTD$111,003,000 of the inventory of Gatetech Technology Co., Ltd.
3. Increase of property, plant and equipment: Mainly due to purchase of Gatetech Technology Co., Ltd. in 2019, consolidated assets increased by NTD$703,385,000 of fixed assets of Gatetech Technology Co., Ltd.
4. Increase of current liabilities: Mainly due to capital demand produced by investment in Vietnam subsidiary and Gatetech Technology Co., Ltd., short-term loan increased by NTD$496,982,000.
5. Decrease of other equity: it was caused by the exchange rate fluctuation of translation of foreign financial statements in the fiscal year 2019.
6. Increase of non-controlling interest: the reaps was non-controlling equity produced by investment in Gatetech Technology Co., Ltd. and obtainment of 72.81% equity.

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

| Item / Year | 2018 | 2019 | Amount change | Percentage change（％） |
|---|---|---|---|---|
| Operating income | 8,808,885 | 8,582,344 | (226,541) | (2.57) |
| Operating cost | 6,774,744 | 6,317,305 | (457,439) | (6.75) |
| Gross profit | 2,034,141 | 2,265,039 | 230,898 | 11.35 |
| Operating expense | 886,920 | 987,044 | 100,124 | 11.29 |
| Operating profit | 1,147,221 | 1,277,995 | 130,774 | 11.40 |
| Non-operating income and expense | 218,327 | 166,995 | (51,332) | 23.51 |
| Net income before tax | 1,365,548 | 1,444,990 | 79,442 | 5.82 |
| Income tax expense | 475,587 | 502,395 | 26,808 | 5.64 |
| Net income | 889,961 | 942,595 | 52,634 | 5.91 |
| other comprehensive profit and loss | (54,642) | (203,522) | (148,880) | (272.46) |
| total comprehensive net income | 835,319 | 739,073 | (96,246) | 11.52 |
| Analysis and description will be given only if the increase/decrease in ratio reaches 20%:<br>1.Non-operating income and expense: listing impairment loss on goodwill NTD$42,180,000 in the fiscal year, interest revenue decreased by NTD$21,964,000 in 2019, compared to 2018, so change of non-operating revenue and expenditure changed substantially in 2019.<br>2. Decrease in other 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 didn’t establish financial forecast of the fiscal year 2020, but considered global life style was affected by the epidemic in 2020, people’s life style was forced to change, causing increase of global remote working, education and other business demand, the Company has a cautious and optimistic expectation for the market. In addition, according to the mass production of new products, price trend, various products sale statistics and other evaluation of overall model industries, the Company expected that the revenue of the fiscal year 2020 will remain steady or slightly grow, compare to 2019.

7.3Review 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 (2019) - 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 |
| 2,681,311 | 1,126,447 | (883,806) | (34,645) | 2,889,307 | - | 447,468 |

(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 (2020)

| 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 |
| 2,889,307 | 399,413 | (270,091) | 3,018,629 | - | - |

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

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

Under the base of consolidated statements, the Company and the subsidiary invested in the subsidiary in Vietnam, the amount was NTD$0.12 billion, and purchased the equity of 72.81%, the amount was NTD$0.55 billion from Gatetech Technology Inc., accounted for 7.8% of net sales without bringing important affection for the Company's financial business.

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.

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

In 2019, the company recognized NT$ 933,427,000 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.

7.5.3The investment plan for the next year

The Company reinvested in companies, and utilized mainland China as the main production center. As the affection of China-US Trade War, global protectionism rose up, the model of exporting all over the world from mainland China as all production base was not applicable. To strengthen risk management of supply chain, the Company invested in the subsidiary of Vietnam in 2019, synchronously evaluated to march in Thailand, added overseas production bases, and expanded production in Taiwan, consecutively evaluated the need of diversified operation for adapting the variation of global situation, the relevant reinvestment policy in accordance with the relevant operating regulations will be approved by Board of Directors or the chairman.

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 | 2019 | 2020 Q1 |
|---|---|---|
| Interest Expense(A) | 20,568 | 7,415 |
| Income before tax(B) | 1,444,990 | 226,147 |
| (A)/ (B) | 1.42% | 3.28% |

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 2019 and 2020Q1 account for 1.42% and 3.28%. 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 | 2019 | 2020 Q1 |
|---|---|---|
| Exchange gains and losses (A) | 59,115 | 19,364 |
| Operating income(B) | 8,582,344 | 1,720,509 |
| Income before tax(C) | 1,444,990 | 226,147 |

| | | |
|---|---|---|
| (A)/ (B) | 0.69% | 1.13% |
| (A)/ (C) | 4.09% | 8.56% |

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$ 170,127,000 on R&D expenses, which accounted for 1.98% of revenue. In addition to R&D on hinge of LCD display and LCD TV, we put a lot of effort into the technology of automatic production. In 2019, we received multiple patents showing the result of R&D team. We expect to invest NT$ 178,007,000 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：

The Company obtained the equity of 72.18% from Gatetech Technology Inc. with cash 0.55 billion at the end of the fiscal year 2019, expected that future reinvestment industry will make the group expand new application scope, increase the application scope of the products, drive future revenue growth energy. The strategical investment of the Company was cautiously evaluated, important capital expenditure was also reported to Board of Directors for deliberation, and has been considered investment risk and countermeasures.

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

The investment in the subsidiary for establishing new overseas production base in Vietnam was approved by the resolution of Board of Directors at the end of the fiscal year 2019, and has been considered investment returns and possible risk.

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：

Information safety risk: in view of the graduated development of information system and network application, to ensure the safety of the Company's software, hardware equipment and the network, information safety policy of the Company was approved by Board of Directors in 2019. As a basis for all personnel of the Company comply with information safety, avoiding improper use or intentional destruction of information system from internal, external person, or when the information system was improperly used, intentionally destructed, other urgent accidents, the Company can rapidly dispose, and recover normal operation in the shortest time, decrease possible economic loss and operation breakdown caused by the accidents.

Countermeasures: the Company authorized Department of Information & Supply Chain Management to plan annual inspection and evaluation for the safety and efficiency of overall network construction, and established off-site backup system for important information of various departments, meanwhile strengthened various simulation tests, emergency management and other drills for the engine room to ensure normal operation and information safety of information system, decrease breakdown risk caused by disasters without warning, human negligence and malware attack.

In 2019 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

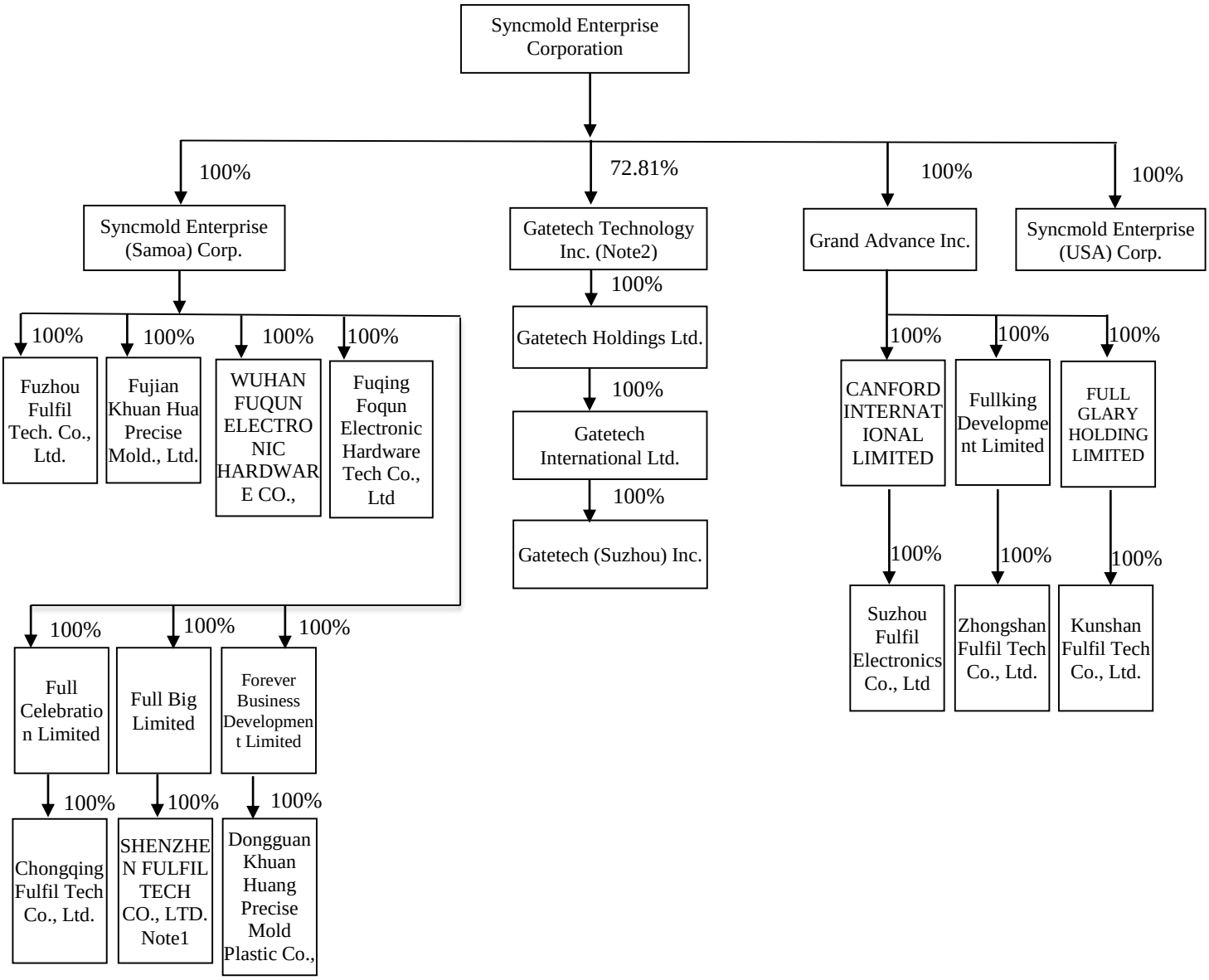
7.7Others：None.

# VIII、SPECIAL DISCLOSURE

8.1 Affiliated Companies

8.1.1 Affiliates Consolidated Financial Statement

(1) Organization Chart (December 31, 2019)



(2) Information on subsidiaries (December 31, 2019)

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 | 30 | 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 | 106,297 | 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 | 106,640 | 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 | 41,647 | 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 | 56,833 | 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 | 15,131 | 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 | 119,920 | 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 | 120,503 | 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 | 202,230 | 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 | 149,900 | 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 | 146,661 | 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 | 14,990 | 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 | 17,785 | 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 | 242,838 | 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 | 225,210 | 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 | 149,900 | 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 | 133,885 | Processing and manufacturing of various electronic plastic hardware and other related import and export business |

| | | | | |
|---|---|---|---|---|
| Gatetech Technology Inc. | 1988/05/20 | No. 1-1, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.) | 574,803 | Processing and manufacturing service for aluminum alloy and magnesium alloy die casting |
| Gatetech Holdings Ltd. | 2002/01/22 | Le sanalele Complex, Gold-In Chambers, Vaea Street, Apia, Samoa. | 603,509 | General trade and investment |
| Gatetech International Ltd. | 2002/01/22 | Le sanalele Complex, Gold-In Chambers, Vaea Street, Apia, Samoa. | 607,648 | Import and export trade and investment business |
| Gatetech (Suzhou) Inc. | 2002/06/27 | No. 130 yanshan west road, chengxiang town, taicang city | 728,514 | Processing, manufacturing, trading of aluminum alloy and magnesium alloy die casting 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, 2019)

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 | - | - |
| Gatetech Technology Inc. | Director | Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen) | NT$ 574,803 | 72.81% |
| Gatetech Holdings Ltd. | Director | Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen) | NT$ 603,509 | 72.81% |
| Gatetech International Ltd. | Director | Syncmold Enterprise (Samoa) Corp. (Representative: Chiu-Lang,Chen) | NT$ 607,648 | 72.81% |
| Gatetech (Suzhou) Inc. | Director | Zi Xiang,Liao | NT$ 728,514 | 72.81% |
| | Supervisor | 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. | 30 | 19,797 | 22,234 | (2,437) | 28,537 | (455) | (455) | - |
| Syncmold Enterprise (Samoa) Corp. | 106,297 | 2,614,645 | - | 2,614,645 | - | - | 405,388 | 3.81 |
| Fujian Khuan Hua Precise Mold., Ltd. | 106,640 | 565,250 | 255,169 | 213,415 | 552,736 | 3,060 | 12,018 | - |
| Fuzhou Fulfil Tech Co., Ltd. | 43,371 | 1,447,651 | 342,162 | 1,105,489 | 1,803,193 | 386,190 | 294,187 | - |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd. | 56,833 | 382,540 | 169,125 | 213,415 | 615,243 | 26,955 | 23,711 | - |
| Full Big Limited | 15,131 | 245,089 | - | 245,089 | 4,300 | 1,206 | 7,214 | 0.48 |
| Forever Business Development Limited | 119,920 | 287,573 | 70 | 287,503 | 9,196 | 841 | 13,677 | 0.11 |
| Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | 120,503 | 339,485 | 138,054 | 201,430 | 386,015 | 12,308 | 12,213 | - |
| Grand Advance Inc. | 202,230 | 2,789,549 | 40,446 | 2,749,103 | - | (66,593) | 521,737 | 2.58 |
| Fullking Development Limited | 149,900 | 906,082 | 68,954 | 837,128 | - | - | 285,843 | 1.91 |
| Zhongshan Fulfil Tech Co., Ltd. | 146,661 | 1,630,034 | 719,193 | 910,841 | 1,844,219 | 353,419 | 282,585 | - |
| CANFORD INTERNATIONAL LIMITED | 14,990 | 1,264,707 | - | 1,264,707 | - | - | 293,890 | 14.60 |
| Suzhou Fulfil Electronics Co., Ltd. | 17,785 | 2,186,786 | 973,666 | 1,213,120 | 3,394,975 | 374,119 | 295,025 | - |
| FULL GLARY HOLDING LIMITED | 242,838 | 252,081 | - | 252,081 | - | - | 7,123 | 0.03 |
| Kunshan Fulfil Tech Co., Ltd. | 225,210 | 500,162 | 248,082 | 252,081 | 474,493 | 8,297 | 7,123 | - |
| Full Celebration Limited | 149,900 | 371,051 | - | 371,051 | - | - | 58,281 | 0.39 |
| Syncmold Enterprise (USA) Corp. | 133,885 | 634,777 | 263,737 | 371,040 | 846,411 | 63,862 | 58,893 | - |
| Gatetech Technology Inc. | 574,803 | 1,094,885 | 551,340 | 543,545 | 321,314 | 9,546 | 15,259 | 0.27 |
| Gatetech Holdings Ltd. | 603,509 | 599,372 | - | 599,372 | - | - | 12,512 | 0.19 |
| Gatetech International Ltd. | 607,648 | 599,347 | - | 599,347 | - | - | 12,513 | 0.19 |
| Gatetech (Suzhou) Inc. | 728,514 | 674,493 | 89,018 | 585,475 | 378,369 | 222 | 12,543 | 0.17 |

Note 1：Converting the foreign currency of each subsidiary into Taiwan dollar at the exchange rate of December 31, 2019.

