

Stock Code: 1582



信錦企業股份有限公司
Syncmold Enterprise Corp.

2019 Annual
Shareholders' Meeting
Meeting Handbook

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Syncmold Enterprise Corp.
2019 Annual General Shareholders' Meeting Agenda

Time: 9:00 a.m. Thursday, June 20th, 2019

Place: No. 4, Ln. 26, Jian' an St., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)
(Hougang Civic Activity Center)

Agenda:

1. Call Meeting to Order
2. Address by Chairman
3. Reports:
 - (1) 2018 Annual Business Reports
 - (2) Supervisor's review of the 2018 financial statements
 - (3) Report on China Investments
 - (4) Report on Loaning the Company Funds
 - (5) Report on Endorsements and Guarantees
 - (6) Report on the 2018 Compensation of the Employee, Directors, and Supervisors
 - (7) Amendment of Code of Ethical Conducts for Directors, Supervisors, and Managers
4. Ratifications:
 - (1) Adoption of The 2018 financial statement
 - (2) Adoption of The proposals for the distribution of 2018 profits
5. Discussions:
 - (1) Amendment of the Articles of Incorporation
 - (2) Amendment of the Procedures Governing the Acquisition and Disposal the Assets
 - (3) Amendment of the Operational Procedures of Loaning the Company Funds
 - (4) Amendment of the Operational Procedures for Endorsements and Guarantees
6. Motions
7. Adjournment

Reports

Item 1: 2018 Annual Business Reports

Descriptions: Please refer to Annex 1 (Pages 5-7) for 2018 Annual Business Reports

Item 2: Supervisor's review of the 2018 financial statements

Descriptions: Please refer to Annex 2 (Page 8) for Supervisor's review of the 2018 financial statements

Item 3: Report on China Investments

Descriptions: Please refer to Annex 3 (Pages 9-10) for report of China Investments

Item 4: Report on Loaning the Company Funds

Descriptions: Please refer to Annex 4 (Pages 11-13) for report of loaning the Company Funds

Item 5: Report on the Company's Endorsements and Guarantees

Descriptions: Please refer to Annex 5 (Page 14) for report of the Company's Endorsements and Guarantees

Item 6: Report on the 2018 Compensation of the Employee, Directors, and Supervisors

Descriptions: Please refer to Annex 6 (Page 15) for the 2018 Compensation of the Employee, Directors and Supervisors

Item 7: Amendment of Code of Ethical Conducts for Directors, Supervisors, and Managers

Descriptions: Please refer to Annex 7 (Page 16) for Amendment of Code of Ethical Conducts for Directors, Supervisors, and Managers

Ratifications

Ratification 1 (Presented by Board of Directors)

Case: Adoption of The 2018 financial statements

Description:

1. The 2018 financial statements and consolidated financial statements were audited and the Audit report without any reservations was completed by independent auditors (CPA), Tung-Feng Lee and Chih-Yuan Chen, of Deloitte Taiwan.

2. Attached 2018 Business Report, Financial Statements and Consolidated Financial Statements, please refer to Annex 1 (Pages 5-7), Annex 8 (Pages 17-25) and Annex 9 (Pages 26-35).

3. Please proceed to adopt the motion

Resolution:

Ratification 2 (Presented by Board of Directors)

Case: Adoption of The proposals for the distribution of 2018 profits

Description:

1. The company proposed the 2018 profits distribution in accordance with Article 20 of the Articles of Incorporation.

2. The unappropriated retained earnings in 2017 was NT\$183,317,175, subtracted the effect of retrospective application and retrospective restatement NT\$13,078,693 and coupled with the retained earnings defined benefit re-measured amount NT\$213,412, the re-measured unappropriated retained earnings was NT\$170,451,894. The after-tax net profit in 2018 was NT\$889,961,426, set aside NT\$88,996,143 as a legal reserve and NT\$54,856,491 as a special reserve, the retained earnings for this year is NT\$916,560,686. A cash dividend of NT\$6.5 per share is proposed which the amount will be NT\$804,207,111. After the above distributions, the 2018 unappropriated final retained earnings will be NT\$112,353,575. Please refer to the Annex 10 (Page 36) for 2018 Disposition of net Profit.

3. The distribution will be calculated based on the number of shares held by shareholders stated on the shareholders' list of dividend date. The distributable cash dividend is calculated in NT\$ and figures are rounded up. The total fractional amount of distribution under NT\$1 is listed in Shareholders' Equity. Upon the approval of the 2019 Annual General Shareholders' meeting, the Chairman is authorized to resolve the dividend date, the payable date and the relevant issues.

4. In the event that the proposed profit distribution is affected by: (1) the amendment of the Act or the competent authority; (2) the exercise of employee stock option certificates; (3) the transfer of the corporate bonds; (4) a change in the number of outstanding shares due to the buyback of shares; (5) issuance of new shares for the transfer of treasury shares to employees; or any other reasons, the chairman is authorized to attend to and amend such related matters.

5. Please proceed to adopt the motion

Resolution:

Discussions

Discussion 1: (Presented by Board of Directors)

Case: Amendment of the Articles of Incorporation

Description:

1. In order to satisfy the amendment of the Company Act and the Company's future operational requirements, the company hereby proposes to amend the Articles of Incorporation
2. Attached the comparison table of the amendment, please refer to Annex 11 (Pages 37-40).
3. Please proceed to discuss

Resolution:

Discussion 2: (Presented by Board of Directors)

Case: Amendment of the Procedures Governing the Acquisition and Disposal the Assets

Description:

1. In order to satisfy the amendments to related commercial laws and the actual operational requirements, the company hereby proposes to amend the Procedures Governing the Acquisition and Disposal the Assets.
2. Attached the comparison table of the amendment, please refer to Annex 12 (Pages 41-66).
3. Please proceed to discuss

Resolution:

Discussion 3: (Presented by Board of Directors)

Case: Amendment of the Operational Procedures of Loaning the Company Funds

Description:

1. In order to satisfy the amendments to related commercial laws and the actual operational requirements, the company hereby proposes to amend the Operational Procedures of Loaning the Company Funds.
2. Attached the comparison table of the amendment, please refer to Annex 13 (Pages 67-69).
3. Please proceed to discuss

Resolution:

Discussion 4: (Presented by Board of Directors)

Case: Amendment of the Operational Procedures for Endorsements and Guarantees

Description:

1. In order to satisfy the amendments of related commercial laws and the actual operational requirements, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.
2. Attached the comparison table of the amendment, please refer to Annex 14 (Pages 70-73).
3. Please proceed to discuss

Resolution:

Motions:

Adjournment

Syncmold Enterprise Corp. **2018 Business Report**

We hereby present the Company's 2018 Operating status as follows:

In the past year, under the continued trade war and the slow growth of computer products, the increasingly competitive environment and the price appreciation of raw materials, the Company still achieved the goal to have continuous growth in earnings per share to profit back to our shareholders while with the closed cooperation of R&D, business, and production department. In the coming year, the Company already prepared for the environment changes. Also in order to meet customers' requirements and response to various challenges, we have a completed plan in every field such as the cultivation of R&D manpower, the development of new products, the evaluation of new production bases, and the improvement of the quality of the sales representatives, and then to maximize the shareholders' compensation. The Company's 2018 operating status as follows:

In the stand category, the Company's main products are the stand for LCD Monitors, LCD TVs, and AIOs. Regarding to the LCD monitors' stand, due to the effect of slowdown growth of personal computer market, the global shipments amounted between about 120 million to 130 million in the recent years. The global market share of the Company is about 20% in 2018, of which the E-sport monitor stand has significant competitive advantage than our competitors which also driving the revenue growth of monitor stand. In terms of LCD TV stand, the global shipments are about 210 million to 220 million in the past years. We are mainly focus on the high-end products and our market share of LCD TV stand is about 1% in 2018. Also for the AIO stand, the global shipments in 2018 is about 11,500 units and the market share of the Company is about 20%. In summary, the stand development of the Company is mainly focus on the high-end products which with steering function to earn higher gross margin. Meanwhile, within closed cooperation with international brand and OEM customers to complete entire stand development to save customers' R&D costs and also reach the goal of rapid introduction to mass production.

In the plastic molding category, the Company is mainly in the manufacture of plastic injection molding and the injection of monitors' plastic housing which apply in LCD monitor and LCD TV housings. Meanwhile, the Company supplies the products for both internal usage and the needs of external customers to achieve cost control and revenue increasing.

Looking forward to the 2019, the Company will continuously focus on the patented technology of stand mechanical development and the promotion of automation production to enhance product competitiveness.

A. 2018 Business Report:

(1) Achievements of 2018 Business Plan:

In 2018, the company's consolidated operating revenue amounted to NT\$8,808,885 thousands which is equal to 2017 as NT\$8,870,758 thousands. The gross margin in 2018 is 23.09% also equal to 2017. Based on the Wght. Avg. stocks, the earnings per share in 2018 is NT\$5.88 and if based on the share capital of the end of 2018, the earnings per share will be NT\$7.19.

(2) The implementation of the budget:

The Company did not reveal 2018 financial budget; therefore, there is not applicable.

(3) Financial revenue and expense and Profitability:

Unit: NT\$1,000; %

Title		2017	2018	
Financial revenue and expense	Interest Income	44,303	48,719	
	Interest Expenses	3,706	819	
Profitability	Return on Assets (%)		9.89	10.49
	Return on Equity (%)		15.05	15.44
	Capital ratio (%)	Operating Income	74.16	92.72
		Pre-tax Income	74.05	110.37
	Net Profit Margin (%)		9.80	10.10
	Earnings Per Share (NT\$)		5.42	5.88

(4) Research and Development:

The application trend of LCD monitors is toward the large-scale and thin-sized ones, also values the development of appearance and environmental-friendly materials. Under the above market trend, the LCD monitor stand development of the Company not only needs to meet the basic requirements of light and thin, but also have to pursue the aesthetic of overall design. So that the LCD monitor can play its basic function as multi-axle steering, and to combined with the office equipment or furniture to become a basic outfit in the commercial space or home environment.