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 Ended December 31, 2019 and 2018 and Independent Auditors' Report

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2019 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements". In addition, relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Syncmold Enterprise Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYNCMOLD ENTERPRISE CORPORATION

March 13, 2020

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Syncmold Enterprise Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Occurrence of Sales Revenue

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

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

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

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

**Other Matter**

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

We have also audited the parent company only financial statements of Syncmold Enterprise Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2020

*Notice to Readers*

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

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2019 AND 2018**
**(In Thousands of New Taiwan Dollars)**

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

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

| | Equity Attributable to Owners of the Corporation (Notes 4 and 22) | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital Surplus (Notes 4 and 20) | | | | | Retained Earnings | | | | Other Equity | | | | | |
| | Share Capital | Advance Receipts for Ordinary Shares | Share Premium | Difference Between Actual Acquisition Price and Carrying Amount | Chang in Equity | Consolidation Excess | Total | Legal Surplus | Special Reserve | Unappropri-ated Earnings | Total | Operations Differences on Translating the Financial Statements of Foreign Operation | Share of Other Comprehen-sive Income of Subsidiaries Accounted for Using Equity Method | Total | Aggregate Amount | Non-controlling Interests (Notes 4, 22 and 26 ) | Total Equity |
| BALANCE AT JANUARY 1, 2018 | $ 1,635,733 | $ 13,923 | $ 1,184,809 | $ 410,949 | $ 143,150 | $ 852,372 | $ 2,591,280 | $ 634,575 | $ 230,916 | $ 1,240,822 | $ 2,106,313 | $ (376,649) | $ - | $ (376,649) | $ 5,970,600 | $ - | $ 5,970,600 |
| Effect of retrospective application and retrospective restatement (Note 3) | - | - | - | - | - | - | - | - | - | (13,079) | (13,079) | - | - | - | (13,079) | - | (13,079) |
| BALANCE AT JANUARY 1, 2018 AS RESTATED | 1,635,733 | 13,923 | 1,184,809 | 410,949 | 143,150 | 852,372 | 2,591,280 | 634,575 | 230,916 | 1,227,743 | 2,093,234 | (376,649) | - | (376,649) | 5,957,521 | - | 5,957,521 |
| Appropriation of 2017 earnings | | | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | - | 86,944 | - | (86,944) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | - | - | - | - | 145,733 | (145,733) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | - | - | - | - | (824,828) | (824,828) | - | - | - | (824,828) | - | (824,828) |
| | - | - | - | - | - | - | - | 86,944 | 145,733 | (1,057,505) | (824,828) | - | - | - | (824,828) | - | (824,828) |
| Net profit for the year ended December 31, 2018 | - | - | - | - | - | - | - | - | - | 889,961 | 889,961 | - | - | - | 889,961 | - | 889,961 |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax | - | - | - | - | - | - | - | - | - | 215 | 215 | (54,857) | - | (54,857) | (54,642) | - | (54,642) |
| Total comprehensive income (loss) for the year ended December 31, 2018 | - | - | - | - | - | - | - | - | - | 890,176 | 890,176 | (54,857) | - | (54,857) | 835,319 | - | 835,319 |
| Capital reduction by cash | (412,414) | - | - | - | - | - | - | - | - | - | - | - | - | - | (412,414) | - | (412,414) |
| Convertible bonds converted to ordinary shares | 13,923 | (13,923) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BALANCE AT DECEMBER 31, 2018 | 1,237,242 | - | 1,184,809 | 410,949 | 143,150 | 852,372 | 2,591,280 | 721,519 | 376,649 | 1,060,414 | 2,158,582 | (431,506) | - | (431,506) | 5,555,598 | - | 5,555,598 |
| Appropriation of 2018 earnings | | | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | - | 88,996 | - | (88,996) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | - | - | - | - | 54,857 | (54,857) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | - | - | - | - | (804,207) | (804,207) | - | - | - | (804,207) | - | (804,207) |
| | - | - | - | - | - | - | - | 88,996 | 54,857 | (948,060) | (804,207) | - | - | - | (804,207) | - | (804,207) |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | 941,542 | 941,542 | - | - | - | 941,542 | 1,053 | 942,595 |
| Other comprehensive loss for the year ended December 31, 2019, net of income tax | - | - | - | - | - | - | - | - | - | (45) | (45) | (199,937) | (2,577) | (202,514) | (202,559) | (963) | (203,522) |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | 941,497 | 941,497 | (199,937) | (2,577) | (202,514) | 738,983 | 90 | 739,073 |
| Actual acquisition of interest in subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 229,167 | 229,167 |
| BALANCE AT DECEMBER 31, 2019 | $ 1,237,242 | $ - | $ 1,184,809 | $ 410,949 | $ 143,150 | $ 852,372 | $ 2,591,280 | $ 810,515 | $ 431,506 | $ 1,053,851 | $ 2,295,872 | $ (631,443) | $ (2,577) | $ (634,020) | $ 5,490,374 | $ 229,257 | $ 5,719,631 |

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

## 1. GENERAL INFORMATION

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

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

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

## 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

   1) IFRS 16 "Leases"

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

      <u>Definition of a lease</u>

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

The Group as lessee

The Group recognizes right-of-use assets, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured (adjustment is made for prepaid or finance lease payable, which was previously accounted for) at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

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

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

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

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

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

The Group as lessor

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

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

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

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

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

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

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

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

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

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

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

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

| New IFRSs | Effective Date Announced by IASB (Note) |
|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2021 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2022 |

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

e. Business combinations

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

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

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

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

f. Foreign currencies

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Ordinary corporate bonds

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

Service income is recognized when services are provided.

3) Licensing revenue

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

o. Leasing

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

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

1) The Group as lessor

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

2) The Group as lessee

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

**Key Sources of Estimation Uncertainty**

- Impairment of goodwill

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

## 6. CASH AND CASH EQUIVALENTS

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

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

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

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

## 8. FINANCIAL ASSETS AT AMORTIZED COST

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

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

## 9. TRADE RECEIVABLES, NET

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

The average credit period of sales of goods was 150 days. No interest was charged on trade receivables.

The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

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

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

December 31, 2019

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

December 31, 2018

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

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

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

## 10. INVENTORIES

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

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

## 11. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) December 31 2019 | 2018 |
|---|---|---|---|---|
| Syncmold Enterprise Corp. | Syncmold Enterprise (Samoa) Corp. | The trading and commercial related practices of all metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China. | 100 | 100 |
| | Grand Advnace Inc. | The trading, imports, exports and investments of electronic parts. | 100 | 100 |
| | Syncmold Enterprise (USA) Corp. | The trading, imports and exports of electronic parts. | 100 | 100 |
| | Gatetech Technology Inc. | Precision molding and magnesium alloy die caster manufacturing and transaction business | 72.81 (Note) | - |
| Grand Advnace Inc. | Canford International Limited | Import and export trade and investment. | 100 | 100 |
| | Fullking Development Limited | Import and export trade and investment. | 100 | 100 |
| | Full Glary Holding Limited | Import and export trade and investment. | 100 | 100 |
| Syncmold Enterprise (Samoa) Corp. | Full Big Limited | Reinvesting subsidiaries of mainland China and international business. | 100 | 100 |
| | Forever Business Development Limited | Reinvesting subsidiaries of mainland China and international business. | 100 | 100 |
| | Full Celebration Limited | Reinvesting subsidiaries of mainland China and international business. | 100 | 100 |
| | Fuzhou Fulfil Tech Co., Ltd. | Electronic parts processing manufacturing, trading and related import and export business. | 100 | 100 |
| | Fujian Khuan Hua Precise Mold., Ltd. | Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds. | 100 | 100 |
| | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Electronic parts processing manufacturing, trading and related import and export business. | 100 | 100 |
| Gatetech Technology Inc. | Gatetech Holding Ltd. | General investment business | 100 (Note) | 100 |
| Forever Business Development Limited | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds. | 100 | 100 |
| Canford International Limited | Suzhou Fulfil Electronics Co., Ltd. | Electronic parts processing manufacturing, trading and related import and export business. | 100 | 100 |
| Fullking Development Limited | Zhongshan Fulfil Tech Co., Ltd. | Electronic parts processing manufacturing, trading and related import and export business. | 100 | 100 |
| Full Glary Holding Limited | Kunshan Fulfil Tech Co., Ltd. | Manufacturing and assembling of laptop components such as precision bearing, hardware and related accessories. | 100 | 100 |
| Full Celebration Limited | Chongqing Fulfil Tech Co., Ltd. | The processing, manufacturing, related imports and exports of all electronic, plastic and electronic parts. | 100 | 100 |
| Gatetech Holding Ltd. | Gatetech International Ltd. | General investment business | 100 | - |
| Gatetech International Ltd. | Gatetech (Suzhou) Tech. Co., Ltd. | Aluminum and magnesium alloy manufacturing and trading | 100 (Note) | - |

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

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

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Aggregate information of associates that are not individually material

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

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

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

## 13. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

| | Freehold Land | Buildings | Equipment | Transportation Equipment | Office Equipment | Other Equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance at January 1, 2018 | $ 65,187 | $ 302,763 | $ 675,721 | $ 21,602 | $ 40,105 | $ 48,718 | $ 1,154,096 |
| Additions | - | 34,528 | 38,045 | 1,848 | 4,877 | 9,439 | 88,737 |
| Disposals | - | (4,790) | (104,112) | (544) | (2,203) | (3,627) | (115,276) |
| Reclassified as held for sale | - | 1,091 | 46,631 | 2,212 | 24 | 2,382 | 52,340 |
| Effect of foreign currency exchange differences | - | (3,102) | (5,823) | (256) | (432) | 1,207 | (8,406) |
| Balance at December 31, 2018 | $ 65,187 | $ 330,490 | $ 650,462 | $ 24,862 | $ 42,371 | $ 58,119 | $ 1,171,491 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2018 | $ - | $ 168,784 | $ 357,874 | $ 13,683 | $ 25,817 | $ 30,130 | $ 596,288 |
| Disposals | - | (4,790) | (56,271) | (461) | (2,077) | (3,754) | (67,353) |
| Depreciation expenses | - | 25,592 | 59,579 | 2,453 | 5,208 | 6,486 | 99,318 |
| Reclassified as held for sale | - | | (23) | - | - | 23 | - |
| Effect of foreign currency exchange differences | - | (1,294) | (869) | (94) | (234) | 1,871 | (620) |
| Balance at December 31, 2018 | $ - | $ 188,292 | $ 360,290 | $ 15,581 | $ 28,714 | $ 34,756 | $ 627,633 |
| Carrying amounts at December 31, 2018 | $ 65,187 | $ 142,198 | $ 290,172 | $ 9,281 | $ 13,657 | $ 23,363 | $ 543,858 |

(Concluded)

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

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

| | |
|---|---|
| Buildings | |
| Main buildings | 5-60 years |
| Electromechanical power equipment | 4-5 years |
| Equipment | 3-10 years |
| Transportation equipment | 5-10 years |
| Office equipment | 3-10 years |
| Other equipment | 3-10 years |

## 14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

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

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

b. Lease liabilities - 2019

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

Range of discount rate for lease liabilities was as follows:

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

c. Subleases

Sublease of right-of-use assets - 2019

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

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

| | December 31, 2019 |
|---|---|
| Year 1 | $ 8,386 |

Sublease of lease arrangements under operating leases - 2018

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

d. Other lease information

2019

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

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

## 15. GOODWILL

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

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

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

## 16. INTANGIBLE ASSETS

| | Computer Software Cost |
|---|---|
| Cost | |
| Balance at January 1, 2019 | $ 46,394 |
| Additions | 18,681 |
| Derecognitions | 570 |
| Acquisitions through business combinations | (16,099) |
| Effect of foreign currency exchange differences | (719) |
| Balance at December 31, 2019 | $ 48,827 |
| Accumulated amortization and impairment | |
| Balance at January 1, 2019 | $ (24,086) |
| Amortization expenses | (112) |
| Derecognitions | (14,435) |
| Acquisitions through business combinations | 16,099 |
| Effect of foreign currency exchange differences | 344 |
| Balance at December 31, 2019 | $ (22,190) |
| Carrying amount at December 31, 2019 | $ 26,637 |
| Cost | |
| Balance at January 1, 2018 | $ 45,129 |
| Additions | 12,778 |
| Derecognitions | (11,231) |
| Effect of foreign currency exchange differences | (282) |
| Balance at December 31, 2018 | $ 46,394 |
| Accumulated amortization and impairment | |
| Balance at January 1, 2018 | $ (23,640) |
| Amortization expenses | (11,794) |
| Derecognitions | 11,231 |
| Effect of foreign currency exchange differences | 117 |
| Balance at December 31, 2018 | $ (24,086) |
| Carrying amount at December 31, 2018 | $ (22,308) |

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

## 17. PREPAYMENTS FOR LEASES

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

## 18. BORROWINGS

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

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

## 19. BONDS PAYABLE

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

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

## 20. OTHER PAYABLES

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

## 21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Present value of defined benefit obligation | $ 42,157 | $ 21,666 |
| Fair value of plan assets | (33,470) | (23,968) |
| Net defined benefit liabilities (assets) | $ 8,687 | $ (2,302) |

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

Movements in net defined benefit assets were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Assets |
|---|---|---|---|
| Balance at January 1, 2018 | $ 21,150 | $ (23,045) | $ (1,895) |
| Finance costs (income) | 238 | (259) | (21) |
| Recognized in profit or loss | 238 | (259) | (21) |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (664) | (664) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | 58 | - | 58 |
| Changes in financial assumptions | 239 | - | 239 |
| Experience adjustments | (19) | - | (19) |
| Recognized in other comprehensive income | 278 | (664) | (386) |
| Balance at December 31, 2018 | 21,666 | (23,968) | (2,302) |
| Acquisition through business combinations | 21,241 | (10,352) | 10,889 |
| Service cost | | | |
| Current service cost | 111 | - | 111 |
| Net interest expense (income) | 462 | (361) | 101 |
| Recognized in profit or loss | 573 | (361) | 212 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (1,218) | (1,218) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | 52 | - | 52 |
| Changes in financial assumptions | 985 | - | 985 |
| Experience adjustments | 561 | - | 561 |
| Recognized in other comprehensive income | 1,598 | (1,218) | 380 |
| Contributions from the employer | - | (492) | (492) |
| Benefits paid | (2,921) | 2,921 | - |
| Balance at December 31, 2019 | $ 42,157 | $ (33,470) | $ 8,687 |

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

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

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

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

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Discount rate | 0.625%-1.000 % | 1.000% |
| Expected rate(s) of salary increase | 1.000%-1.500 % | 1.500% |
| Mortality rate | According to the fifth experience life table of the insurance industry in Taiwan | According to the fifth experience life table of the insurance industry in Taiwan |
| Turnover rate | 0%-10% | 0%-13.5% |

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Discount rate(s) | | |
| 25% increase | $ (952) | $ (474) |
| 25% decrease | $ 991 | $ 493 |
| Expected rate(s) of salary increase | | |
| 25% increase | $ 986 | $ 482 |
| 25% decrease | $ (952) | $ (466) |

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Expected contributions to the plans for the next year | $ 493 | $ - |
| Average duration of the defined benefit obligation | 8.3-14.1 years | 8.9 years |

## 22. EQUITY

a. Share capital

Ordinary shares

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Number of shares authorized (in thousands) | 200,000 | 200,000 |
| Shares authorized | $ 2,000,000 | $ 2,000,000 |
| Number of shares issued and fully paid (in thousands) | 123,724 | 123,724 |
| Shares issued | $ 1,237,242 | $ 1,237,242 |

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

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

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

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

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

b. Capital surplus

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

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Group made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Group's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23-b.

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

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

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

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

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

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

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

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

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

d. Special reserve

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

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

e. Non-controlling interests

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

## 23. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense:

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

b. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Corporation's board of directors on March 13, 2020 and March 14, 2019, respectively, are as follows:

Accrual rate

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

Amount

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

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

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

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Other gains and losses

| | For the Year Ended December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Loss on disposal of property, plant and equipment | $ (6,870) | $ (18,379) |
| Allowance and subsidies | 17,277 | 13,191 |
| Revenue from rental income | 17,485 | 18,616 |
| Others | 7,579 | (19,262) |
| | $ 35,471 | $ (5,834) |

## 24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Current tax | | |
| In respect of the current period | $ 458,147 | $ 396,395 |
| Adjustments for prior periods | 7,937 | (820) |
| | 466,084 | 395,575 |
| Deferred tax | | |
| In respect of the current period | 36,311 | 52,897 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | - | 27,115 |
| | 36,311 | 80,012 |
| Income tax expense recognized in profit or loss | $ 502,395 | $ 475,587 |

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

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

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

b. Current tax assets and liabilities

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

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

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

For the year ended December 31, 2018

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

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

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

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

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

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

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

f. Income tax assessments

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

## 25. EARNINGS PER SHARE

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

**Net Profit for the Year**

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Earnings used in the computation of diluted earnings per share | $ 941,542 | $ 889,961 |

**Shares**

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

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

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

## 26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

b. Consideration transferred

| | Gatetech Technology Inc. |
|---|---|
| Cash | $ 550,000 |

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

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

d. Gain from bargain purchase recognized on acquisitions

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

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

e. Net cash outflow on the acquisition of subsidiaries

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

f. Impact of acquisitions on the results of the Group

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

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

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

## 27. CAPITAL MANAGEMENT

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

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

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

## 28. FINANCIAL INSTRUMENTS

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

December 31, 2019

None.

December 31, 2018

None.

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

1) Fair value hierarchy

December 31, 2019

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

December 31, 2018

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

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

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

For the year ended December 31, 2019

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

For the year ended December 31, 2018

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

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

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

c. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Financial assets | | |
| Mandatorily classified as at FVTPL | $ 152,871 | $ 246,675 |
| Financial assets at amortized cost (1) | 6,621,835 | 6,239,300 |
| Financial liabilities | | |
| Financial liabilities at amortized cost (2) | 3,280,305 | 2,172,413 |

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which exposes the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

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

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

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

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

b) Interest rate risk

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

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Fair value interest rate risk | | |
| Financial assets | $ 685,348 | $ 602,521 |
| Financial liabilities | 1,512,984 | 230,000 |
| Cash flow interest rate risk | | |
| Financial assets | 2,424,021 | 2,071,375 |

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease/increase by $24,240 thousand and $20,714 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $1,529 thousand and $2,467 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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

December 31, 2019

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

December 31, 2018

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

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

b) Financing facilities

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | |
| Amount used | $ 1,006,982 | $ 230,000 |
| Amount unused | 1,443,018 | 1,092,860 |
| | $ 2,450,000 | $ 1,322,860 |

## 29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Purchases of goods

| | For the Year Ended December 31 | |
|---|---|---|
| Related Party Category/Name | 2019 | 2018 |
| Associate | $ - | $ 40 |

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

c. Operating expenses

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

d. Contract liabilities

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

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

e. Prepayments

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

f. Compensation of key management personnel

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

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

## 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

## 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

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

December 31, 2018

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

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

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| Foreign Currency | Exchange Rate | Net Foreign Exchange Gains (Losses) | Exchange Rate | Net Foreign Exchange Gains (Losses) |
| NTD | 1 (NTD:NTD) | $ 8,740 | 1 (NTD:NTD) | $ (5,801) |
| USD | 29.980 (USD:NTD) | 733 | 30.715 (USD:NTD) | (2,171) |
| RMB | 4.305 (RMB:NTD) | 49,642 | 4.472 (RMB:NTD) | 136,471 |
| | | $ 59,115 | | $ 128,499 |

## 32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

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

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

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

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

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

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

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 9)

11) Information on investees (Table 7)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

## 33. SEGMENT INFORMATION

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

No operating segments were closed during the year.

a. Segment revenue and results

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

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

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

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, gain from bargain purchase - acquisitions of subsidiaries, other gains and losses, net foreign exchange gain, net gain on financial assets at fair value through profit or loss, share of profit of associates, interest expense, goodwill impairment loss and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets

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

c. Other segment information

| | Depreciation and Amortization | |
|---|---|---|
| | **2019** | **2018** |
| Plastic molding department | $ 75,794 | $ 51,161 |
| Electronic parts department | 179,201 | 55,875 |
| | $ 254,995 | $ 107,036 |

d. Revenue from major products and services

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Display hinges | $ 8,058,052 | $ 8,197,244 |
| Molding equipment | 524,292 | 611,641 |
| | $ 8,582,344 | $ 8,808,885 |

e. Geographical information

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

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| China | $ 5,154,081 | $ 5,700,780 |
| Taiwan | 3,386,230 | 3,012,804 |
| Samoa | 42,033 | 95,301 |
| | $ 8,582,344 | $ 8,808,885 |

f. Information about major customers

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

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

TABLE 1

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | $ 100,000 | $ 100,000 | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 100,000 | 100,000 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| | | GatetechTechnology Inc. | Other receivables from related parties | Yes | 200,000 | 200,000 | 50,000 | 1.25 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| 1 | Syncmold Enterprise (Samoa) Corp. | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 59,960 | 59,960 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Forever Business Development Limited | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Celebration Limited | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise Corporation | Other receivables from related parties | Yes | 149,900 | 149,900 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 2 | Grand Advance Inc. | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Zhongshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fuzhou Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (USA) Corp. | Other receivables from related parties | Yes | 14,990 | 14,990 | 11,992 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 134,910 | 134,910 | 44,970 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| | | Syncmold Enterprise Corporation | Other receivables from related parties | Yes | $ 389,740 | $ 389,740 | $ 344,770 | 0.00 | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 3 | Fuzhou Fulfil Tech Co., Ltd | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 68,760 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 68,760 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 68,760 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 4 | Full Big Limited | Forever Business Development Limited | Other receivables from related parties | Yes | 17,988 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 17,988 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 17,988 | 17,988 | 11,992 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 41,972 | 41,972 | 23,984 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 5 | Fullking Development Limited | Zhongshan Fulfil Tech. Co., Ltd. | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Forever Business Development Limited | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 6 | Zhongshan Fulfil Tech Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 34,380 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 34,380 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 7 | Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | $ 38,678 | $ 38,678 | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 38,678 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 38,678 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 8 | Forever Business Development Limited | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

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

Note 2: The highest balance, ending balance, and the actual amount borrowed were calculated based on the exchange rate at the end of 2019.

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

(Concluded)

**TABLE 2**

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | $ 59,960 (US$ 2,000 thousand) | $ 59,960 (US$ 2,000 thousand) (Notes 1 and 4) | $ - | $ - | 1.09 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Full Big Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 794,470 (US$ 26,500 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Forever Business Development Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 719,520 (US$ 24,000 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Fullking Development Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 794,470 (US$ 26,500 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Full Celebration Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 74,950 (US$ 2,500 thousand) | - | - | - | - | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |

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

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

Note 3: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank D is $299,800 thousand.

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

**TABLE 3**

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Syncmold Enterprise Corporation | Stock | | | | | | | |
| | Gigastone Corporation | - | Financial assets at FVTPL - non-current | 847,011 | $ 3,473 | 1.66 | $ 3,473 | (Notes 2 and 4) |
| | Tiga Gaming Inc. | - | Financial assets at FVTPL - non-current | 1,332,132 | 6,798 | 5.06 | 6,798 | (Note 4) |
| | Foxfortune Technology Limited | - | Financial assets at FVTPL - non-current | - | 33,612 | 5.80 | 33,612 | (Note 4) |
| | Hercules BioVenture, L.P. | - | Financial assets at FVTPL - non-current | - | 16,999 | 2.25 | 16,999 | (Note 4) |
| | Advanced Wireless Semiconductor Company | - | Financial assets at FVTPL - current | 400,000 | 39,800 | 0.28 | 39,800 | (Notes 2 and 4) |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Structured deposit | | | | | | | |
| | Regular structured deposit from Bank of Communications | - | Financial assets at FVTPL - current | 12,000,000 | 52,189 | - | 52,189 | (Notes 3 and 4) |

Note 1: The negotiable securities in the table above are the shares, bonds and mutual funds recognized under IFRS 9 - “Financial Instruments”.

Note 2: The share is calculated at the strike price as of December 31, 2019.