The Company has obtained more than 70 patents in invention, new models, etc. in 2018 which mostly related to the LCD Monitor stand products, such as Quick Release Supporting Frame Kit with Mortise-and-Tenon Connection, Thinned Carrier Plate, Elevatable Supporting Device...etc.. The developing direction is mainly focus on LCD monitor stands and TV stands. However, in the recent years, due to the increasing demands of the e-sport monitor stands and medical monitor stands, the Company has already involved into the research and development of related patents.

B. 2019 Business Plan:

(1) Operating Principles:

- a. Introducing automation production equipment to improve product quality
- b. Increasing the manpower for R&D and sales representatives to expand the momentum of future growth
- c. Adding environmental protection and recycling equipment to strengthen the responsibility for environmental protection
- d. Enhancing the quality of internal produce parts to meet the needs of automation production
- e. Strengthen the efficacy of inventory management to improve the efficiency of capital turnover

(2) Sales Forecast and its basis and the important production and sales policy:

The Company has not be requested to reveal 2019 financial budget, so will not describe hereby the sales forecast and its basis. According to the reports from the major economic forecasting institutes, the global economic climate will be more declined in 2019 compared with the recession in 2018. Also within the uncertain effects from the trade war, the external environment expected to be more volatile in 2019 than in the past. The Company will follow the principle as major in order-based production, but with planning production as complement to satisfy the goal of customers' requirements and in response to environmental changes to maintain a healthy business performance.

C. Future Development Strategy:

The major development direction of the Company will be the application of stand products mechanism and the implementation of automation production. Also dedicating the efforts to the new structure development of stand products, the selection of alternative materials, and the self-produced of product appearance to enhance the product competitiveness. On the other hand, the Company also integrates its existing mechanical technology with hardware and software talents into automation equipment development. At the initial stage, the goal is to improve automation in-line and reduce the manpower demands. In the future, the Company will expand its production bases to enhance product quality and production efficiency.

Chairman :

CEO :

Chief Accountant :

2018 Supervisors' Review Report

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

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

Sincerely yours

Syncmold Enterprise Corp.

2018 Annual General Shareholders' Meeting of the Company

Supervisors: Tung-Ping, Cheng
Chin-Chang, Pao
Jui-Tai, Wu

March. 15th, 2019

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

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

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

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

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

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

Syncmold Enterprise Corp.

Report on the 2018 Compensation of the Employee, Directors, and Supervisors

- A. According to Article 20-1 of the Articles of Incorporation, “the Company shall retain the offsetting of cumulative deficits from the current year pre-tax profit which before subtracted the compensation for employee, directors, and supervisors. If have balance, it shall make appropriation not lower than 3% for employee compensation and not higher than 2% for directors and supervisors remuneration”, to proposed the distribution of 2018 profits for the employees, directors, and supervisors.
- B. The unappropriated retained earnings in 2017 was NT\$183,317,175, subtracted the effect of retrospective application and retrospective restatement NT\$13,078,693 and coupled with the retained earnings defined benefit re-measured amount NT\$213,412, the re-measured unappropriated retained earnings was NT\$170,451,894. The 2018 pre-tax income of the Company before subtracted the compensation for the employees, directors, and supervisors was NT\$1,157,062,155, the management proposed to distributed NT\$17,000,000 as directors and supervisors remuneration and NT\$76,000,000 as employee compensation in accordance with the Articles of Incorporation.
- C. The 2018 employee compensation will be distributed in cash.

Syncmold Enterprise Corp.

Comparison Table for Amended “Code of Ethical Conducts for Directors, Supervisors, and Managers”

Article	After	Before	Reason for Amendment
Article 2	The code applies to all directors, supervisors, managers of the Company (including general manager, vice president, assistant vice president and the staff of the same grade as above, the head of financial department, and the head of accounting department)	The code applies to all directors, supervisors, managers of the Company (including general manager, vice president, assistant vice president and the staff of the same grade as above, assistant vice president, and the head of financial and accounting department)	In order to strengthen the integrity of the Company’s code of ethical conducts and protect the rights of the person who violate this code. And with description amended

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of Sales Revenue

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

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

Other Matter

We did not audit the financial statements of High Grade Tech Co., Ltd., these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for High Grade Tech Co., Ltd., is based solely on the report of other auditors. As of December 31, 2018 and 2017, the balances of investments accounted for using the equity method were NT\$123,713 thousand and NT\$102,665 thousand, respectively, which accounted for 1.64% and 1.33% of the Corporation's total assets, respectively. For the years ended

December 31, 2018 and 2017, the share of profit of associates accounted for using the equity method were NT\$32,448 thousand and NT\$7,602 thousand, respectively, which accounted for 3.88% and 1.16% of the Corporation's total comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for

the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2019

Notice to Readers

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

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

SYNCMOLD ENTERPRISE CORPORATION

BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 405,069	6	\$ 1,271,798	16
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	192,576	3	53,710	1
Notes receivable	8,846	-	12,519	-
Trade receivables, net (Notes 4, 5 and 9)	849,539	11	788,127	10
Trade receivables from related parties (Notes 4, 5 and 23)	211,445	3	207,433	3
Other receivables from related parties (Notes 4, 5 and 23)	18,638	-	57,482	1
Current tax assets (Notes 4 and 19)	3,309	-	3,309	-
Inventories (Notes 4 and 10)	27,447	-	18,580	-
Other current assets (Note 4)	7,477	-	5,381	-
Total current assets	<u>1,724,346</u>	<u>23</u>	<u>2,418,339</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7)	54,099	1	-	-
Financial assets measured at cost - non-current (Notes 4, 5 and 8)	-	-	64,664	1
Investments accounted for using the equity method (Notes 4 and 11)	5,245,364	70	4,752,813	62
Property, plant and equipment (Notes 4 and 12)	112,477	1	109,205	1
Goodwill (Notes 4 and 5)	366,777	5	366,777	5
Intangible assets (Notes 4 and 13)	13,191	-	16,041	-
Deferred tax assets (Notes 4 and 19)	6,204	-	4,534	-
Net defined benefit assets (Notes 4 and 16)	2,302	-	1,895	-
Refundable deposits	571	-	418	-
Total non-current assets	<u>5,800,985</u>	<u>77</u>	<u>5,316,347</u>	<u>69</u>
TOTAL	<u>\$ 7,525,331</u>	<u>100</u>	<u>\$ 7,734,686</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 14)	\$ 230,000	3	\$ -	-
Notes payable and trade payables	8,293	-	26,198	-
Trade payable from related parties (Note 23)	986,980	13	1,051,848	14
Other payables (Note 15)	193,303	3	161,343	2
Other payables from related parties (Note 23)	261,078	3	252,960	3
Current tax liabilities (Notes 4 and 19)	44,540	1	108,998	2
Other current liabilities	5,232	-	2,647	-
Total current liabilities	<u>1,729,426</u>	<u>23</u>	<u>1,603,994</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	238,143	3	159,183	2
Guarantee deposits received	120	-	120	-
Other non-current liabilities (Notes 4 and 11)	2,044	-	789	-
Total non-current liabilities	<u>240,307</u>	<u>3</u>	<u>160,092</u>	<u>2</u>
Total liabilities	<u>1,969,733</u>	<u>26</u>	<u>1,764,086</u>	<u>23</u>
EQUITY				
Ordinary shares	<u>1,237,242</u>	<u>17</u>	<u>1,635,733</u>	<u>21</u>
Advance receipts for ordinary shares	-	-	13,923	-
Capital surplus	<u>2,591,280</u>	<u>34</u>	<u>2,591,280</u>	<u>34</u>
Retained earnings				
Legal reserve	721,519	10	634,575	8
Special reserve	376,649	5	230,916	3
Unappropriated earnings	<u>1,060,414</u>	<u>14</u>	<u>1,240,822</u>	<u>16</u>
Total retained earnings	<u>2,158,582</u>	<u>29</u>	<u>2,106,313</u>	<u>27</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	<u>(431,506)</u>	<u>(6)</u>	<u>(376,649)</u>	<u>(5)</u>
Total equity	<u>5,555,598</u>	<u>74</u>	<u>5,970,600</u>	<u>77</u>
TOTAL	<u>\$ 7,525,331</u>	<u>100</u>	<u>\$ 7,734,686</u>	<u>100</u>

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)				
Sales revenue	\$ 3,020,268	90	\$ 3,241,416	91
Other operating revenue	<u>318,299</u>	<u>10</u>	<u>312,691</u>	<u>9</u>
Total operating revenue	3,338,567	100	3,554,107	100
OPERATING COSTS (Notes 4, 10, 18 and 23)	<u>2,862,817</u>	<u>85</u>	<u>3,008,843</u>	<u>85</u>
GROSS PROFIT	<u>475,750</u>	<u>15</u>	<u>545,264</u>	<u>15</u>
OPERATING EXPENSES (Notes 18 and 23)				
Selling and marketing expenses	90,564	3	51,152	1
General and administrative expenses	158,806	5	148,193	4
Research and development expenses	146,465	4	137,544	4
Expected credit loss reversed on trade receivables	<u>(2,859)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>392,976</u>	<u>12</u>	<u>336,889</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>82,774</u>	<u>3</u>	<u>208,375</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains	3,221	-	3,446	-
Interest income	12,273	-	2,687	-
Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	14,596	-	10,012	-
Interest expenses	(819)	-	(3,712)	-
Net foreign exchange gain (loss) (Notes 4 and 18)	(5,801)	-	3,637	-
Impairment loss recognized on financial assets (Notes 4 and 8)	-	-	(898)	-
Share of profit of subsidiaries and associates (Notes 4 and 11)	<u>958,253</u>	<u>29</u>	<u>759,509</u>	<u>21</u>
Total non-operating income and expenses	<u>981,723</u>	<u>29</u>	<u>774,681</u>	<u>21</u>
PROFIT BEFORE INCOME TAX	1,064,497	32	983,056	27
INCOME TAX EXPENSE (Notes 4 and 19)	<u>174,536</u>	<u>5</u>	<u>113,616</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>889,961</u>	<u>27</u>	<u>869,440</u>	<u>24</u>

(Continued)