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

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

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

**TABLE 4**

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain on Disposal | Shares | Amount |
| Syncmold Enterprise Corporation | Structured product<br>Yuanta interest rate principal guaranteed note in NTD | Financial assets at FVTPL - current | - | - | - | $ - | 354,000 | $ 354,000 | 354,000 | $ - | $ 354,000 | $ 257 (Note) | - | $ - |

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

**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, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| Syncmold Enterprise Corporation | Zhongshan Fufil Tech Co., Ltd. | Subsidiary | Purchase | $ 1,466,013 | 46 | Note 1 | $ - | - | $ (562,084) | (47) | |
| | Suzhou Fulfil Electronics Co., Ltd. | Subsidiary | Purchase | 1,070,426 | 34 | Note 1 | - | - | (409,564) | (34) | |
| | Chongqing Fulfil Tech Co., Ltd. | Subsidiary | Purchase | 225,993 | 10 | Note 1 | - | - | (81,906) | (7) | |
| | Fuzhou Fulfil Tech Co., Ltd. | Subsidiary | Purchase | 338,556 | 11 | Note 1 | - | - | (126,092) | (11) | |
| Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Indirect subsidiary | Purchase | 515,343 | 19 | Note 1 | - | - | (106,975) | (15) | |
| | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Indirect subsidiary | Purchase | 193,094 | 7 | Note 1 | - | - | (38,340) | (6) | |
| | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Indirect subsidiary | Purchase | 150,163 | 5 | Note 1 | - | - | (30,426) | (4) | |
| Fuzhou Fulfil Tech Co., Ltd. | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Indirect subsidiary | Purchase | 343,253 | 26 | Note 1 | - | - | (30,323) | (12) | |
| Zhongshan Fufil Tech Co., Ltd. | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Indirect subsidiary | Purchase | 112,319 | 9 | Note 1 | - | - | (32,216) | (7) | |
| | Syncmold Enterprise Corporation | Parent company | Sales | (1,466,013) | (79) | Note 1 | - | - | 562,084 | 78 | |
| Kunshan Fulfil Tech Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (515,343) | (100) | Note 1 | - | - | 106,975 | 94 | |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Fuzhou Fulfil Tech Co., Ltd. | Indirect subsidiary | Sales | (343,253) | (56) | Note 1 | - | - | 30,323 | 32 | |
| | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (193,094) | (32) | Note 1 | - | - | 38,340 | 40 | |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (1,070,426) | (32) | Note 1 | - | - | 409,564 | 29 | |
| Chongqing Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (225,993) | (36) | Note 1 | - | - | 81,906 | 26 | |
| Fuzhou Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (338,556) | (19) | Note 1 | - | - | 126,092 | 26 | |
| Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (150,163) | (38) | Note 1 | - | - | 30,426 | 31 | |
| | Zhongshan Fufil Tech Co., Ltd. | Indirect subsidiary | Sales | (112,319) | (29) | Note 1 | - | - | 32,216 | 33 | |

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

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

**TABLE 6**

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Related Party | Relationship | Ending Balance (Note 1) | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| Grand Advance Inc. | Syncmold Enterprise Corporation | Parent company | $ 344,770 (Note) | - | $ - | - | $ 89,940 | $ - |
| Zhongshan Fufil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 562,084 | - | - | - | 169,211 | - |
| Fuzhou Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 126,092 | - | - | - | 56,172 | - |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 409,564 | - | - | - | 184,434 | - |
| Kunshan Fulfil Tech Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | 106,975 | - | - | - | 106,975 | - |

Note 1: Financing.

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

TABLE 7

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Number of Shares | % | Carrying Amount | | | |
| Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Samoa | Trading and related import and export businesses of metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China | $ 110,598 | $ 110,598 | 3,546 | 100.00 | $ 2,614,645 | $ 405,388 | $ 405,388 | (Note 1) |
| | Grand Advance Inc. | Samoa | Trading, import and export and investment in electronic parts | 506,240 | 506,240 | - | 100.00 | 2,749,104 | 521,737 | 521,737 | (Note 1) |
| | Syncmold Enterprise (USA) Corp. | USA | Trading, import and export in electronic parts | 32 | 32 | - | 100.00 | (2,437) | (455) | (455) | (Note 1) |
| | High Grade Tech Co., Ltd. | Taiwan | The design and sale of television hangers and related import and export businesses | 36,075 | 36,075 | 2,280 | 38.00 | 121,500 | 24,176 | 9,187 | (Note 1) |
| | Corebio Technologies Co., Ltd. | Taiwan | Medical technology and precision instrument wholesale and retail | 52,000 | - | 5,200 | 38.56 | 46,752 | (23,366) | (5,248) | (Note 1) |
| | GatetechTechnology Inc. | Taiwan | Precise molding and magnesium alloy die caster manufacturing and transaction business | 550,000 | - | 41,849 | 72.81 | 613,910 | 3,872 | 2,818 | (Note 1) |
| Grand Advance Inc. | Canford International Limited | Samoa | Import and export trade and investment business | 119,342 | 119,342 | - | 100.00 | 1,264,707 | 293,439 | 293,439 | (Note 1) |
| | Fullking Development Limited | Hong Kong | Import and export trade and investment business | 160,175 | 160,175 | - | 100.00 | 837,128 | 285,773 | 285,773 | (Note 1) |
| | Full Glary Holding Limited | Hong Kong | Import and export trade and investment business | 259,720 | 259,720 | - | 100.00 | 252,081 | 7,062 | 7,062 | (Note 1) |
| Syncmold Enterprise (Samoa) Corp. | Full Big Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade | 16,643 | 16,643 | - | 100.00 | 245,078 | 7,196 | 7,196 | (Note 1) |
| | Forever Business Development Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade | 125,957 | 125,957 | - | 100.00 | 287,503 | 13,489 | 13,489 | (Note 1) |
| | Full Celebration Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade | 147,710 | 147,710 | - | 100.00 | 371,051 | 58,467 | 58,467 | (Note 1) |
| GatetechTechnology Inc. | GatetechHoldings Ltd. | Samoa | General investment business | 647,041 | 647,041 | 20,130 | 100.00 | 599,372 | 12,512 | 2,949 | (Note 1) |
| GatetechHoldings Ltd. | GatetechInternational | Samoa | General investment business | 657,284 | 657,284 | 20,268 | 100.00 | 599,347 | 12,513 | 2,950 | (Note 1) |

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

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

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

TABLE 8

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

(Continued)

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

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

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

(Concluded)

**TABLE 9**

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | Payment Terms | % of Total Sales or Asset (Note 3) |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Price | | |
| 0 | Syncmold Enterprise Corporation | Fuzhou Fulfil Tech Co., Ltd. | 1 | Trade receivables from related parties | $ 33,521 | Based on the contract between both parties | - |
| | | Fuzhou Fulfil Tech Co., Ltd. | 1 | Other operating revenue - royalty revenue | 70,462 | Based on the contract between both parties | 1 |
| | | Suzhou Fulfil Electronics Co., Ltd. | 1 | Trade receivables from related parties | 74,423 | Based on the contract between both parties | 1 |
| | | Suzhou Fulfil Electronics Co., Ltd. | 1 | Other operating revenue - royalty revenue | 135,150 | Based on the contract between both parties | 2 |
| | | Zhongshan Fufil Tech Co., Ltd. | 1 | Trade receivables from related parties | 69,949 | Based on the contract between both parties | 1 |
| | | Zhongshan Fufil Tech Co., Ltd. | 1 | Other operating revenue - royalty revenue | 71,850 | Based on the contract between both parties | 1 |
| | | Fujian Khuan Hua Precise Mold., Ltd. | 1 | Other receivables from related parties | 14,938 | Based on the contract between both parties | - |
| | | Chongqing Fulfil Tech Co., Ltd. | 1 | Other operating revenue - royalty revenue | 34,029 | Based on the contract between both parties | - |
| | | GatetechTechnology Inc. | 1 | Other receivables from related parties | 50,003 | Based on the contract between both parties | - |
| 1 | Zhongshan Fufil Tech Co., Ltd. | Syncmold Enterprise Corporation | 2 | Sales | 1,446,013 | No significant difference with non-related parties | 17 |
| | | Syncmold Enterprise Corporation | 2 | Trade receivables from related parties | 562,084 | No significant difference with non-related parties | 6 |
| 2 | Dongguan Kwan Huang Precision Mold Plastic Co., Ltd. | Zhongshan Fufil Tech Co., Ltd. | 3 | Sales | 112,319 | No significant difference with non-related parties | 1 |
| | | Zhongshan Fufil Tech Co., Ltd. | 3 | Trade receivables from related parties | 32,216 | No significant difference with non-related parties | - |
| | | Fuzhou Fulfil Tech Co., Ltd. | 3 | Trade receivables from related parties | 10,115 | No significant difference with non-related parties | - |
| | | Fuzhou Fulfil Tech Co., Ltd. | 3 | Sales | 88,403 | No significant difference with non-related parties | 1 |
| | | Suzhou Fulfil Electronics Co., Ltd. | 3 | Sales | 150,163 | No significant difference with non-related parties | 2 |
| | | Suzhou Fulfil Electronics Co., Ltd. | 3 | Trade receivables from related parties | 30,426 | No significant difference with non-related parties | - |
| 3 | Fuzhou Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | 2 | Accounts receivable from related parties | 126,092 | No significant difference with non-related parties | 1 |
| | | Syncmold Enterprise Corporation | 2 | Sales | 338,556 | No significant difference with non-related parties | 4 |
| 4 | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Fuzhou Fulfil Tech Co., Ltd. | 3 | Sales | 343,253 | No significant difference with non-related parties | 4 |
| | | Fuzhou Fulfil Tech Co., Ltd. | 3 | Trade receivables from related parties | 30,323 | No significant difference with non-related parties | - |
| | | Suzhou Fulfil Electronics Co., Ltd. | 3 | Sales | 193,094 | No significant difference with non-related parties | 2 |
| | | Suzhou Fulfil Electronics Co., Ltd. | 3 | Trade receivables from related parties | 38,340 | No significant difference with non-related parties | - |
| | | Zhongshan Fufil Tech Co., Ltd. | 3 | Sales | 74,745 | No significant difference with non-related parties | 1 |
| | | Zhongshan Fufil Tech Co., Ltd. | 3 | Trade receivables from related parties | 11,698 | No significant difference with non-related parties | - |
| 5 | Grand Advance Inc. | Syncmold Enterprise Corporation | 2 | Other receivables from related parties | 344,770 | Based on the contract between both parties | 3 |
| | | Fullking Development Limited | 3 | Other receivables from related parties | 44,970 | Based on the contract between both parties | - |
| 6 | Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | 2 | Trade receivables from related parties | 409,564 | No significant difference with non-related parties | 4 |
| | | Syncmold Enterprise Corporation | 2 | Sales | 1,070,426 | No significant difference with non-related parties | 12 |

(Continued)

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

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

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

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

Note 4: The disclosure standard of the table above was 10% of the specified account and reached to $10,000 thousand.

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

(Concluded)

# Syncmold Enterprise Corporation

**Financial Statements for the**
**Years Ended December 31, 2019 and 2018 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, 2019 and 2018, 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 (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, 2019 and 2018, 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, 2019. 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.

Key audit matter of the Corporation's financial statements for the year ended December 31, 2019 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. Most of the sales were highly concentrated on major customers, which revenue accounted for 63% of total sales revenue in 2019. Due to the high frequency and significant amounts of transactions with major customers, the occurrence of sales revenue was deemed as a key audit matter for the year ended December 31, 2019. Refer to Note 4 to the financial statements for the related revenue recognition policies.

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

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

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

**Other Matter**

We did not audit the financial statements of associates accounted for using the equity method, these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for associates accounted for using the equity method, is based solely on the report of other auditors. As of December 31, 2019 and 2018, the investments accounted for using the equity method were NT$168,252 thousand and NT$123,713 thousand, respectively, which accounted for 2.03% and 1.64% of the Corporation's total assets, respectively. For the years ended December 31,2019 and 2018, the share of profit of associates accounted for using the equity method were NT$3,939 thousand and NT$32,448 thousand, respectively, which accounted for 0.53% and 3.88% of the 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, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2020