SYNCMOLD ENTERPRISE CORPORATION

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

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 386	-	\$ (129)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(171)	-	22	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(54,857)</u>	<u>(2)</u>	<u>(212,113)</u>	<u>(6)</u>
Other comprehensive loss for the year	<u>(54,642)</u>	<u>(2)</u>	<u>(212,220)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 835,319</u>	<u>25</u>	<u>\$ 657,220</u>	<u>18</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 5.88</u>		<u>\$ 5.42</u>	
Diluted	<u>\$ 5.82</u>		<u>\$ 5.26</u>	

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION

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

	Capital Surplus (Notes 4 and 17)								Retained Earnings (Note 17)				Other Equity Financial Assets at Fair Value through Other Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
	Share Capital (Note 17)	Share Reserve (Note 17)	Share Premium	Difference Between Actual Acquisition Price and Carrying Amount	Change in Equity	Consolidated Premium	Convertible Bond	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		
BALANCE AT JANUARY 1, 2017	\$ 1,498,564	\$ 35,250	\$ 671,486	\$ 410,949	\$ 143,150	\$ 852,372	\$ 16,446	\$ 2,094,403	\$ 543,649	\$ 230,916	\$ 1,342,415	\$ 2,116,980	\$ (164,536)	\$ 5,580,661
Appropriation of 2016 earnings														
Legal reserve	-	-	-	-	-	-	-	-	90,926	-	(90,926)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(880,000)	(880,000)	-	(880,000)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,440	869,440	-	869,440
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(107)	(107)	(212,113)	(212,220)
Total comprehensive income/(loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	869,333	869,333	(212,113)	657,220
Convertible bonds converted to ordinary shares	137,169	(21,327)	513,323	-	-	-	(16,446)	496,877	-	-	-	-	-	612,719
BALANCE AT DECEMBER 31, 2017	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,240,822	2,106,313	(376,649)	5,970,600
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	-	-	-	(13,079)	(13,079)	-	(13,079)
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,635,733	13,923	1,184,809	410,949	143,150	852,372	-	2,591,280	634,575	230,916	1,227,743	2,093,234	(376,649)	5,957,521
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	-	-	-	86,944	-	(86,944)	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	145,733	(145,733)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(824,828)	(824,828)	-	(824,828)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	889,961	889,961	-	889,961
Other comprehensive income/(loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	215	215	(54,857)	(54,642)
Total comprehensive income/(loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	(412,414)
Convertible bonds converted to ordinary shares	13,923	(13,923)	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	\$ 1,237,242	\$ -	\$ 1,184,809	\$ 410,949	\$ 143,150	\$ 852,372	\$ -	\$ 2,591,280	\$ 721,519	\$ 376,649	\$ 1,060,414	\$ 2,158,582	\$ (431,506)	\$ 5,555,598

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

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

SYNCMOLD ENTERPRISE CORPORATION

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,064,497	\$ 983,056
Adjustments for:		
Depreciation expenses	7,360	9,308
Amortization expenses	10,162	9,910
Expected credit loss reversed on trade receivables	(2,859)	-
Impairment loss recognized on trade receivables	-	748
Net gain on financial assets at fair value through profit or loss	(14,596)	(10,012)
Share of profit of subsidiaries and associates	(958,253)	(759,509)
Interest expenses	819	3,712
Interest income	(12,273)	(2,687)
Gain on disposal of property, plant and equipment	(99)	-
Dividend income	(1,573)	(2,611)
Impairment loss recognized on financial assets	-	898
Write-downs of inventories	1,638	409
Net loss (gain) on unrealized foreign currency exchange	1,194	(18,290)
Changes in operating assets and liabilities		
Notes receivable	3,673	(4,187)
Trade receivables	(62,063)	16,973
Trade receivables from related parties	(4,621)	3,257
Other receivables from related parties	38,844	12,894
Inventories	(10,505)	(3,472)
Other current assets	(1,906)	33,784
Net defined benefit assets	(21)	(1,345)
Notes payable and trade payables	(17,862)	8,965
Trade payables from related parties	(61,203)	(9,554)
Other payable from related parties	6,675	(17,013)
Other payables	31,775	4,050
Other current liabilities	<u>2,585</u>	<u>713</u>
Cash generated from operations	21,388	259,997
Interest paid	(634)	(74)
Income tax paid	<u>(161,875)</u>	<u>(235,964)</u>
Net cash generated from (used in) operating activities	<u>(141,121)</u>	<u>23,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,242,436)	(490,463)
Disposal of financial assets at fair value through profit or loss	1,116,122	497,026
Acquisition of property, plant and equipment	(12,069)	(3,561)
Proceeds from disposal of property, plant and equipment	1,536	-
Decrease (increase) in refundable deposits	(153)	46
Purchase of intangible assets	(7,312)	(7,200)

(Continued)

SYNCMOLD ENTERPRISE CORPORATION

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

	2018	2017
Interest received	\$ 12,273	\$ 2,687
Dividends received	<u>413,673</u>	<u>1,713,750</u>
Net cash generated from investing activities	<u>281,634</u>	<u>1,712,285</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	230,000	-
Dividends paid	(824,828)	(880,000)
Capital reduction by cash	<u>(412,414)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,007,242)</u>	<u>(880,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(866,729)	856,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,271,798</u>	<u>415,554</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 405,069</u>	<u>\$ 1,271,798</u>

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

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syncmold Enterprise Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of Sales Revenue

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

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

Other Matter

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2019

Notice to Readers

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

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

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)

Earning Distribution Table of SYNCMOLD ENTERPRISE CORP.

2018

Unit: NT\$

Account	Amount
Unappropriated earnings - beginning	183,317,175
(-)Adjustment for reserved earnings	(13,078,693)
(+)Remeasurements of defined benefit plans	213,412
Subtotal	170,451,894
(+)2018 Net Income	889,961,426
(-)Appropriated 10% legal reserve	(88,996,143)
(-)Special reserve	(54,856,491)
Distributable earnings - current	916,560,686
(-)Distributions :	
Cash dividend to shareholders-NT\$6.5 per share	(804,207,111)
Undistributed profit carried over to following year	112,353,575

Chairman :

CEO :

Chief Accountant :

Syncmold Enterprise Corp.

Comparison table for “Articles of Incorporation” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
Article 5-1	<p><u>The Company entitled to have stock repurchase, the qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements.</u></p> <p><u>The Company entitled to receive restricted stock for employees. The qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements.</u></p> <p><u>The Company purchased new shares for subscription by its employees. The qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements.</u></p> <p><u>The Company entitled to receive restricted stock for employees. The qualification requirements of employees, including the employees of</u></p>		<p>To satisfy the amendment of the Company Act and the needs of Company operating development. Adding the targets for the employee compensation</p>

	<p><u>parents or subsidiaries of the company meeting certain specific requirements.</u></p> <p><u>The Board of Directors authorized to formulate the certain specific requirements mentioned in above paragraph.</u></p>		
Article 7	<p>The Company share as registered share, the share certificates shall be affixed with the signatures or personal seals of the director <u>representing the company</u>, and shall be duly certified or authenticated by the competent authority or a certifying institution which is competent to certify shares under the laws before issuance. <u>The Company is exempted from printing share certificates, but shall appoint a centralized securities custody institution to make recordation of the issue of such shares.</u></p>	<p>The Company share as registered share, the share certificates shall be affixed with the signatures or personal seals of three or more directors of the company, and shall be duly certified or authenticated by the competent authority or a certifying institution which is competent to certify shares under the laws before issuance. For the shares to be issued to the public by the Company, the share certificate printing shall be in accordance with Article 162-2 of the Company Act.</p>	<p>To satisfy the amendment of the Company Act</p>
Article 20	<p>The Company shall retain the offsetting of cumulative deficits from the current year pre-tax profit which before subtracted the compensation for employee, directors, and supervisors. If have balance, it shall make an appropriation not lower than 3% for employee compensation and not higher than 2% for directors and supervisors remuneration.</p> <p>The distribution percentage of the compensation and the employee compensation is distributed by share dividend or cash, shall need the concurrence of at least half of all the directors present at a Board of Directors' meeting attended by at least two-thirds of the directors. And the decision shall be announced in the shareholders' meeting.</p> <p>Employees <u>including the employees of parents or</u></p>	<p>The Company shall retain the offsetting of cumulative deficits from the current year pre-tax profit which before subtracted the compensation for employee, directors, and supervisors. If have balance, it shall make an appropriation not lower than 3% for employee compensation and not higher than 2% for directors and supervisors remuneration.</p> <p>The distribution percentage of the compensation and the employee compensation is distributed by share dividend or cash, shall need the concurrence of at least half of all the directors present at a Board of Directors' meeting attended by at least two-thirds of the directors. And the decision shall be announced in the shareholders' meeting.</p> <p>Employees including the employees of subsidiaries of the</p>	<p>To satisfy the amendment of the Company Act and the needs of Company operating development. Adding the targets for the employee compensation</p>

	<p><u>subsidiaries of the company that receive the compensation by share dividend or cash must meet certain specific requirements and the specific requirements are authorized to be formulated by the Board of Directors.</u></p> <p>If the Company's annual financial report shows any earnings, the Company must, first, pay the tax, and balance the former losses before setting aside 10% of such earnings as a legal reserve. Also, according to the laws or regulations, shall set aside or reverse special reserve. If any earnings left, the balance shall be coupled with the former accumulated unappropriated earnings, the Board of Directors' meeting shall draft a proposal <u>between 0 to 90% ranges</u> for the shareholders' meeting to make a final decision on the distribution of the earnings.</p>	<p>company that receive the compensation by share dividend or cash must meet specific requirements.</p> <p>If the Company's annual financial report shows any earnings, the Company must, first, pay the tax, and balance the former losses before setting aside 10% of such earnings as a legal reserve. Also, according to the laws or regulations, shall set aside or reverse special reserve. If any earnings left, the balance shall be coupled with the former accumulated unappropriated earnings, the Board of Directors' meeting shall draft a proposal for the shareholders' meeting to make a final decision on the distribution of the earnings.</p>	
Article 22	<p>The Procedures is formulated on June 16th, 1979</p> <p>The revision 1 of the Procedures is amendment on July 24th, 1980</p> <p>The revision 2 of the Procedures is amendment on October 15th, 1988</p> <p>The revision 3 of the Procedures is amendment on June 20th, 1989</p> <p>The revision 4 of the Procedures is amendment on October 15th, 1995</p> <p>The revision 5 of the Procedures is amendment on August 8th, 1997</p> <p>The revision 6 of the Procedures is amendment on December 31th, 2001</p> <p>The revision 7 of the Procedures</p>	<p>The Procedures is formulated on June 16th, 1979</p> <p>The revision 1 of the Procedures is amendment on July 24th, 1980</p> <p>The revision 2 of the Procedures is amendment on October 15th, 1988</p> <p>The revision 3 of the Procedures is amendment on June 20th, 1989</p> <p>The revision 4 of the Procedures is amendment on October 15th, 1995</p> <p>The revision 5 of the Procedures is amendment on August 8th, 1997</p> <p>The revision 6 of the Procedures is amendment on December 31th, 2001</p> <p>The revision 7 of the Procedures</p>	<p>Added the amendment date of the latest revision</p>