*Notice to Readers*

*The accompanying 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, 2019 AND 2018**
**(In Thousands of New Taiwan Dollars)**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | $ 308,208 | 4 | $ 405,069 | 6 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 39,800 | 1 | 192,576 | 3 |
| Notes receivable | 5,216 | - | 8,846 | - |
| Trade receivables, net (Notes 4 and 8) | 886,530 | 11 | 849,539 | 11 |
| Trade receivables from related parties (Notes 4 and 25) | 204,542 | 2 | 211,445 | 3 |
| Other receivables from related parties (Notes 4 and 25) | 66,954 | 1 | 18,638 | - |
| Current tax assets (Notes 4 and 20) | 3,309 | - | 3,309 | - |
| Inventories (Notes 4 and 9) | 25,730 | - | 27,447 | - |
| Other current assets (Note 4) | 34,595 | - | 7,477 | - |
| Total current assets | 1,574,884 | 19 | 1,724,346 | 23 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | 60,882 | 1 | 54,099 | 1 |
| Investments accounted for using the equity method (Notes 4, 10 and 22) | 6,145,911 | 74 | 5,245,364 | 70 |
| Property, plant and equipment (Notes 4 and 11) | 118,158 | 2 | 112,477 | 1 |
| Right-of-use assets (Notes 3, 4 and 12) | 21,366 | - | - | - |
| Goodwill (Notes 4, 5 and 13) | 324,597 | 4 | 366,777 | 5 |
| Intangible assets (Notes 4 and 14) | 17,159 | - | 13,191 | - |
| Deferred tax assets (Notes 4 and 20) | 760 | - | 6,204 | - |
| Prepayments for equipment | 494 | - | - | - |
| Net defined benefit assets (Notes 4 and 17) | 2,269 | - | 2,302 | - |
| Refundable deposits | 1,716 | - | 571 | - |
| Total non-current assets | 6,693,312 | 81 | 5,800,985 | 77 |
| TOTAL | $ 8,268,196 | 100 | $ 7,525,331 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4 and 15) | $ 726,982 | 9 | $ 230,000 | 3 |
| Notes payable and trade payables | 7,611 | - | 8,293 | - |
| Trade payable from related parties (Note 25) | 1,183,282 | 14 | 986,980 | 13 |
| Other payables (Note 16) | 193,747 | 3 | 193,303 | 3 |
| Other payables from related parties (Note 25) | 344,770 | 4 | 261,078 | 3 |
| Current tax liabilities (Notes 4 and 20) | 18,796 | - | 44,540 | 1 |
| Lease liabilities - current (Notes 3, 4 and 12) | 8,180 | - | - | - |
| Other current liabilities | 3,092 | - | 5,232 | - |
| Total current liabilities | 2,486,460 | 30 | 1,729,426 | 23 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 20) | 275,737 | 4 | 238,143 | 3 |
| Lease liabilities - non-current (Notes 3, 4 and 12) | 13,188 | - | - | - |
| Guarantee deposits received | - | - | 120 | - |
| Other non-current liabilities (Notes 4 and 10) | 2,437 | - | 2,044 | - |
| Total non-current liabilities | 291,362 | 4 | 240,307 | 3 |
| Total liabilities | 2,777,822 | 34 | 1,969,733 | 26 |
| EQUITY | | | | |
| Ordinary shares | 1,237,242 | 15 | 1,237,242 | 17 |
| Capital surplus | 2,591,280 | 31 | 2,591,280 | 34 |
| Retained earnings | | | | |
| Legal reserve | 810,515 | 10 | 721,519 | 10 |
| Special reserve | 431,506 | 5 | 376,649 | 5 |
| Unappropriated earnings | 1,053,851 | 13 | 1,060,414 | 14 |
| Total retained earnings | 2,295,872 | 28 | 2,158,582 | 29 |
| Other equity | | | | |
| Exchange differences on translating the financial statements of foreign operations | (631,443) | (8) | (431,506) | (6) |
| Share of other comprehensive income of subsidiaries accounted for using the equity method | (2,577) | - | - | - |
| Total other equity | (634,020) | (8) | (431,506) | (6) |
| Total equity | 5,490,374 | 66 | 5,555,598 | 74 |
| TOTAL | $ 8,268,196 | 100 | $ 7,525,331 | 100 |

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

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

# SYNCMOLD ENTERPRISE CORPORATION

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

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4 and 25) | | | | |
| Sales revenue | $ 3,393,441 | 92 | $ 3,020,268 | 90 |
| Other operating revenue | 313,233 | 8 | 318,299 | 10 |
| Total operating revenue | 3,706,674 | 100 | 3,338,567 | 100 |
| OPERATING COSTS (Notes 4, 9, 19 and 25) | 3,156,347 | 85 | 2,862,817 | 85 |
| GROSS PROFIT | 550,327 | 15 | 475,750 | 15 |
| OPERATING EXPENSES (Notes 19 and 25) | | | | |
| Selling and marketing expenses | 97,531 | 3 | 90,564 | 3 |
| General and administrative expenses | 166,155 | 4 | 158,806 | 5 |
| Research and development expenses | 168,952 | 5 | 146,465 | 4 |
| Expected credit loss reversed on trade receivables | 59 | - | (2,859) | - |
| Total operating expenses | 432,697 | 12 | 392,976 | 12 |
| PROFIT FROM OPERATIONS | 117,630 | 3 | 82,774 | 3 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other gains | 1,653 | - | 3,221 | - |
| Interest income | 1,013 | - | 12,273 | - |
| Gain from bargain purchase - acquisition of subsidiaries (Notes 4, 10 and 22) | 63,669 | 2 | - | - |
| Net gain on financial assets at fair value through profit or loss (Notes 4 and 7) | 30,744 | 1 | 14,596 | - |
| Impairment loss on goodwill (Notes 4 and 13) | (42,180) | (1) | - | - |
| Interest expenses | (1,246) | - | (819) | - |
| Net foreign exchange gain (loss) (Notes 4 and 19) | 7,972 | - | (5,801) | - |
| Share of profit of subsidiaries and associates (Notes 4 and 10) | 933,427 | 25 | 958,253 | 29 |
| Total non-operating income and expenses | 995,052 | 27 | 981,723 | 29 |
| PROFIT BEFORE INCOME TAX | 1,112,682 | 30 | 1,064,497 | 32 |
| INCOME TAX EXPENSE (Notes 4 and 20) | 171,140 | 5 | 174,536 | 5 |
| NET PROFIT FOR THE YEAR | 941,542 | 25 | 889,961 | 27 |

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION

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

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | $ (56) | - | $ 386 | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | 11 | - | (171) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (199,937) | (5) | (54,857) | (2) |
| Share of other comprehensive income of subsidiaries accounted for using the equity method | (2,577) | - | - | - |
| Other comprehensive loss for the year | (202,559) | (5) | (54,642) | (2) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 738,983 | 20 | $ 835,319 | 25 |
| EARNINGS PER SHARE (Note 21) | | | | |
| Basic | $ 7.61 | | $ 5.88 | |
| Diluted | $ 7.55 | | $ 5.82 | |

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

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

## SYNCMOLD ENTERPRISE CORPORATION

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

| | | | Capital Surplus (Notes 4 and 18) | | | | | Retained Earnings (Note 18) | | | | Other Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital (Note 17) | Share Reserve (Note 17) | Share Premium | Difference Between Actual Acquisition Price and Carrying Amount | Chang in Equity | Consolidation Excess | Total | Legal Surplus | Special Reserve | Retained Earnings | Total | Financial Assets at Fair Value through Other Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Notes 4 and 18) | Share of Other Comprehensive Income of Subsidiaries Accounted for Using Equity Method | Total | Total Equity |
| BALANCE AT JANUARY 1, 2018 | $ 1,635,733 | $ 13,923 | $ 1,184,809 | $ 410,949 | $ 143,150 | $ 852,372 | $ 2,591,280 | $ 634,575 | $ 230,916 | $ 1,240,822 | $ 2,106,313 | $ (376,649) | $ - | $ (376,649) | $ 5,970,600 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | - | - | - | - | - | (13,079) | (13,079) | - | - | - | (13,079) |
| BALANCE AT JANUARY 1, 2018 AS RESTATED | 1,635,733 | 13,923 | 1,184,809 | 410,949 | 143,150 | 852,372 | 2,591,280 | 634,575 | 230,916 | 1,227,743 | 2,093,234 | (376,649) | - | (376,649) | 5,957,521 |
| 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) |
| 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) | - | (54,857) | (54,642) |
| Total comprehensive income (loss) for the year ended December 31, 2018 | - | - | - | - | - | - | - | - | - | 890,176 | 890,176 | (54,857) | - | (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) | - | (431,506) | 5,555,598 |
| Appropriation of 2018 earnings | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | - | 88,996 | - | (88,996) | - | - | - | - | - |
| Special reserve | - | - | - | - | - | - | - | - | 54,857 | (54,857) | - | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | - | - | - | - | (804,207) | (804,207) | - | - | - | (804,207) |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | 941,542 | 941,542 | - | - | - | 941,542 |
| Other comprehensive loss for the year ended December 31, 2019, net of income tax | - | - | - | - | - | - | - | - | - | (45) | (45) | (199,937) | (2,577) | (202,514) | (202,559) |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | 941,497 | 941,497 | (199,937) | (2,577) | (202,514) | 738,983 |
| Convertible bonds converted to ordinary shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BALANCE AT DECEMBER 31, 2019 | $ 1,237,242 | $ - | $ 1,184,809 | $ 410,949 | $ 143,150 | $ 852,372 | $ 2,591,280 | $ 810,515 | $ 431,506 | $ 1,053,851 | $ 2,295,872 | $ (631,443) | $ (2,577) | $ (634,020) | $ 5,490,374 |

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

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

# SYNCMOLD ENTERPRISE CORPORATION

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

| | 2019 | 2018 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | $ 1,112,682 | $ 1,064,497 |
| Adjustments for: | | |
| Depreciation expenses | 11,678 | 7,360 |
| Amortization expenses | 11,445 | 10,162 |
| Expected credit loss recognized (reversed) on trade receivables | 59 | (2,859) |
| Net gain on financial assets at fair value through profit or loss | (30,744) | (14,596) |
| Share of profit of subsidiaries and associates | (933,427) | (958,253) |
| Interest expenses | 1,246 | 819 |
| Interest income | (1,013) | (12,273) |
| Gain on disposal of property, plant and equipment | - | (99) |
| Dividend income | - | (1,573) |
| Impairment loss on goodwill | 42,180 | - |
| Write-downs (reversal) of inventories | (1,900) | 1,638 |
| Gain from bargain purchase | (63,669) | - |
| Net loss (gain) on unrealized foreign currency exchange | (16,368) | 1,194 |
| Changes in operating assets and liabilities | | |
| Notes receivable | 3,630 | 3,673 |
| Trade receivables | (57,237) | (62,063) |
| Trade receivables from related parties | 1,731 | (4,621) |
| Other receivables from related parties | 1,684 | 38,844 |
| Inventories | 3,617 | (10,505) |
| Other current assets | (27,118) | (1,906) |
| Net defined benefit assets | (23) | (21) |
| Notes payable and trade payables | (555) | (17,862) |
| Trade payables from related parties | 227,947 | (61,203) |
| Other payable from related parties | 10,615 | (1,443) |
| Other payables | 491 | 31,775 |
| Other current liabilities | (2,140) | 2,585 |
| Cash generated from operations | 294,811 | 13,270 |
| Interest paid | (1,293) | (634) |
| Income tax paid | (153,835) | (161,875) |
| Net cash generated from (used in) operating activities | 139,683 | (149,239) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through profit or loss | (449,385) | (1,242,436) |
| Acquisition of associates | (52,000) | - |
| Disposal of financial assets at fair value through profit or loss | 625,462 | 1,116,122 |
| Net cash outflow on acquisition of subsidiaries (Note 10) | (550,000) | - |
| Acquisition of property, plant and equipment | (13,243) | (12,069) |
| Proceeds from disposal of property, plant and equipment | - | 1,536 |
| Increase in refundable deposits | (1,145) | (153) |
| Increase in finance receivables from related parties | (50,000) | - |
| Increase in prepayments for equipment | (494) | - |

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION

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

| | 2019 | 2018 |
|---|---|---|
| Purchase of intangible assets | $ (15,413) | $ (7,312) |
| Interest received | 1,013 | 12,273 |
| Dividends received | 496,428 | 413,673 |
| Net cash (used in) generated from investing activities | (8,777) | 281,634 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 496,982 | 230,000 |
| Repayment of the principal portion of lease liabilities | (4,114) | - |
| Increase in finance payables from related parties | 83,692 | 8,118 |
| Refund of guarantee deposits received | (120) | - |
| Dividends paid | (804,207) | (824,828) |
| Capital reduction by cash | - | (412,414) |
| Net cash used in financing activities | (227,767) | (999,124) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (96,861) | (866,729) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 405,069 | 1,271,798 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 308,208 | $ 405,069 |

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

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

# SYNCMOLD ENTERPRISE CORPORATION

**NOTES TO FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**
**(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 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 13, 2020.

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

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

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

   1) IFRS 16 "Leases"

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

      <u>Definition of a lease</u>

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

The Corporation as lessee

The Corporation recognizes 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 are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Corporation presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the statements of cash flows.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Except for the following practical expedient which is applied, the Corporation applies IAS 36 to all right-of-use assets.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured (adjustment is made for prepaid or finance lease payable, which was previously accounted for) at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. The Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

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

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

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

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

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 0.94%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

| | |
|---|---|
| The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018 | $ 4,773 |
| Less: Recognition exemption for short-term leases | (619) |
| Undiscounted amounts on January 1, 2019 | $ 4,154 |
| Discounted amounts using the incremental borrowing rate on January 1, 2019 | $ 4,131 |
| Lease liabilities recognized on January 1, 2019 | $ 4,131 |

The Corporation as lessor

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

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

| | As Originally Stated on January 1, 2019 | Adjustments Arising from Initial Application | Restated on January 1, 2019 |
|---|---|---|---|
| Prepayment for lease - current | $ 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.

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

b. The IFRSs endorsed by FSC for application starting from 2020

| New IFRSs | Effective Date Announced by the IASB |
|---|---|
| Amendments to IFRS 3 “Definition of a Business” | January 1, 2020 (Note 1) |
| Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform” | January 1, 2020 (Note 2) |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 (Note 3) |

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

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

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

| New IFRSs | Effective Date Announced by IASB (Note) |
|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2021 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2022 |

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

As of the date the 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. Business combinations

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

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

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

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

e. 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.

f. 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.

g. 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.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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.

h. 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.

i. Property, plant and equipment

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

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

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

j. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the 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.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the 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.

m. 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

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 24.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

b) Impairment of financial assets

The 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.

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.

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

2) Equity instruments

Equity instruments issued by the 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.

n. Revenue recognition

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.

o. Leasing

2019

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

2018

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.

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), 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.

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary 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.