	<p>is amendment on November 1st, 2004</p> <p>The revision 8 of the Procedures is amendment on March 11th, 2005</p> <p>The revision 9 of the Procedures is amendment on May 24th, 2005</p> <p>The revision 10 of the Procedures is amendment on June 23th, 2006</p> <p>The revision 11 of the Procedures is amendment on June 15th, 2007</p> <p>The revision 12 of the Procedures is amendment on June 27th, 2008</p> <p>The revision 13 of the Procedures is amendment on June 25th, 2010</p> <p>The revision 14 of the Procedures is amendment on June 5th, 2012</p> <p>The revision 15 of the Procedures is amendment on June 21th, 2013</p> <p>The revision 16 of the Procedures is amendment on June 19th, 2014</p> <p>The revision 17 of the Procedures is amendment on June 8th, 2016</p> <p>The revision 18 of the Procedures is amendment on June 20th, 2019</p>	<p>is amendment on November 1st, 2004</p> <p>The revision 8 of the Procedures is amendment on March 11th, 2005</p> <p>The revision 9 of the Procedures is amendment on May 24th, 2005</p> <p>The revision 10 of the Procedures is amendment on June 23th, 2006</p> <p>The revision 11 of the Procedures is amendment on June 15th, 2007</p> <p>The revision 12 of the Procedures is amendment on June 27th, 2008</p> <p>The revision 13 of the Procedures is amendment on June 25th, 2010</p> <p>The revision 14 of the Procedures is amendment on June 5th, 2012</p> <p>The revision 15 of the Procedures is amendment on June 21th, 2013</p> <p>The revision 16 of the Procedures is amendment on June 19th, 2014</p> <p>The revision 17 of the Procedures is amendment on June 8th, 2016</p>	
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Syncmold Enterprise Corp.

Comparison table for “The procedure of Acquisition and Disposal of Assets” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
2.1~ 2.1.5	<p>2.1 The term "assets" as used in these Regulations includes the following:</p> <p>2.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.1.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>2.1.3 Memberships.</p> <p>2.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>2.1.5 Right-of-use assets.</u></p>	<p>2.1 The term "assets" as used in these Regulations includes the following:</p> <p>2.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.1.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>2.1.3 Memberships.</p> <p>2.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p>	To satisfy the amendment of the Act
2.1.6~ 2.1.9	<p><u>2.1.6</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and</p>	<p><u>2.1.5</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and</p>	Article orders amended

	<p>overdue receivables).</p> <p><u>2.1.7</u> Derivatives.</p> <p><u>2.1.8</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>2.1.9</u> Other major assets.</p>	<p>overdue receivables).</p> <p><u>2.1.6</u> Derivatives.</p> <p><u>2.1.7</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>2.1.8</u> Other major assets.</p>	
3.1.1	<p>3. Definition:</p> <p>3.1 Derivatives:</p> <p>3.1.1 Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;</u> or hybrid contracts combining the above contracts; <u>or hybrid contracts or structured products containing embedded derivatives.</u></p>	<p>3. Definition:</p> <p>3.1 Derivatives:</p> <p>3.1.1 Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>an asset, interest rate, foreign exchange rate, index rates, or other benefits;</u> or compound contracts combining the above contracts;</p>	To satisfy the amendment of the Act

3.2	<p>3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p>	<p>3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156-8</u> of the Company Act.</p>	To satisfy the amendment of the Act
3.9~ 3.11	<p><u>3.9 Investment professional:</u> <u>Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary</u></p>		To satisfy the articles added in the Act

	<p><u>trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>3.10 Securities exchange:</u></p> <p><u>"Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>3.11 Over-the-counter venue</u></p> <p><u>("OTC venue", "OTC"):</u></p> <p><u>"Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing</u></p>		
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	<p><u>Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
4.1~ 4.1.1	<p>4.1 The evaluation and procedures of acquiring or disposing of real property, equipment, or <u>right-of-use assets</u>; securities and other assets</p> <p>4.1.1 The evaluation of acquiring or disposing of real property, equipment, or <u>right-of-use assets</u>:</p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use assets</u> thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of</p>	<p>4.1 The evaluation and procedures of acquiring or disposing of real property, equipment; securities and other assets</p> <p>4.1.1 The evaluation of acquiring or disposing of real property, equipment:</p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use assets</u> thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior</p>	To satisfy the amendment of the Act

	<p>equipment <u>or right-of-use assets</u> thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p>	<p>to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p>	
<p>4.1.1.4~ 4.1.1.6</p>	<p>4.1.1.4 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <u>the same procedure</u> shall also be followed whenever there is <u>any subsequent change</u> to the terms and conditions of the transaction.</p> <p>4.1.1.5 Except 4.1.1.4, if an appraisal report or the certified public accountant's opinions under 4.1.1.1 and 4.1.1.2 cannot be obtained in time and there is a legitimate reason for the delay, shall be obtained within 2 weeks counting inclusively from the</p>	<p>4.1.1.4 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <u>the above mentioned procedure in preceding paragraph</u> shall also be followed whenever there is <u>any future change</u> to the terms and conditions of the transaction.</p> <p>4.1.1.5 Except 4.1.1.4, if an appraisal report or the certified public accountant's opinions under 4.1.1.1 and 4.1.1.2 cannot be obtained in time and there is a legitimate reason for the delay, shall be obtained within 2 weeks</p>	<p>To satisfy the amendment of the Act</p>

	<p>date of occurrence and make a correction announcement for original transaction amount and appraisal result.</p> <p>If under any circumstances in 4.1.1.1 and 4.1.1.2 shall report after announced the discrepancy reason and the certified public accountant's opinions.</p> <p>4.1.1.6 The Company's professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p><u>A. May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the</u></p>	<p>counting inclusively from the date of occurrence and make a correction announcement for original transaction amount and appraisal result.</p> <p>If under any circumstances in 4.1.1.1 and 4.1.1.2 shall report after announced the discrepancy reason and the certified public accountant's opinions.</p> <p>4.1.1.6 The Company's professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be <u>a related party of any party to the transaction.</u></p>	
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	<p><u>Financial Holding</u> <u>Company Act, or the</u> <u>Business Entity</u> <u>Accounting Act, or for</u> <u>fraud, breach of trust,</u> <u>embezzlement, forgery of</u> <u>documents, or</u> <u>occupational crime.</u> <u>However, this provision</u> <u>does not apply if 3 years</u> <u>have already passed since</u> <u>completion of service of</u> <u>the sentence, since</u> <u>expiration of the period</u> <u>of a suspended sentence,</u> <u>or since a pardon was</u> <u>received.</u></p> <p><u>B. May not be a related party</u> <u>or de facto related party</u> <u>of any party to the</u> <u>transaction.</u></p> <p><u>C. If the company is required</u> <u>to obtain appraisal</u> <u>reports from two or more</u> <u>professional appraisers,</u> <u>the different professional</u> <u>appraisers or appraisal</u> <u>officers may not be</u> <u>related parties or de facto</u> <u>related parties of each</u> <u>other.</u></p>		
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	<p><u>D. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</u></p>		
4.1.3	<p>4.1.3 Acquiring or disposing of intangible assets or <u>right-of-use assets thereof or memberships</u> and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price</p>	<p>4.1.3 Acquiring or disposing of <u>memberships or</u> intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price</p>	<p>To satisfy the amendment of the Act</p>
4.1.5	<p>4.1.5 The operation procedures of the transaction terms for acquiring or disposing the assets:</p> <p>4.1.5.1 The transaction of real</p>	<p>4.1.5 The operation procedures of the transaction terms for acquiring or disposing the assets:</p> <p>4.1.5.1 The transaction of real</p>	<p>To satisfy the amendment of the Act and description and</p>

	<p>property, equipment, or right-of-use assets; memberships, intangible assets or other assets thereof shall handle by the regulations of the Company's cyclic process of fixed assets and this procedure. The in-charge department shall evaluate the analysis results and proposes the transaction terms, the price for a single transaction with amount below <u>NT\$200 million</u> should be approved by level in accordance with authorization and the chairman is authorized to make the resolution. The price for a single transaction with amount over <u>NT\$200 million</u> should be approved by the Board of Directors.</p> <p>4.1.5.2 The transaction of the securities shall handle by the regulations of the Company's cyclic process of investment and this procedure. The application of short-term funds which invest in <u>domestic</u></p>	<p>property, equipment, or right-of-use assets; memberships, intangible assets or other assets thereof shall handle by the regulations of the Company's cyclic process of fixed assets and this procedure. The in-charge department shall evaluate the analysis results and proposes the transaction terms, the price for a single transaction with amount below <u>NT\$50 million</u> should be approved by level in accordance with authorization and the chairman is authorized to make the resolution. The price for a single transaction with amount over <u>NT\$50 million</u> should be approved by the Board of Directors.</p> <p>4.1.5.2 The transaction of the securities shall handle by the regulations of the Company's cyclic process of investment and this procedure. The application of short-term funds which invest in government bonds,</p>	<p>transaction amount amended by operating needs</p>
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	<p>government bonds, the bonds under repurchase and resale agreements, the money market funds, the bond funds such non-equity or non-stock investment funds issued by <u>domestic securities investment trust enterprises</u>, the price for a single transaction with amount below NT\$300 million, the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$300 million should be approved by the Board of Directors. Besides, invest in the expected non-short-term sales securities or other securities, the in-charge department shall evaluate the publicly announce present value and analyze the future prospects to proposes the transaction terms, the price for a single transaction with amount below <u>NT\$200 million</u>, the chairman is authorized to make the</p>	<p>the bonds under repurchase and resale agreements, the money market funds, the bond funds such non-equity or non-stock investment funds, the price for a single transaction with amount below NT\$300 million, the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$300 million should be approved by the Board of Directors. Besides, invest in the expected non-short-term sales securities or other securities, the in-charge department shall evaluate the publicly announce present value and analyze the future prospects to proposes the transaction terms, the price for a single transaction with amount below <u>NT\$50 million</u>, the chairman is authorized to make the resolution. The price for a single transaction with amount over <u>NT\$50 million</u> should be approved by the</p>	
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	<p>resolution. The price for a single transaction with amount over <u>NT\$200 million</u> should be approved by the Board of Directors.</p>	<p>Board of Directors.</p>	
<p>4.1.6~ 4.1.6.1</p>	<p>4.1.6 The limitation of acquisition of the real estate for non-operating purpose and the <u>right-of-use assets</u> thereof or securities:</p> <p>4.1.6.1 The limitation of acquisition of the real estate for non-operating purpose and the <u>right-of-use assets</u> thereof or securities of the Company as follows:</p> <p>A. The total amount of acquisition of the real estate for non-operating purpose and the <u>right-of-use assets</u> shall not exceed 20% net worth of the latest financial statements of the Company.</p>	<p>4.1.6 The limitation of acquisition of the real estate for non-operating purpose or securities:</p> <p>4.1.6.1 The limitation of acquisition of the real estate for non-operating purpose or securities of the Company as follows:</p> <p>A. The total amount of acquisition of the real estate for non-operating purpose shall not exceed 20% net worth of the latest financial statements.</p>	<p>To satisfy the amendment of the Act</p>
<p>4.1.6.2</p>	<p>4.1.6.2 The limitation of acquisition of the real estate for non-operating purpose and the <u>right-of-use assets</u> thereof or securities of the Company's subsidiaries as follows:</p> <p>A. The total amount of acquisition of the real estate</p>	<p>4.1.6.2 The limitation of acquisition of the real estate for non-operating purpose or securities of the Company's subsidiaries as follows:</p> <p>A. The total amount of acquisition of the real estate for non-operating purpose</p>	<p>To satisfy the amendment of the Act</p>

	<p>for non-operating purpose and the <u>right-of-use assets</u> shall not exceed 20% net worth of the latest financial statements of the Company.</p>	<p>shall not exceed 20% net worth of the latest financial statements of the Company.</p>	
4.2.1	<p>4.2.1 When the Company intends to acquire or dispose of real property or <u>right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property or <u>right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make</p>	<p>4.2.1 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of</p>	<p>To satisfy the amendment of the Act and added the amount for acquisition or disposal of equipment held for business use and real property between the Company and its parent or subsidiaries, or between its subsidiaries</p>

	<p>a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>4.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>4.2.1.2 The reason for choosing the related party as transaction counterparty.</p> <p>4.2.1.3 With respect to the acquisition of real property or <u>right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 4.2.2.</p> <p>4.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p>	<p>Directors and recognized by the supervisors:</p> <p>4.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>4.2.1.2 The reason for choosing the related party as transaction counterparty.</p> <p>4.2.1.3 With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 4.2.2.</p> <p>4.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>4.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing</p>	
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	<p>4.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>4.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 4.1.</p> <p><u>4.2.1.7 With respect to the acquisition or disposal of equipment or right-of-use assets thereof held for business use or acquisition or disposal of real property right-of-use assets held for business use, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's Board of Directors may pursuant to delegate the board</u></p>	<p>of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>4.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 4.1</p> <p>4.2.1.7 Restrictive covenants and other important stipulations associated with the transaction</p>	
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	<p><u>chairman to decide such matters when the transaction amount is below NT\$500 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. The Company acquiring or disposing of assets meet the information disclosure standard of the Regulations shall publicly announce and report the relevant information.</u></p> <p><u>4.2.1.8</u> Restrictive covenants and other important stipulations associated with the transaction</p>		
4.2.2	<p>4.2.2 Evaluation the reasonableness of the transaction costs. The Company that acquires real property or <u>right-of-use assets thereof</u> from a related party, except the description in Paragraph 4.2.3, shall evaluate the reasonableness of the transaction costs by the following means and engage a CPA to check the</p>	<p>4.2.2 Evaluation the reasonableness of the transaction costs. The Company that acquires real property from a related party, except the description in Paragraph 4.2.3, shall evaluate the reasonableness of the transaction costs by the following means and engage a CPA to check the appraisal and render a</p>	To satisfy the amendment of the Act °

	<p>appraisal and render a specific opinion:</p> <p>4.2.2.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.</p> <p>"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>4.2.2.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of</p>	<p>specific opinion:</p> <p>4.2.2.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.</p> <p>"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>4.2.2.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1</p>	
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	<p>the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>4.2.2.3 Where land and structures thereupon are purchased or <u>leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Paragraph 4.2.2.1 and 4.2.2.2.</p>	<p>year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>4.2.2.3 Where land and structures thereupon are purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Paragraph 4.2.2.1 and 4.2.2.2.</p>	
4.2.3	<p>4.2.3 Where the Company acquires real property or <u>right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 4.2.1, and Article 4.2.2 does not apply:</p> <p>4.2.3.1 The related party acquired the real property or <u>right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>4.2.3.2 More than 5 years will have elapsed from the time the related party signed the</p>	<p>4.2.3 Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 4.2.1, and Article 4.2.2 does not apply:</p> <p>4.2.3.1 The related party acquired the real property through inheritance or as a gift.</p> <p>4.2.3.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real</p>	To satisfy the amendment of the Act

	<p>contract to obtain the real property or <u>right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>4.2.3.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p><u>4.2.3.4 The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.</u></p>	<p>property to the signing date for the current transaction.</p> <p>4.2.3.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	
4.2.4	<p>4.2.4 When the results of the Company's appraisal conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 4.2.5. However, where the</p>	<p>4.2.4 When the results of the Company's appraisal conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 4.2.5. However, where the</p>	<p>To satisfy the amendment of the Act and delete part. C</p>

	<p>following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>4.2.4.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's</p>	<p>following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>4.2.4.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in Article 4.2.2, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division</p>	
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	<p>construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or <u>leasing</u> practices.</p> <p>4.2.4.2 Acquiring real property, or obtaining real property <u>right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed <u>transactions</u></p>	<p>over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed <u>deals</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale.</p> <p>C. Completed leases by unrelated parties within the preceding year involving other floors of the same property, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard</p>	
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	<p>involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>4.2.4.3 Completed <u>transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction.</p>	<p>property market sale.</p> <p>4.2.4.2 Acquiring real property, from a related party provides evidence that the terms of the transaction are similar to the terms of completed <u>deals</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>4.2.4.3 Completed <u>deals</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>deals</u> completed by unrelated parties for parcels with a land area of no less than 50 % of the property in the planned transaction.</p>	
4.2.5	4.2.5 Where the Company acquires real property or <u>right-of-use</u>	4.2.5 Where the Company acquires real property from a	To satisfy the amendment of the Act

	<p><u>assets</u> thereof from a related party and the results of appraisals conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price or if there is other evidence indicating that the acquisition was not an arm's length transaction, the following steps shall be taken:</p> <p>4.2.5.1 A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost for the real property or <u>right-of-use assets</u>, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent</p>	<p>related party and the results of appraisals conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price or if there is other evidence indicating that the acquisition was not an arm's length transaction, the following steps shall be taken:</p> <p>4.2.5.1 A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost for the real property and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of</p>	
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	<p>with the share of public company's equity stake in the other company</p> <p>4.2.5.2 Supervisors shall comply with Article 218 of the Company Act. <u>Where an audit committee has been established in accordance with the provisions of the Act, shall apply mutatis mutandis to the independent director members of the audit committee.</u></p> <p>4.2.5.3 Actions taken pursuant to the subparagraphs 4.2.5.1 and 4.2.5.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus</p> <p>4.2.5.4 The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or <u>leased</u> at a premium, or they have been disposed of, or the</p>	<p>public company's equity stake in the other company</p> <p>4.2.5.2 Supervisors shall comply with Article 218 of the Company Act.</p> <p>4.2.5.3 Actions taken pursuant to the subparagraphs 4.2.5.1 and 4.2.5.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus</p> <p>4.2.5.4 The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the</p>	
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	<p><u>leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the authority has given its consent.</p> <p><u>4.2.5.5 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</u></p>	<p>authority has given its consent.</p>	
<p>4.3.4</p>	<p>4.3.4 Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and audit how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and analyze the</p>	<p>4.3.4 Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and audit how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives</p>	<p>To satisfy the amendment of the Act</p>

	<p>trading cycles to prepare an audit report. The Company shall enter the relevant information together with the implementation status of annual internal audit plan into the information reporting website designated by the authority by the end of February by the following year. Also the Company shall enter the tracking records of the improvement for abnormal matters into the information reporting website designated by FSC no later than end of May of the following year. If any material violation is discovered, all supervisors and <u>independent directors</u> shall be notified in writing.</p>	<p>trading, and analyze the trading cycles to prepare an audit report. The Company shall enter the relevant information together with the implementation status of annual internal audit plan into the information reporting website designated by the authority by the end of February by the following year. Also the Company shall enter the tracking records of the improvement for abnormal matters into the information reporting website designated by FSC no later than end of May of the following year. If any material violation is discovered, all supervisors shall be notified in writing.</p>	
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Syncmold Enterprise Corp.