**Key Sources of Estimation Uncertainty**

Impairment of goodwill

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

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Cash on hand | $ 836 | $ 543 |
| Checking accounts and demand deposits | 307,372 | 404,526 |
| | $ 308,208 | $ 405,069 |

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

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Bank balance | 0.001%-0.35% | 0.001%-0.48% |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

## 8. TRADE RECEIVABLES, NET

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| At amortized cost | | |
| Gross carrying amount | $ 886,639 | $ 849,589 |
| Less: Allowance for impairment loss | (109) | (50) |
| | $ 886,530 | $ 849,539 |

The average credit period of sales of goods was 95 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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the 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 forecasted 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, 2019

| | **Not Past Due** | **Less than 30 Days** | **31 to 90 Days** | **91 to 180 Days** | **Over 180 Days** | **Total** |
|---|---|---|---|---|---|---|
| Expected credit loss rate | - | - | - | 44.26% | - | |
| Gross carrying amount | $ 886,394 | $ - | $ - | $ 245 | $ - | $ 886,639 |
| Loss allowance (Lifetime ECL) | - | - | - | (109) | - | (109) |
| Amortized cost | $ 886,394 | $ - | $ - | $ 136 | $ - | $ 886,530 |

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:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Balance at January 1 | $ 50 | $ 2,909 |
| Add: Net remeasurement of loss allowance | 59 | (2,859) |
| Balance at December 31 | $ 109 | $ 50 |

## 9. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Products | $ 24,897 | $ 26,314 |
| Raw materials | 833 | 1,133 |
| | $ 25,730 | $ 27,447 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $3,156,347 thousand and $2,862,817 thousand, respectively. The cost of goods sold included inventory reversal of $1,900 thousand and inventory write-down $(1,638) thousand. The reversals of previous write-downs resulted from selling of slow moving inventories.

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Investments in subsidiaries | $ 5,977,659 | $ 5,121,651 |
| Investments in associates | 168,252 | 123,713 |
| | $ 6,145,911 | $ 5,245,364 |

a. Investments in subsidiaries

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Grand Advance Inc. | $ 2,749,104 | $ 2,547,600 |
| Syncmold Enterprise (Samoa) Corp. | 2,614,645 | 2,574,051 |
| Gatetech Technology Inc. | 613,910 | - |
| Syncmold Enterprise (USA) Corp. | (2,437) | (2,044) |
| | 5,975,222 | 5,119,607 |
| Add: Credit balance of investments reclassified to non-current liabilities | 2,437 | 2,044 |
| | $ 5,977,659 | $ 5,121,651 |

| Name of Subsidiaries | Proportion of Ownership and Voting Rights December 31 2019 | 2018 |
|---|---|---|
| Syncmold Enterprise (Samoa) Corp. | 100.00% | 100.00% |
| Grand Advance Inc. | 100.00% | 100.00% |
| Syncmold Enterprise (USA) Corp. | 100.00% | 100.00% |
| Gatetech Technology Inc. | 72.81% | - |

For details of the investments in subsidiaries indirectly held by the Corporation, refer to Note 26.

On November 29, 2019, the Corporation completed the acquisition of Gatetech Technology Inc. for a cash consideration of $550,000 thousand; after the acquisition, the Corporation's percentage of ownership in Gatetech Technology Inc. was 72.81% and the Corporation was able to exercise substantial control over Gatetech Technology Inc. and listed it as a subsidiary. The date of acquisition was measured at fair value that created gain from bargain purchase of $63,669 thousand. Refer to Note 26 to the financial statements for more information.

The Corporation continued to support Syncmold Enterprise (USA) Corp. and recognized investment loss based on the proportion of the Corporation's ownership. The credit balances of long-term equity investment transferred to other liabilities were $2,437 thousand and $2,044 thousand on December 31, 2019 and 2018, respectively.

For details of the investments in subsidiaries indirectly held by the Corporation, refer to Note 27.

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

b. Investments in associates

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

Aggregate information of associates that are not individually material:

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

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

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

## 11. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Buildings | Equipment | Transpor-tation Equipment | Office Equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Balance at January 1, 2019 | $ 65,187 | $ 67,264 | $ 10,792 | $ 875 | $ 5,013 | $ 149,131 |
| Additions | - | - | 12,017 | - | 1,226 | 13,243 |
| Disposals | - | - | (4,326) | - | (1,224) | (5,550) |
| Balance at December 31, 2019 | $ 65,187 | $ 67,264 | $ 18,483 | $ 875 | $ 5,015 | $ 156,824 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2019 | $ - | $ 30,976 | $ 2,505 | $ 515 | $ 2,658 | $ 36,654 |
| Disposals | - | - | (4,326) | - | (1,224) | (5,550) |
| Depreciation expenses | - | 1,746 | 4,609 | 125 | 1,082 | 7,562 |
| Balance at December 31, 2019 | $ - | $ 32,722 | $ 2,788 | $ 640 | $ 2,516 | $ 38,666 |
| Carrying amounts at December 31, 2019 | $ 65,187 | $ 34,542 | $ 15,695 | $ 235 | $ 2,499 | $ 118,158 |
| 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 amounts at 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, 2019 and 2018 as there was no indication of impairment.

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

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

## 12. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

| | December 31, 2019 |
|---|---|
| Carrying amounts | |
| Buildings | $ 20,790 |
| Transportation equipment | 576 |
| | $ 21,366 |

| | For the Year Ended December 31, 2019 |
|---|---|
| Additions to right-of-use assets | $ 21,351 |
| Depreciation charge for right-of-use assets | |
| Buildings | $ 3,867 |
| Transportation equipment | 249 |
| | $ 4,116 |

b. Lease liabilities - 2019

| | December 31, 2019 |
|---|---|
| Carrying amounts | |
| Current | $ 8,180 |
| Non-current | $ 13,188 |

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

2019

| | For the Year Ended December 31, 2019 |
|---|---|
| Expenses relating to short-term leases | $ 1,544 |
| Total cash outflow for leases | $ (5,686) |

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

## 13. GOODWILL

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

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

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

## 14. INTANGIBLE ASSETS

| | Computer Software Cost |
|---|---|
| Cost | |
| Balance at January 1, 2019 | $ 30,531 |
| Additions | 15,413 |
| Derecognitions | (15,334) |
| Balance at December 31, 2019 | $ 30,610 |
| Accumulated amortization and impairment | |
| Balance at January 1, 2019 | $ (17,340) |
| Amortization expenses | (11,445) |
| Derecognitions | 15,334 |
| Balance at December 31, 2019 | $ (13,451) |
| Carrying amount at December 31, 2019 | $ 17,159 |
| 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.

## 15. BORROWINGS

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Short-term borrowings | | |
| Unsecured borrowings - line of credit borrowings | $ 726,982 | $ 230,000 |

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

## 16. OTHER PAYABLES

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Payables for salaries or bonuses | $ 120,212 | $ 127,739 |
| Payables for procurement | 6,569 | 5,722 |
| Others | 66,966 | 59,842 |
| | $ 193,747 | $ 193,303 |

## 17. 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 | |
|---|---|---|
| | 2019 | 2018 |
| Present value of defined benefit obligation | $ 22,787 | $ 21,666 |
| Fair value of plan assets | (25,056) | (23,968) |
| Net defined benefit assets | $ (2,269) | $ (2,302) |

Movements in net defined benefit assets were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Assets |
|---|---|---|---|
| Balance at January 1, 2018 | $ 21,150 | $ (23,045) | $ (1,895) |
| Net interest expense (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) |
| Service cost | | | |
| Current service cost | - | - | - |
| Net interest expense (income) | 217 | (240) | (23) |
| Recognized in profit or loss | 217 | (240) | (23) |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (848) | (848) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | 52 | - | 52 |
| Changes in financial assumptions | 691 | - | 691 |
| Experience adjustments | 161 | - | 161 |
| Recognized in other comprehensive income | 904 | (848) | 56 |
| Balance at December 31, 2019 | $ 22,787 | $ (25,056) | $ (2,269) |

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 | |
|---|---|---|
| | **2019** | **2018** |
| Discount rate | 0.625% | 1.000% |
| 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%-10% | 0%-13.5% |

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Discount rate(s) | | |
| 25% increase | $ (465) | $ (474) |
| 25% decrease | $ 484 | $ 493 |
| Expected rate(s) of salary increase | | |
| 25% increase | $ 471 | $ 482 |
| 25% decrease | $ (455) | $ (466) |

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

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Expected contributions to the plans for the next year | $ - | $ - |
| Average duration of the defined benefit obligation | 8.3 years | 8.9 years |

## 18. EQUITY

a. Share capital

Ordinary shares

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Number of shares authorized (in thousands) | 200,000 | 200,000 |
| Shares authorized | $ 2,000,000 | $ 2,000,000 |
| Number of shares issued and fully paid (in thousands) | 123,724 | 123,724 |
| Shares issued | $ 1,237,242 | $ 1,237,242 |

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per 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 per share, consisting of 123,724 thousand ordinary shares.

As of January 1, 2019 to December 31, 2019, 1,392 thousand ordinary shares were converted from the second domestic unsecured convertible bonds. On March 27, 2017, the record date of capital increase, the Corporation transferred 1,392 thousand shares from the advance receipts of share capital to ordinary shares.

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 may be used to offset deficits.

Capital surplus generates from the convertible corporate bond due to the exercise of share options could not be used in any other purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 19-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 2018 and 2017 which were approved in the shareholders' meetings on June 20, 2019 and June 29, 2018, respectively, were as follows:

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

The appropriation of earnings for 2018 had been proposed by the Corporation's board of directors on March 13, 2020. The appropriation and dividends per share were as follows:

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

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

d. Special reserve

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

On the initial application of the IFRSs, the net increase arising from the retained earnings was not enough for the special reserve appropriation; thus, the 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.

## 19. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Operating Costs | Operating Expenses | Total | Operating Costs | Operating Expenses | Total |
| Employee benefits expense | | | | | | |
| Salaries expenses | $ - | $ 206,383 | $ 206,383 | $ - | $ 201,271 | $ 201,271 |
| Labor insurance expenses | - | 15,458 | 15,458 | - | 14,031 | 14,031 |
| Pension expenses | | | | | | |
| Defined contribution plan | - | 7,576 | 7,576 | - | 7,256 | 7,256 |
| Defined benefit plan | - | (23) | (23) | - | (21) | (21) |
| Director's remuneration | - | 13,956 | 13,956 | - | 14,396 | 14,396 |
| Other employee benefits | - | 8,005 | 8,005 | - | 7,727 | 7,727 |
| | $ - | $ 251,355 | $ 251,355 | $ - | $ 244,660 | $ 244,660 |
| Depreciation | $ 123 | $ 11,555 | $ 11,678 | $ 76 | $ 7,284 | $ 7,360 |
| Amortization | $ - | $ 11,445 | $ 11,445 | $ - | $ 10,162 | $ 10,162 |

As of December 31, 2019 and 2018, the Corporation had 208 employees and 189 employees, respectively, which included 4 directors not concurrently serving as employees for both years. The average employee benefits expenses were $1,164 thousand and $1,245 thousand, respectively. The average employee salaries were $1,049 thousand and $1,127 thousand, respectively. The average adjustment of employee salary was (6.92)%, which the calculation standard was the same as employee benefits expense.

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

Accrual rate

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

Amount

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

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

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

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Gains or losses on foreign currency exchange

| | For the Year Ended December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Foreign exchange gains | $ 82,451 | $ 83,383 |
| Foreign exchange losses | (74,479) | (89,184) |
| Net foreign exchange gains (losses) | $ 7,972 | $ (5,801) |

## 20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Current tax | | |
| In respect of the current period | $ 117,571 | $ 97,155 |
| Adjustments for prior periods | 10,520 | 262 |
| | 128,091 | 97,417 |
| Deferred tax | | |
| In respect of the current period | 43,049 | 50,004 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | - | 27,115 |
| | 43,049 | 77,119 |
| Income tax expense recognized in profit or loss | $ 171,140 | $ 174,536 |

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Profit before tax | $ 1,112,682 | $ 1,064,497 |
| Income tax expense calculated at the statutory rate | $ 222,537 | $ 212,899 |
| Nondeductible expenses in determining taxable income | (66,938) | (65,007) |
| Unrecognized deductible temporary differences | 5,021 | (733) |
| Effect of tax rate changes | - | 27,115 |
| Adjustments for prior years' tax | 10,520 | 262 |
| Income tax expense recognized in profit or loss | $ 171,140 | $ 174,536 |

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 was reduced from 10% to 5%.

As the status of the 2020 appropriation of earnings is uncertain, the potential 5% income tax consequences on the 2019 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

| | December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Current tax assets | | |
| Tax refund receivable | $ 3,309 | $ 3,309 |
| Current tax liabilities | | |
| Income tax payable | $ 18,796 | $ 44,540 |

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

| Deferred Tax Assets | Opening Balance | Recognized in Profit or Loss | Recognized in Other Compre-hensive Income | Effect of Tax Rate Changes | Closing Balance |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Allowance for exceeding limit | $ 201 | $ (42) | $ - | $ - | $ 159 |
| Allowance for inventory valuation and obsolescence losses | 439 | (381) | - | - | 58 |
| Impairment loss recognized on financial assets measured at cost | 5,021 | (5,021) | - | - | - |
| Others | 543 | - | - | - | 543 |
| | $ 6,204 | $ (5,444) | $ - | $ - | $ 760 |

| 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 equity method | $ 234,334 | $ 32,701 | $ - | $ - | $ 267,035 |
| Defined benefit obligations | 460 | 5 | (11) | - | 454 |
| Unrealized exchange gains | 3,349 | 2,857 | - | - | 6,206 |
| Financial assets at FVTPL | - | 2,042 | - | - | 2,042 |
| | $ 238,143 | $ 37,605 | $ (11) | $ - | $ 275,737 |

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 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 |

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

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Deductible temporary differences | $ 172,802 | $ 172,142 |

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 2017, except 2015, have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

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

**Net Profit for the Year**

| | For the Year Ended December 31 | |
|---|---|---|
| | **2019** | **2018** |
| Earnings used in the computation of diluted earnings per share | $ 941,542 | $ 889,961 |

**Shares**

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

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

If the 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.