Comparison table for “Operational Procedures of Loaning the Company Funds” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
4.3.3	<p>4.3.3 If a short-term financing facility is necessary, the restriction, the financing amount shall not exceed 40% of the Company’s net worth, in article 4.3.2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares; <u>or a foreign company which the Company holds direct or indirect 100% voting shares between the Company. The cumulative amount of each individual loan shall not exceed 20% of the Company’s net worth and the total loaning amount shall not exceed 50% of the Company’s net worth.</u></p>	<p>4.3.3 If a short-term financing facility is necessary, the restriction, the financing amount shall not exceed 40% of the Company’s net worth, in article 4.3.2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions of regulations concerning the setting of the amount limits and the durations of loans shall still apply.</p>	To satisfy the amendment of the Act

4.5.6	4.5.6 The person in charge shall monthly establish the “Memorandum book of the fund-loaning” for last month and reviewed by levels. (See attachment 2)	4.5.6 The person in charge shall monthly establish the “Check List of the Fund-Loaning Between Related Legal Equity or Group” for last month and reviewed by levels. (See attachment 1)	Amended to satisfy the operating needs
4.8	4.8 <u>When the Company submits its Operational Procedures for Loaning Funds to Others for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u> After having the ratification by the Board of Directors, shall submit to and reviewed by shareholders' meeting. <u>Any objection by the directors which is recorded or in writing shall be submitted to the</u>	4.8 The procedures shall be applied after having the ratification by the Board of Directors and submitted to and reviewed by shareholders' meeting. The same shall be applied to any amendments.	To satisfy the amendment of the Act

	<p><u>supervisors to have discussion by Shareholders' meeting.</u> The same shall be applied to any amendments.</p>		
7.1	<p>7. Annex</p> <p>7.1 <u>Memorandum Book</u> of the Fund-Loaning SY2-AD-08 (See attachment 2)</p>	<p>7. Annex</p> <p>7.1 Check List of the Fund-Loaning Between Related Legal Equity or Group SY2-AD-08 (See attachment 1)</p>	<p>Amended to satisfy the operating needs</p>

Syncmold Enterprise Corp.

Comparison table for “Operational Procedures for Endorsements and Guarantees” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
4.4.2	4.4.2 The financial unit of the Company shall collect related information and evaluation results from the preceding paragraph in accordance with the authorization and resolution of Article 4.3.1. And shall enter its endorsement/guarantee activities into the <u>Memorandum Book</u> of Endorsement/Guarantee Activities and Bills. (See attachment 2)	The financial unit of the Company shall collect related information and evaluation results from the preceding paragraph in accordance with the authorization and resolution of Article 4.3.1. And shall enter its endorsement/guarantee activities into the Control List of Endorsement/Guarantee Activities and Bills. (See attachment 1)	Amended the charts to satisfy the operating needs
4.4.3	4.4.3 The <u>Memorandum Book</u> of Endorsement/Guarantee Activities and Bills for its endorsement/guarantee activities established from the financial unit shall record in details the following	4.4.3 The Control List of Endorsement/Guarantee Activities and Bills for its endorsement/guarantee activities established from the financial unit shall record in details the following	Amended the charts to satisfy the operating needs

	<p>information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairperson of board, the date of the endorsement/guarantee is made, the matters should be carefully evaluated under the preceding article, collateral and its appraisal, and conditions and date for release the endorsement responsibility.</p>	<p>information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairperson of board, the date of the endorsement/guarantee is made, the matters should be carefully evaluated under the preceding article, collateral and its appraisal, and conditions and date for release the endorsement responsibility.</p>	
4.4.4	<p>4.4.4 When a repayment happened by the endorsement/guaranteed enterprise, the related information shall notice to the Company to releases its responsibility and records on the <u>Memorandum Book</u> of Endorsement/Guarantee Activities and Bills.</p>	<p>4.4.4 When a repayment happened by the endorsement/guaranteed enterprise, the related information shall notice to the Company to releases its responsibility and records on the Control List of Endorsement/Guarantee Activities and Bills.</p>	<p>Amended the charts to satisfy the operating needs</p>
4.6.1	<p>4.6.1 Internal auditors of the Company shall perform auditing on the Procedures and the implementation of</p>	<p>4.6.1 Internal auditors of the Company shall perform auditing on the Procedures and the implementation of</p>	<p>To satisfy the amendment of the Act</p>

	<p>the Procedures at least every quarter and have an audit report in writing. If having any violation found, a written report is needed to notify the supervisors and <u>independent directors.</u></p>	<p>the Procedures at least every quarter and have an audit report in writing. If having any violation found, a written report is needed to notify the supervisors</p>	
4.6.2	<p>4.6.2 If, due to any changes of circumstances, the counterparty to whom the Company provides endorsements/guarantees no longer meet the criteria of Article 4.1 of the Procedures, or the guarantee exceed the limits of article 4.2 of the Procedures due to calculation basis changes, have to be withdrawn by the expiration of the contracts or in a certain period. Also, a correction plan by financial unit shall notice to the audit unit and submitted to the supervisors and <u>independent directors</u> to reporting at Board of Directors' meeting. The proposed correction actions should be implemented within the period specified in such plan.</p>	<p>4.6.2 If, due to any changes of circumstances, the counterparty to whom the Company provides endorsements/guarantees no longer meet the criteria of Article 4.1 of the Procedures, or the guarantee exceed the limits of Article 4.2 of the Procedures due to calculation basis changes, have to be withdrawn by the expiration of the contracts or in a certain period. Also, a correction plan by financial unit shall notice to the audit unit and submitted to the supervisors to reporting at Board of Directors' meeting. The proposed correction actions should be implemented within the period specified in such plan.</p>	<p>To satisfy the amendment of the Act</p>

4.10.2	4.10.2 The Board of Directors shall take full consideration on each independent director's opinion. If any <u>independent director</u> objects to or <u>express any reservation</u> about any matters, it shall be recorded in the minutes of the Board of Directors' meeting.	4.10.2 The Board of Directors shall take full consideration on each independent director's opinion. Any agree or objects to any matters; it shall be recorded in the minutes of the Board of Directors' meeting.	To satisfy the amendment of the Act
7.1	7. Annex 7.1 <u>Memorandum Book</u> of Endorsement/Guarantee Activities and Bills SY2-AD-03 (See attachment 2)	7. Annex 7.1 Control List of Endorsement/Guarantee Activities and Bills SY2-AD-03 (See attachment 1)	Amended the charts to satisfy the operating needs

Syncmold Enterprise Corp.
Shareholdings of All Directors and Supervisors

1. The paid-in capital of the Company is NT\$1,237,241,710 with a total of 123,724,171 outstanding shares.

According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 8,000,000 shares. And the minimum number of shares to be held by the entire supervisors is 800,000 shares.

2. Directors and Supervisors Shareholding Structure in detail

Title	Name	Elected Date	Recorded shares held	
			Shares	%
Chairman	Chiu-Lang, Chen	2017.06.13	5,308,211	4.29%
Director	Tim, Weng	2017.06.13	2,747,581	2.22%
Director	Chen-Tung, Chen	2017.06.13	450,000	0.36%
Director	Shu-Yen, Chuang	2017.06.13	1,918,684	1.55%
Independent Director	Yung-Lu, Tsai	2017.06.13	—	—
Independent Director	Wen-Hung, Kao	2017.06.13	—	—
Total shareholding of entire directors			10,424,476	8.42%
Supervisor	Tung-Ping, Cheng	2017.06.13	435,000	0.35%
Supervisor	Chin-Chang, Pao	2017.06.13	—	—
Supervisor	Jui-Tai, Wu	2017.06.13	435,000	0.35%
Total shareholding of entire supervisors			803,000	0.65%

Note: as of April 22, 2019

Syncmold Enterprise Corp.

Rules and Procedures for Shareholders' Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 6 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the Board of Directors.
- Convening a regular shareholders meeting shall notice all shareholders 30 days before the meeting. For the shareholders who hold less than 1000 registered shares could be noticed by the announcement entered into the Market Observation Post System (MOPS) 30 days before the meeting. Convening a special shareholders meeting shall notice all shareholders 15 days before the meeting. For the shareholders who hold less than 1000 registered shares could be noticed by the announcement entered into the Market Observation Post System (MOPS) 15 days before the meeting.
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement.
- Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
- A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6 This Corporation shall furnish the Shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the chairperson of the board in person and attended by a majority of the directors.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 This Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting and shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative

resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceed the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the

preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders

Resolutions shall be deemed adopted if no objection is voiced by any of all attending shareholders after solicitation by the chair. If have any objection, shall proceed a poll of the shareholders in accordance with the regulations in preceding paragraph.

Except the listed proposals on the agenda, an amendment or an alternative to other proposals or original proposal by a shareholder shall have seconded by other shareholders. The equity of the proposer and recipient represented shall meet 1% of the voting rights represented by the total number of issued shares.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes may be distributed in accordance with the rules adopted by the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of

the existence of this Corporation.

The resolution method of the preceding paragraph, if, with no objections through the solicitation among shareholders by the chair, shall note as “The proposal passed with no objections by the solicitation among shareholders by the chair.”; When there have any objections, the method of vote, the number of affirmative vote of voting rights and percentage of the voting number shall be specified.

Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings on May 24th, 2005.

The first amendment of this rule was on June 5th, 2012.

Syncmold Enterprise Corp.

Articles of Incorporation (before amendment)

Chapter 1 General Provisions

Article 1: The Corporation is organized in accordance with the Company Act. The name of the Corporation is Syncmold Enterprise Corp..

Article 2: The Company's businesses are listed below:

- 1、CB01010 Machinery and Equipment Manufacturing
- 2、CQ01010 Die Manufacturing
- 3、F113010 Wholesale of Machinery
- 4、F213080 Retail Sale of Machinery and Equipment
- 5、CC01110 Computers and Computing Peripheral Equipment Manufacturing
- 6、CC01080 Electronic Parts and Components Manufacturing
- 7、CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 8、F119010 Wholesale of Electronic Materials
- 9、F401010 International Trade
- 10、F108031 Wholesale of Drugs, Medical Goods
- 11、CF01011 Medical Materials and Equipment Manufacturing
- 12、CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 13、CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- 14、ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Corporation is headquartered in New Taipei City, Taiwan. If necessary, the Board of Directors will pass a resolution to set up branch offices in domestic and international markets.

Article 4: When the Company is the shareholders with limited liability for other companies after the resolution by the Board of Directors, the total investment amount shall not subject to the restriction of Article 13 of the Company Act. The Company shall make an external endorsement/guarantee.

Chapter 2 Shares

Article 5: The total capital of the Company is 2 billion NTD, divided into 200 million shares all as common shares with per value of 20 NTD. It authorizes Board of Directors to issue the share separately depends on the necessity of business.

The 3 million shares among the capital of preceding paragraph is reserved to issue the employee share subscription warrant and shall issue separately by the resolution of Board of Directors.

Article 6: Delete

Article 7: The Company share as registered share, the share certificates shall be affixed with the signatures or personal seals of three or more directors of the company, and shall be duly certified or authenticated by the competent authority or a certifying institution which is competent to certify shares under the laws before issuance. For the shares to be issued to the public by the Company, the share certificate printing shall be in accordance with the Article 162-2 of the Company Act.

Article 8: The registration of share transfer, subject to be unable to conduct within 60 days prior to the date of annual shareholders' meeting, 30 days prior to the date of special shareholders' meeting or 5 days before the base date of determining distribution of share dividend, bonus, and other interests.

Chapter 3 Shareholders' Meeting

Article 9: Shareholders' meeting comprises of regular shareholders' meeting and special shareholders' meeting. The regular shareholders' meeting will be held once every year and shall be convened within six months after close of each fiscal year. The special shareholders' meeting will be held when necessary.

Article 10: On the occasion that the shareholder is unable to attend the shareholders' meeting, the shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. Except according to the regulations of Article 177 of the Company Act, shall also in accordance with "the Regulation Governing the use of Proxies for Attendance at Shareholder Meeting of Public Company" promulgation by the authority.

Article 11: Except the regulations of the Company Act, every share holds one voting right for shareholders of the Company.

Article 12: Unless otherwise specified in the Company Act, for the resolution at a meeting of shareholders, it shall be made by the attendance with over a half of shareholders' attendance and the agreement of over a half of attending shareholders.

Article 12-1: If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 12-2: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be distributed in accordance with the rules adopted by the Company Act.

Article 12-3: When the Company plans to revote public offerings, it shall be conducted after submitted in the shareholders' meeting for resolution and no change is permissible during the public, listing or emerging period.

Chapter 4 Directors and Supervisors

Article 13: The Company shall set up 5-7 directors and 3 supervisors with tenure of three years and the shareholders' meeting shall elect a person with behavioral competence and reappointment may occur upon reelected.

The Company may obtain directors and supervisors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 13-1: When the number of vacancies in the Board of Directors of a company equals to one third

of the total number of directors or completed dismissal of supervisors, the Board of Directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The expiration of their term is to fill the original expiration.

Article 13-2: According to the Article 13 of this incorporation articles, the Company shall set up no lower than 2 independent directors and no lower than one-fifth of total number of directors. It adapts to the system to be nominated by candidates and the shareholders shall elect from the list of independent directors' candidates. It shall be handled according to the regulations for professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events in the Act by the securities authority.

Article 14: The Board of Directors is organized by the directors. The Chairman and vice Chairman are elected by a majority vote at a meeting attended by over two-thirds of the directors to preside the shareholders' meeting and the meeting of the Board of Directors internally and to represent the company externally.

Article 14-1: In calling a meeting of the Board of Directors, a notice setting forth the subjects to be discussed at the meeting shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in the case of an emergency, the meeting may be convened at any time.

The notice of the Board of Directors meeting may be effected in writing, by E-mail, or fax to inform each director and supervisor.

Article 15: In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a designate shall be selected according to Article 208 of the Company Act. In case a director is unable to attend the meeting of the Board of Directors in person, the director may be represented by another director, the proxy shall be appointed according to Article 205 of the Company Act.

Article 16: The Board of Directors is authorized to set compensation of the directors and supervisors according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other domestic companies.

Chapter 5 Managers

Article 17: The Company may have one general manager. The appointment, discharge and the remuneration of the general manager shall be decided in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18: At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and forward to the same to supervisors for their review no later than 30 days prior to the date of a regular shareholders' meeting, and then submit them to the regular shareholders' meeting for ratification:

1. Business report
2. Financial statements
3. The earnings distribution or loss off-setting proposals

Article 19: Delete

Article 20: The Company shall retain the offsetting of cumulative deficits from the current year pre-tax profit which before subtracted the compensation for employee, directors, and supervisors. If have balance, it shall make an appropriation not lower than 3% for employee compensation and not higher than 2% for directors and supervisors remuneration.

The distribution percentage of the compensation and the employee compensation is distributed by share dividend or cash, shall need the concurrence of at least half of all the directors present at a Board of Directors' meeting attended by at least two-thirds of the directors. And the decision shall be announced in the shareholders' meeting.

Employees including the employees of subsidiaries of the Company that receive the compensation by share dividend or cash must meet specific requirements.

If the Company's annual financial report shows any earnings, the Company must, first, pay the tax, and balance the former losses before setting aside 10% of such earnings as a legal reserve. Also, according to the laws or regulations, shall set aside or reverse special reserve. If any earnings left, the balance shall be coupled with the former accumulated unappropriated earnings, the Board of Directors' meeting shall draft a proposal for the shareholders' meeting to make a final decision on the distribution of the earnings.

Article 20-1: The Company's business is still growing, the dividend policy will balance the consideration of future cash flow requirements and long-term financial planning and shareholder interests. The Board of Directors shall draft the earning distribution proposal in accordance with the Act and present it in the shareholders' meeting for a resolution yearly. The distribution of shareholders' dividend will take cash dividend as priority, but also could

be distributed in the form of share dividend. The percentage of cash dividend shall be between 5% to 100%.

Chapter 7 Supplemental Provisions

Article 21: The matters that are not covered in the Articles of Incorporation shall be subject to the provisions of the Company Act and other related Act.

Article 22: The Articles of Incorporation was formulated on June 16th, 1979

The revision 1 of the Articles is amendment on July 24th, 1980

The revision 2 of the Articles is amendment on October 15th, 1988

The revision 3 of the Articles is amendment on June 20th, 1989

The revision 4 of the Articles is amendment on October 15th, 1995

The revision 5 of the Articles is amendment on August 8th, 1997

The revision 6 of the Articles is amendment on December 31th, 2001

The revision 7 of the Articles is amendment on November 1st, 2004

The revision 8 of the Articles is amendment on March 11th, 2005

The revision 9 of the Articles is amendment on May 24th, 2005

The revision 10 of the Articles is amendment on June 23th, 2006

The revision 11 of the Articles is amendment on June 15th, 2007

The revision 12 of the Articles is amendment on June 27th, 2008

The revision 13 of the Articles is amendment on June 25th, 2010

The revision 14 of the Articles is amendment on June 5th, 2012

The revision 15 of the Articles is amendment on June 21th, 2013

The revision 16 of the Articles is amendment on June 19th, 2014

The revision 17 of the Articles is amendment on June 8th, 2016

Syncmold Enterprise Corp.

Syncmold Enterprise Corp.

Code of Ethical Conducts for Directors, Supervisors, and Managers (Before Amendment)

Chapter 1 General Provisions

Article 1: The code is formulated in order to enable the ethical behaviors of the directors, supervisors and managerial officers of the Company have their followed when they conduct business activities based on their duties and powers to prevent any unethical behaviors to damage the interests of the Company and shareholders.

Article 2: The code applies to all directors, supervisors, managerial officers of the Company (including general manager, vice president, assistant vice president and the staff of the same grade as above, assistant vice president, and the head of financial and accounting department)

Article 3: The code only provides guidelines for the directors, supervisors and managerial officers of the Company. The directors, supervisors and managers may consult the internal or external professionals if have questions related to the specific circumstances of one or several provisions of this code.

Chapter 2 Code of Ethical Conducts

Article 4: Honesty and Ethical behavior:

Directors, supervisors and managerial officers shall deal with the company affairs in a self-disciplined manner which is honesty, trustworthy, law-abiding, fair, impartial and ethical.

Article 5: Prevention of conflicts of personal interest:

The directors, supervisors, or managerial officers shall prevent conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall in accordance with related Act and Incorporation regulations when conducts loans of funds, provisions of guarantees involving the affiliated enterprise at

which a director, supervisor, or managerial officer works. If have major asset transactions or the purchase (or sale) of goods shall take the maximum interests of the Company into consideration. The managerial officers themselves or may not have employees of their spouse or relatives within the second degree of kinship serve in the same department or in separate positions within internal control mechanism. If having employees with the above mentioned as their spouse or relatives within the second degree of kinship under special needs, shall report to the Board of Directors for the approval.

Article 6: Minimizing incentives to pursue personal gain:

When the company has an opportunity for profit, the directors, supervisors, and managerial officers have to maintain or maximize the reasonable and proper benefits that can be obtained by the company.

The directors, supervisors, and managerial officers shall not obtain personal gain or beneficial others by using company property or information or taking advantage of their positions. Unless within regulations of the Company Act or the Articles of Incorporation, shall not engage in the competition activities with the Company.

Article 7: Confidentiality:

The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

Article 8: Fair trade:

The Company is committed to market competition with outstanding management and service, and will not achieve performance through illegal or unethical means. The directors, supervisors, and managerial officers shall treat all customers, employees and legal competitors fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 9: Safeguarding and proper use of company assets:

The Company's assets shall be safeguarded and proper use only basis on the legitimate business purpose. All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for business purposes; Preventing any theft, negligence in care, or waste of the assets to directly impact the company's profitability.

Article 10: Legal compliance:

The directors, supervisors, and managerial officers shall supervise the Company to strengthen its compliance with the Company Act, the Securities and Exchange Act and other applicable laws and regulations, and all the laws and regulations of company activities. Do not violate any laws on purpose, intents to misleading, manipulate or unfairly obtain the interests of customers and suppliers, and make false statements for the Company's products or service.