## 22. BUSINESS COMBINATIONS

Refer to Note 26 to the consolidated financial statements for detailed information relating to business combinations.

## 23. 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 Corporation is based on the scale of the business, the future growth of the industry and the blueprints of the products' development. The Corporation calculates trading fund and cash based on its production capacity in order to have a long-term and completed plan. The Corporation 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.

## 24. FINANCIAL INSTRUMENTS

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

December 31, 2019

None.

December 31, 2018

None.

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

1) Fair value hierarchy

December 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Listed shares | $ 39,800 | $ - | $ - | $ 39,800 |
| Emerging market shares | 3,473 | - | 6,798 | 10,271 |
| Overseas unlisted shares | - | - | 50,611 | 50,611 |
| | $ 43,273 | $ - | $ 57,409 | $ 100,682 |

December 31, 2018

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

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

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

For the year ended December 31, 2019

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

For the year ended December 31, 2018

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

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

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

c. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Financial assets | | |
| Mandatorily classified as at FVTPL | $ 100,682 | $ 246,675 |
| Financial assets at amortized cost (1) | 1,473,199 | 1,494,297 |
| Financial liabilities | | |
| Financial liabilities at amortized cost (2) | 2,336,181 | 1,552,035 |

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

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

d. Financial risk management objectives and policies

The Corporation's major financial instruments include cash, financial assets mandatorily classified as at FVTPL, financial assets at amortized cost, equity investments, trade receivables, trade payables, short-term borrowings and lease liabilities. 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 26.

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** | |
| | **2019** | **2018** | **2019** | **2018** |
| Equity | $ 3,992 | $ 2,120 | $ (1,953) | $ (2,049) |

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 | |
|---|---|---|
| | **2019** | **2018** |
| Fair value interest rate risk | | |
| Financial liabilities | $ 748,350 | $ 230,000 |
| Cash flow interest rate risk | | |
| Financial assets | 303,860 | 401,654 |

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, 2019 and 2018 would decrease/increase by $3,039 thousand and $4,017 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, 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 years ended December 31, 2019 and 2018 would have increased/decreased by $1,007 thousand and $2,467 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the 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 Corporation designated a special team to decide the credit ratings of counterparties and other monitoring procedures to make sure there are appropriate actions taken to collect the overdue receivables. Additionally, on each balance sheet date, the Corporation reviews the recoverable amounts to ensure appropriate allowances have been made for doubtful accounts. Therefore, the Corporation considers its credit risk to be significantly reduced.

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

As the counterparties of the Corporation are financial institutions and companies with good credit ratings, the Corporation 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, 2019 and 2018, 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, 2019

| | **On Demand or Less than 1 Month** | **1-3 Months** | **3 Months to 1 Year** | **1-5 Years** |
|---|---|---|---|---|
| Non-interest bearing liabilities | $ 353,721 | $ 580,683 | $ 674,657 | $ - |
| Lease liabilities | 855 | 1,522 | 5,964 | 13,309 |
| Fixed interest rate liabilities | 150,138 | 226,982 | 350,000 | - |
| | $ 504,714 | $ 809,187 | $ 1,030,621 | $ 13,309 |

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 | $ - |

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

b) Financing facilities

| | December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | |
| Amount used | $ 726,982 | $ 230,000 |
| Amount unused | 1,273,018 | 1,092,860 |
| | $ 2,000,000 | $ 1,322,860 |

## 25. 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 |
| Gatetech Technology Inc. | 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 2019 | 2018 |
|---|---|---|---|
| Sales | Subsidiaries | $ 27,821 | $ 7,579 |
| Other operating revenue - royalty | Indirect subsidiaries | | |
| | Suzhou Fulfil Electronics Co., Ltd. | 135,150 | 138,892 |
| | Zhongshan Fulfil Tech Co., Ltd. | 71,850 | 68,368 |
| | Fuzhou Fulfil Tech Co., Ltd. | 70,461 | 73,165 |
| | Chongqing Fulfil Tech Co., Ltd. | 34,029 | 35,307 |
| | | 311,490 | 315,732 |
| Other operating revenue - service revenue | Indirect subsidiaries | 1,711 | 2,452 |
| | | $ 341,022 | $ 325,763 |

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 2019 | 2018 |
|---|---|---|
| Indirect subsidiaries | | |
| Zhongshan Fulfil Tech Co., Ltd | $ 1,466,013 | $ 1,307,813 |
| Suzhou Fulfil Electronics Co., Ltd. | 1,070,426 | 942,317 |
| Fuzhou Fulfil Tech Co., Ltd. | 338,556 | 314,019 |
| Chongqing Fulfil Tech Co., Ltd. | 225,993 | 242,153 |
| Others | 11,303 | 15,312 |
| Associate | - | 40 |
| | $ 3,112,291 | $ 2,821,654 |

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 2019 | 2018 |
|---|---|---|
| Associate | $ - | $ 635 |

e. Lease arrangements

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

| Related Party Category/Name | For the Year Ended December 31 2019 | 2018 |
|---|---|---|
| Related party in substance | $ 2,247 | $ 2,247 |

f. Manufacturing expense

| Related Party Category/Name | For the Year Ended December 31 2019 | 2018 |
|---|---|---|
| Subsidiaries | $ - | $ 751 |

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

| Line Item | Related Party Category/Name | December 31 2019 | 2018 |
|---|---|---|---|
| Trade receivables | Indirect subsidiaries | | |
| | Zhongshan Fulfil Tech Co., Ltd | $ 69,949 | $ 68,289 |
| | Suzhou Fulfil Electronics Co., Ltd. | 74,423 | 80,637 |
| | Fuzhou Fulfil Tech Co., Ltd. | 33,521 | 35,730 |
| | Others | 26,649 | 26,789 |
| | | 204,542 | 211,445 |
| Other receivables | Indirect subsidiaries | | |
| | Fujian Khuan Hua Precise Mold., Ltd. | 14,938 | 18,638 |
| | Others | 2,013 | - |
| | | 16,951 | 18,638 |
| | | $ 221,493 | $ 230,083 |

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, 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.

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

| Line Item | Related Party Category/Name | December 31 2019 | December 31 2018 |
|---|---|---|---|
| Trade payables | Indirect subsidiaries | | |
| | Zhongshan Fulfil Tech Co., Ltd | $ 562,084 | $ 469,593 |
| | Suzhou Fulfil Electronics Co., Ltd. | 409,564 | 291,201 |
| | Fuzhou Fulfil Tech Co., Ltd. | 126,092 | 127,122 |
| | Chongqing Fulfil Tech Co., Ltd. | 81,906 | 90,525 |
| | Other | 3,636 | 8,539 |
| | | $ 1,183,282 | $ 986,980 |

The outstanding trade payables from related parties are unsecured and would be repaid in cash.

i. Loans to related parties

| Related Party Category/Name | December 31 2019 | December 31 2018 |
|---|---|---|
| Other receivables | | |
| Subsidiary | | |
| Gatetech Technology Inc. | $ 50,000 | $ - |

Interest revenue

| Related Party Category/Name | For the Year Ended December 31 2019 | For the Year Ended December 31 2018 |
|---|---|---|
| Other receivables | | |
| Subsidiary | $ 3 | $ - |

The Corporation provided Gatetech Technology Inc. with unsecured short-term loans at rate of 1.25%, which was comparable to market interest rates.

j. Loans from related parties

| Related Party Category/Name | December 31 2019 | December 31 2018 |
|---|---|---|
| Other payables | | |
| Subsidiaries | | |
| Grand Advance Inc. | $ 344,770 | $ 261,078 |

The interest rate of short term borrowings from related parties was 0% in both 2019 and 2018.

k. Endorsements and guarantees

| Related Party Category/Name | December 31 2019 | December 31 2018 |
|---|---|---|
| Subsidiaries | | |
| Amount endorsed | $ 1,079,680 | $ 968,228 |
| Amount utilized | $ - | $ - |

l. Compensation of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | 2019 | 2018 |
| Short-term employee benefits | $ 28,818 | $ 25,456 |
| Post-employment benefits | 253 | 225 |
| | $ 29,071 | $ 25,681 |

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

## 26. 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, 2019

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 39,493 | 29.980 (USD:NTD) | $ 1,184,000 |
| RMB | 45,357 | 4.305 (RMB:NTD) | 195,262 |
| Non-monetary items | | | |
| Subsidiaries accounted for using the equity method | | | |
| USD | 178,830 | 29.980 (USD:NTD) | 5,361,312 |
| Financial assets at FVTPL - non-current | | | |
| USD | 1,500 | 29.980 (USD:NTD) | 50,611 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 52,808 | 29.980 (USD:NTD) | 1,583,184 |

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 |

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

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| Foreign Currency | Exchange Rate | Net Foreign Exchange Gains (Losses) | Exchange Rate | Net Foreign Exchange Gains (Losses) |
| USD | 29.980 (USD:NTD) | $ 11,858 | 30.715 (USD:NTD) | $ (4,699) |
| RMB | 4.305 (RMB:NTD) | (3,884) | 4.472 (RMB:NTD) | (1,117) |
| Other | | (2) | | 15 |
| | | $ 7,972 | | $ (5,801) |

## 27. 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, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | $ 100,000 | $ 100,000 | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 100,000 | 100,000 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| | | Gatetech Technology Inc. | Other receivables from related parties | Yes | 200,000 | 200,000 | 50,000 | 1.25 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,196,150 (40% of the net worth of the Corporation) |
| 1 | Syncmold Enterprise (Samoa) Corp. | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 59,960 | 59,960 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Forever Business Development Limited | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Celebration Limited | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 89,940 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise Corporation | Other receivables from related parties | Yes | 149,900 | 149,900 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(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 | $ 89,940 | $89,940 | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 89,940 | 89,940 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Zhongshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fuzhou Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 209,860 | 209,860 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (USA) Corp. | Other receivables from related parties | Yes | 14,990 | 14,990 | 11,992 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 134,910 | 134,910 | 44,970 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise Corporation | Other receivables from related parties | Yes | 389,740 | 389,740 | 344,770 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(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 | $ 68,760 | $ - | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 68,760 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 68,760 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 68,760 | 68,760 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 4 | Full Big Limited | Forever Business Development Limited | Other receivables from related parties | Yes | 17,988 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 17,988 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Grand Advance Inc. | Other receivables from related parties | Yes | 17,988 | 17,988 | 11,992 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 41,972 | 41,972 | 23,984 | 0.00 | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(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 | $ 35,976 | $ - | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Forever Business Development Limited | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 35,976 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 6 | Zhongshan Fulfil Tech Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 34,380 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 34,380 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Suzhou Fulfil Electronics Co., Ltd. | Other receivables from related parties | Yes | 34,380 | 34,380 | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 7 | Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | $ 38,678 | $ 38,678 | $ - | - | Short-term financing | $ - | Operating capital | $ - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Chongqing Fulfil Tech Co., Ltd. | Other receivables from related parties | Yes | 38,678 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fujian Khuan Hua Precise Mold., Ltd. | Other receivables from related parties | Yes | 38,678 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| 8 | Forever Business Development Limited | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Full Big Limited | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |
| | | Fullking Development Limited | Other receivables from related parties | Yes | 13,491 | - | - | - | Short-term financing | - | Operating capital | - | - | - | $1,098,075 (20% of the net worth of the Corporation) | $2,745,187 (50% of the net worth of the Corporation) |

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

Note 2: The highest balance, ending balance, and the actual amount borrowed were calculated based on the exchange rate at the end of 2019.

(Concluded)

TABLE 2

# SYNCMOLD ENTERPRISE CORPORATION

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | $ 59,960 (US$ 2,000 thousand) | $ 59,960 (US$ 2,000 thousand) (Notes 1 and 4) | $ - | $ - | 1.09 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Full Big Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 794,470 (US$ 26,500 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Forever Business Development Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 719,520 (US$ 24,000 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Fullking Development Limited | Subsidiary | $1,647,112 (30% of the net worth of the Corporation) | 794,470 (US$ 26,500 thousand) | 659,560 (US$ 22,000 thousand) (Notes 2, 3 and 4) | - | - | 12.01 | $2,745,187 (50% of the net worth of the Corporation) | Y | - | - |
| | | Full Celebration Limited | Subsidiary | $1,647,112 (Net worth of the corporation 30%) | 74,950 (US$ 2,500 thousand) | - | - | - | - | $2,745,187 (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 $59,960 thousand.

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

Note 3: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank D is $299,800 thousand.

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

**TABLE 3**

# SYNCMOLD ENTERPRISE CORPORATION

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Syncmold Enterprise Corporation | Stock | | | | | | | |
| | Gigastone Corporation | - | Financial assets at FVTPL - non-current | 847,011 | $ 3,473 | 1.66 | $ 3,473 | (Notes 2 and 4) |
| | Tiga Gaming Inc. | - | Financial assets at FVTPL - non-current | 1,332,132 | 6,798 | 5.06 | 6,798 | (Note 4) |
| | Foxfortune Technology Limited | - | Financial assets at FVTPL - non-current | - | 33,612 | 5.80 | 33,612 | (Note 4) |
| | Hercules BioVenture, L.P. | - | Financial assets at FVTPL - non-current | - | 16,999 | 2.25 | 16,999 | (Note 4) |
| | Advanced Wireless Semiconductor Company | - | Financial assets at FVTPL - current | 400,000 | 39,800 | 0.28 | 39,800 | (Notes 2 and 4) |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Structured deposit | | | | | | | |
| | Regular structured deposit from Bank of Communications | - | Financial assets at FVTPL - current | 12,000,000 | 52,189 | - | 52,189 | (Notes 3 and 4) |

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

Note 2: The share is calculated at the strike price as of December 31, 2019.

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

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

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

**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, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain on Disposal | Shares | Amount |
| Syncmold Enterprise Corporation | Structured product<br>Yuanta interest rate principal guaranteed note in NTD | Financial assets at FVTPL - current | - | - | - | $ - | 354,000 | $ 354,000 | 354,000 | $ - | $ 354,000 | $ 257 (Note) | - | $ - |

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

**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, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| Syncmold Enterprise Corporation | Zhongshan Fufil Tech Co., Ltd. | Subsidiary | Purchase | $ 1,466,013 | 46 | Note | $ - | - | $ (562,084) | (47) | |
| | Suzhou Fulfil Electronics Co., Ltd. | Subsidiary | Purchase | 1,070,426 | 34 | Note | - | - | (409,564) | (34) | |
| | Chongqing Fulfil Tech Co., Ltd. | Subsidiary | Purchase | 225,993 | 10 | Note | - | - | (81,906) | (7) | |
| | Fuzhou Fulfil Tech Co., Ltd. | Subsidiary | Purchase | 338,556 | 11 | Note | - | - | (126,092) | (11) | |
| Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd. | Indirect subsidiary | Purchase | 515,343 | 19 | Note | - | - | (106,975) | (15) | |
| | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Indirect subsidiary | Purchase | 193,094 | 7 | Note | - | - | (38,340) | (6) | |
| | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Indirect subsidiary | Purchase | 150,163 | 5 | Note | - | - | (30,426) | (4) | |
| | | | | | | | - | - | | | |
| Fuzhou Fulfil Tech Co., Ltd. | Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Indirect subsidiary | Purchase | 343,253 | 26 | Note | - | - | (30,323) | (12) | |
| Zhongshan Fufil Tech Co., Ltd. | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Indirect subsidiary | Purchase | 112,319 | 9 | Note | - | - | (32,216) | (7) | |
| | Syncmold Enterprise Corporation | Parent company | Sales | (1,466,013) | (79) | Note | - | - | 562,084 | 78 | |
| Kunshan Fulfil Tech Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (515,343) | (100) | Note | - | - | 106,975 | 94 | |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd. | Fuzhou Fulfil Tech Co., Ltd. | Indirect subsidiary | Sales | (343,253) | (56) | Note | - | - | 30,323 | 32 | |
| | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (193,094) | (32) | Note | - | - | 38,340 | 40 | |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (1,070,426) | (32) | Note | - | - | 409,564 | 29 | |
| Chongqing Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (225,993) | (36) | Note | - | - | 81,906 | 26 | |
| Fuzhou Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | Sales | (338,556) | (19) | Note | - | - | 126,092 | 26 | |
| Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales | (150,163) | (38) | Note | - | - | 30,426 | 31 | |
| | Zhongshan Fufil Tech Co., Ltd. | Indirect subsidiary | Sales | (112,319) | (29) | Note | - | - | 32,216 | 33 | |

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

**TABLE 6**

## SYNCMOLD ENTERPRISE CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Related Party | Relationship | Ending Balance (Note 1) | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| Grand Advance Inc. | Syncmold Enterprise Corporation | Parent company | $ 344,770 (Note) | - | $ - | - | $ 89,940 | $ - |
| Zhongshan Fufil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 562,084 | - | - | - | 169,211 | - |
| Fuzhou Fulfil Tech Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 126,092 | - | - | - | 56,172 | - |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 409,564 | - | - | - | 184,434 | - |
| Kunshan Fulfil Tech Co., Ltd. | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | 106,975 | - | - | - | 106,975 | - |

Note: Financing.

TABLE 7

# SYNCMOLD ENTERPRISE CORPORATION

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Number of Shares | % | Carrying Amount | | | |
| Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp. | Samoa | Trading and related import and export businesses of metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China. | $ 110,598 | $ 110,598 | 3,546 | 100.00 | $ 2,614,645 | $ 405,388 | $ 405,388 | (Note 1) |
| | Grand Advance Inc. | Samoa | Trading, import and export and investment in electronic parts. | 506,240 | 506,240 | - | 100.00 | 2,749,104 | 521,737 | 521,737 | (Note 1) |
| | Syncmold Enterprise (USA) Corp. | USA | Trading, import and export in electronic parts. | 32 | 32 | - | 100.00 | (2,437) | (455) | (455) | (Note 1) |
| | High Grade Tech Co., Ltd. | Taiwan | The design and sale of television hangers and related import and export businesses. | 36,075 | 36,075 | 2,280 | 38.00 | 121,500 | 24,176 | 9,187 | (Note 1) |
| | Corebio Technologies Co., Ltd. | Taiwan | Medical technology and precision instrument wholesale and retail | 52,000 | - | 5,200 | 38.56 | 46,752 | (23,366) | (5,248) | (Note 1) |
| | Gatetech Technology Inc. | Taiwan | Precise molding and magnesium alloy die caster manufacturing and transaction business | 550,000 | - | 41,849 | 72.81 | 613,910 | 3,872 | 2,818 | (Note 1) |
| Grand Advance Inc. | Canford International Limited | Samoa | Import and export trade and investment business. | 119,342 | 119,342 | - | 100.00 | 1,264,707 | 293,439 | 293,439 | (Note 1) |
| | Fullking Development Limited | Hong Kong | Import and export trade and investment business. | 160,175 | 160,175 | - | 100.00 | 837,128 | 285,773 | 285,773 | (Note 1) |
| | Full Glary Holding Limited | Hong Kong | Import and export trade and investment business. | 259,720 | 259,720 | - | 100.00 | 252,081 | 7,062 | 7,062 | (Note 1) |
| Syncmold Enterprise (Samoa) Corp. | Full Big Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade. | 16,643 | 16,643 | - | 100.00 | 245,078 | 7,196 | 7,196 | (Note 1) |
| | Forever Business Development Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade. | 125,957 | 125,957 | - | 100.00 | 287,503 | 13,489 | 13,489 | (Note 1) |
| | Full Celebration Limited | Samoa | Reinvestment in subsidiaries in mainland China and international trade. | 147,710 | 147,710 | - | 100.00 | 371,051 | 58,467 | 58,467 | (Note 1) |
| Gatetech Technology Inc. | Gatetech Holdings Ltd. | Samoa | General investment business | 647,041 | 647,041 | 20,130 | 100.00 | 599,372 | 12,512 | 2,949 | (Note 1) |
| Gatetech Holdings Ltd. | Gatetech International | Samoa | General investment business | 657,284 | 657,284 | 20,268 | 100.00 | 599,347 | 12,513 | 2,950 | (Note 1) |

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

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

TABLE 8

## SYNCMOLD ENTERPRISE CORPORATION

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

(Continued)

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

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

(Concluded)

# SYNCMOLD ENTERPRISE CORPORATION

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**STATEMENT 1**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF CASH AND CASH EQUIVALENTS**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| Item | Amount |
|---|---|
| Petty cash | $ 836 |
| Cash in banks | |
| Checking accounts | 3,512 |
| Demand deposits | 25,794 |
| | 29,306 |
| Foreign currency demand deposits (Note) | 278,066 |
| | $ 308,208 |

Note: The amount of US$9,102 thousand was calculated based on the exchange rate of US$1=NT$29.98. The amount of RMB401 thousand was calculated based on the exchange rate of RMB1=NT$4.305. The amount of EUR11 thousand was calculated based on the exchange rate of EUR1=NT$33.59 and the amount of SGD97 was calculated based on the exchange rate of SGD1=NT$22.28 and the amount of JPY3,322 thousand was calculated based on the exchange rate of JPY1=NT$0.276.

**STATEMENT 2**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF TRADE RECEIVABLES**
**DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars)**

| Client Name | Amount |
|---|---|
| A | $ 628,852 |
| B | 110,872 |
| C | 96,591 |
| Others (Note) | 50,324 |
| | 886,639 |
| Less: Allowance for impairment loss | 109 |
| Total | $ 886,530 |

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, 2019**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount | |
|---|---|---|
| | Cost | Net Realized Value |
| Product | $ 24,886 | $ 24,675 |
| Finished goods | 182 | 241 |
| Raw material | 956 | 887 |
| | 26,024 | $ 25,803 |
| Less: Allowance for inventory valuation losses | 294 | |
| | $ 25,730 | |

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars)**

| | Balance as of January 1, 2019 | | | Adjustments of the Year | | | | | | Balance of December 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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. | - | 100.00 | $ 2,547,600 | $ - | $ - | $ 521,737 | $ (101,993) | $ - | $ (218,240) | 3,546 | 100.00 | $ 2,749,104 | Notes 1 and 2 |
| Syncmold Enterprise (Samoa) Corp. | 3,546 | 100.00 | 2,574,051 | - | - | 405,388 | (98,006) | - | (266,788) | - | 100.00 | 2,614,645 | “ |
| Syncmold Enterprise (USA) Corp. | - | 100.00 | (2,044) | - | - | (455) | 62 | - | - | - | 100.00 | (2,437) | “ |
| High Grade Tech Co., Ltd. | 2,280 | 38.00 | 123,713 | - | - | 9,187 | - | - | (11,400) | 2,280 | 38.00 | 121,500 | “ |
| Corebio Technologies Co., Ltd. | - | | - | 52,000 | - | (5,248) | - | - | - | 52,000 | 38.56 | 46,752 | “ |
| Gatetech Technology Inc. | - | | - | 613,669 | - | 2,818 | - | (2,577) | - | 41,849 | 72.81 | 613,910 | Notes 1, 2 and 3 |
| | | | 5,243,320 | $ 665,669 | $ - | $ 933,427 | $ (199,937) | $ (2,577) | $ (496,428) | | | 6,143,474 | |
| Add: Credit balance of investments reclassified to non-current liabilities | | | 2,044 | | | | | | | | | 2,437 | |
| | | | $ 5,245,364 | | | | | | | | | $ 6,145,911 | |

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 as at the end of 2019.

Note 3: The Corporation subscribed for shares of Gatetech Technology Inc. for a cash consideration of $550,000 thousand; the Corporation’s percentage of ownership in Gatetech Technology Inc. was 72.81%. The day of acquisition was measured at fair value, that created gain from bargain purchase of $63,669 thousand.

**STATEMENT 5**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF SHORT-TERM BORROWINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars)**

| Credit Type | Contract Date | Annual Rate (%) | Ending Balance | Credit Line | Security Guarantees |
|---|---|---|---|---|---|
| Bank loan | | | | | |
| Chinatrust Commercial Bank Co., Ltd. | 2019/11/28-2020/06/24 | 0.88%-0.98% | $ 300,000 | $ 400,000 | None |
| Taipei Fubon Bank | 2019/11/28-2020/06/22 | 0.96%-0.98% | 250,000 | 500,000 | None |
| E.SUN Commercial Bank, Ltd. | 2019/11/28-2020/02/03 | 0.94%-2.80% | 176,982 | 600,000 | None |
| Bank SinoPac Company Limited | - | - | - | 500,000 | None |
| | | | $ 726,982 | $ 2,000,000 | |

**STATEMENT 6**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF NET OPERATING REVENUE**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Item | Quantity | Average Price | Amount |
|---|---|---|---|
| Sales revenue | | | |
| Display hinges | 16,355,748 | 205 | $ 3,357,057 |
| Others | - | | 36,384 |
| | | | 3,393,441 |
| Other operating revenue | | | 313,233 |
| | | | $ 3,706,674 |

**STATEMENT 7**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF OPERATING COSTS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Raw material, beginning of year | $ 3,101 |
| Add: Raw material purchased | 5,195 |
| Less: Raw material, end of the year | 956 |
| Transferred to operating expense | 56 |
| Raw materials used | 7,284 |
| Manufacturing expense | 2,548 |
| Manufacturing cost | 9,832 |
| Add: Work in process, beginning of year | - |
| Less: Work in process, end of year | - |
| Cost of finished goods | 9,832 |
| Add: Finished goods, beginning of year | 102 |
| Less: Finished goods, end of year | 182 |
| Transferred to operating expense | 88 |
| Cost of finished goods sold | 9,664 |
| Add: Product, beginning of year | 26,438 |
| Purchase of products | 3,147,192 |
| Less: Product, end of year | 24,886 |
| Transferred to operating expense | 161 |
| Cost of products | 3,148,583 |
| Less: Reversal of write-downs of inventories | 1,900 |
| | $ 3,156,347 |

**STATEMENT 8**

# SYNCMOLD ENTERPRISE CORPORATION

**STATEMENT OF OPERATING EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2019**
**(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 (Note 2) | $ 24,749 | $ 110,451 | $ 92,692 | $ - | $ 227,892 |
| Others (Note 1) | 72,782 | 55,704 | 76,260 | 59 | 204,805 |
| | $ 97,531 | $ 166,155 | $ 168,952 | $ 59 | $ 432,697 |

Note 1: The amount of each item in others does not exceed 5% of the account balance.

Note 2: Included salary, pension and directors' remuneration.

# Syncmold Enterprise Corporation

Chairman

Chiu-Lang, Chen