Article 11: Encouraging employees to reporting on illegal or unethical activities:

The employees report certain information to the company personnel department, chief internal auditor, or supervisors upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct of the directors, supervisors, and managerial officers. After confirmed, the Company shall award the prize according to the personnel management rules. The Company shall appropriately handle the reports in confidential and use its best efforts to ensure the safety of the reporters and protect them from threats.

Article 12: Disciplinary measures:

When a director, supervisor, or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the related regulations or personnel management rules, and shall without delay disclose on the Market Observation Post System (MOPS) the title, name, and date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The director, supervisor, or managerial officer can issue a complaint to relevant ministry immediately if can prove they have no violation of this code.

Chapter 3 Procedures for exemption

Article 13: Any exemption for directors, supervisors, or managerial officers from compliance with the code shall be adopted by a resolution of the Board of Directors, and that information on the title and name of the person for exemption, the date on which the Board of Directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to safeguard the interests of the Company.

Article 14: The directors, supervisors and managerial officers of the Company shall immediately notify the Company when they act as directors, supervisors or managerial officers of other public companies which not the parent or subsidiaries of the Company.

Chapter 4 Method of information disclosure

Article 15: The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS in accordance with the law.

Chapter 5 Supplemental Provisions

Article 16: The code of ethical conducts, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to each supervisor, and submitted to a shareholders meeting.

Syncmold Enterprise Corp.

The procedure of Acquisition and Disposal of Assets (Before Amendment)

1. Purpose

- 1.1 These procedures are promulgated pursuant to Article 36-1 of the Taiwan Securities and Exchange Act and Regulations governing acquisition and disposal of assets.

2. Scope

- 2.1 The term "assets" as used in these Regulations includes the following:
 - 2.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - 2.1.2 Real property (including land, houses and buildings, investment property, right-of-use of land and construction enterprise inventory) and equipment.
 - 2.1.3 Memberships.
 - 2.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - 2.1.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - 2.1.6 Derivatives.
 - 2.1.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - 2.1.8 Other major assets.

3. Definition

- 3.1 Derivatives:
 - 3.1.1 Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index rates, or other benefits; or compound contracts combining the above contracts;
 - 3.1.2 The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- 3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.
- 3.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 3.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 3.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 3.7 Within the preceding year: refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.
- 3.8 The latest financial statement: refers to the financial statement in which publicly reviewed and audit by CPA before the Company acquires or disposes the assets.

4. Content of the Procedures

- 4.1 The evaluation and procedures of acquiring or disposing of real property, equipment; securities and other assets

4.1.1 The evaluation of acquiring or disposing of real property, equipment:

In acquiring or disposing of real property, equipment where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land,

engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- 4.1.1.1 The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount from professional appraiser, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, shall ask the CPA to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
- 4.1.1.2 Where the transaction amount is NT\$1 billion or more, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, appraisals from two or more professional appraisers shall be obtained. If the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount, shall ask the CPA to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
- 4.1.1.3 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- 4.1.1.4 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the above mentioned procedure in preceding paragraph shall also be followed whenever there is any future change to the terms and conditions of the transaction.
- 4.1.1.5 Except 4.1.1.4, if an appraisal report or the certified public accountant's opinions under 4.1.1.1 and 4.1.1.2 cannot be obtained in time and there is a legitimate reason for the delay, shall be obtained within 2 weeks counting inclusively from the date of occurrence and make a correction announcement for original transaction amount

and appraisal result. If under any circumstances in 4.1.1.1 and 4.1.1.2 shall report after announced the discrepancy reason and the certified public accountant's opinions.

4.1.1.6 The Company's professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction.

4.1.2 The evaluation of acquiring or disposing of securities:

4.1.2.1 Before acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price

4.1.2.2 If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

4.1.3 Acquiring or disposing of memberships or intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price

4.1.4 Acquiring or disposing of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

4.1.5 The operation procedures of the transaction terms for acquiring or disposing the assets:

4.1.5.1 The transaction of real property, equipment, or right-of-use assets; memberships, intangible assets or other assets thereof shall handle by the regulations of the

Company's cyclic process of fixed assets and this procedure. The in-charge department shall evaluate the analysis and proposes the transaction terms, the price for a single transaction with amount below NT\$50 million should be approved by levels in accordance with authorization and the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$50 million should be approved by the Board of Directors.

4.1.5.2 The transaction of the securities shall handle by the regulations of the Company's cyclic process of investment and this procedure. The application of short-term funds which invest in government bonds, the bonds under repurchase and resale agreements, the money market funds, the bond funds such non-equity or non-stock investment funds, the price for a single transaction with amount below NT\$300 million, the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$300 million should be approved by the Board of Directors. Besides, invest in the expected non-short-term sales securities or other securities, the in-charge department shall evaluate the publicly announce present value and analyze the future prospects to proposes the transaction terms, the price for a single transaction with amount below NT\$50 million, the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$50 million should be approved by the Board of Directors.

4.1.6 The limitation of acquisition of the real estate for non-operating purpose or securities:

4.1.6.1 The limitation of acquisition of the real estate for non-operating purpose or securities of the Company as follows:

- A. The total amount of acquisition of the real estate for non-operating purpose shall not exceed 20% net worth of the latest financial statements of the Company.
- B. The total amount of securities investment shall not exceed 200% net worth of the latest financial statements of the Company.
- C. The amount of individual securities investment shall not exceed 150% net worth of the latest financial statements of the Company.

4.1.6.2 The limitation of acquisition of the real estate for non-operating purpose or securities of the Company's subsidiaries as follows:

- A. The total amount of purchasing the real estate for non-operating purpose shall not exceed 20% net worth of the latest financial statements of the Company's

subsidiaries.

B. The total amount of securities investment shall not exceed 200% net worth of the latest financial statements of the Company's subsidiaries.

C. The amount of individual securities investment shall not exceed 150% net worth of the latest financial statements of the Company's subsidiaries.

4.1.7 The calculation of transaction amount of acquisition or disposals the assets based on Paragraph 4.1.1, 4.1.2 and 4.1.3 shall be in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

4.2 The evaluation and procedures of related party transaction

When the Company engages in any acquisition or disposal of assets from or to a related party, except the provisions of Article 4.1, shall also ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised by the followings. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 4.1. The calculation of the transaction amount shall be made in accordance with Article 4.1.7 herein.

4.2.1 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

4.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

4.2.1.2 The reason for choosing the related party as transaction counterparty.

4.2.1.3 With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in

accordance with Article 4.2.2.

4.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

4.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

4.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 4.1.

4.2.1.7 Restrictive covenants and other important stipulations associated with the transaction

The calculation of transaction amount based on Paragraph 4.2.1 shall be in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

4.2.2 Evaluate the reasonableness of the transaction costs

The Company that acquires real property from a related party, except the description in Paragraph 4.2.3, shall evaluate the reasonableness of the transaction costs by the following means and engage a CPA to check the appraisal and render a specific opinion:

4.2.2.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

4.2.2.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction

counterparties.

4.2.2.3 Where land and structures thereupon are purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Paragraph 4.2.2.1 and 4.2.2.2.

4.2.3 Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 4.2.1, and Article 4.2.2 does not apply:

4.2.3.1 The related party acquired the real property through inheritance or as a gift.

4.2.3.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.

4.2.3.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

4.2.4 When the results of the Company's appraisal conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 4.2.5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

4.2.4.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. Where undeveloped land is appraised in accordance with the means in Article 4.2.2, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed deals by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property

market sale.

C. Completed leases by unrelated parties within the preceding year involving other floors of the same property, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market sale.

4.2.4.2 Acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed deals involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

4.2.4.3 Completed deals involving neighboring or closely valued parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refer to deals completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction.

4.2.5 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 4.2.2 are uniformly lower than the transaction price or if there is other evidence indicating that the acquisition was not an arm's length transaction, the following steps shall be taken:

4.2.5.1 A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost for the real property and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company

4.2.5.2 Supervisors shall comply with Article 218 of the Company Act.

4.2.5.3 Actions taken pursuant to the subparagraphs 4.2.5.1 and 4.2.5.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus

4.2.5.4 The Company that has set aside a special reserve under the preceding paragraph

may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the authority has given its consent.

4.3 The evaluation and procedures of derivatives trading

4.3.1 Trading principles and strategies:

4.3.1.1 The types of derivatives

- A. The types of derivatives may be traded of the Company will be classified into two categories based on its purpose: “Non-transactional” which is the hedge trades with non-transactional purpose and “Transactional” which is non hedge trades with transactional purpose.
- B. The types of derivatives may be traded of the Company shall averse the exchange rate and interest rate risk from the business operation and positions held of the Company.

4.3.1.2 Operating or hedging strategies

- A. The derivatives trading of the Company shall take risk aversion as the purpose and the trading products shall averse the risks from the business operation of the Company.
- B. The derivatives trading counterparty of the Company shall choose a financial institution with better conditions to conducts the hedge trades based on the operational needs of the Company to avoid credit risks.

4.3.1.3 Segregation of duties

- A. The financial unit shall record the operation details (amount, exchange rate, bank, and expiration date) on the transaction list with daily basis to stay on top of profit/loss position; and the settlement of exchange gains or losses shall be made with monthly, quarterly, semi-annual, and annual basis.
- B. The hedge trades of the Company shall follow below permissions. The cumulative net position amount of the hedge trades shall not exceed half of the total net position of the Company and its subsidiaries. If having exceed, shall report to the Board of Directors and conducts after its approval.

<u>Approved Levels</u>	<u>One-day Transaction Amount</u>
Board of Directors	Exceed 3 million USD
After approved by the chairman, shall report to the soonest meeting of the Board of Directors for ratification	3 million USD and less

C. The total amount of other specified contracts less than 5 million USD shall have approval by the chairman and which the amount exceed 5 million USD shall report to the Board of Directors for ratification.

4.3.1.4 Specific measures:

- A. The professional person who is designated by the chairman to fill out the transaction application form of the derivative commodity and have approved by levels to release the order to the financial institution which has approval for transaction.
- B. The operator fills in the derivative commodity operation schedule according to the actual transaction documents together with the copies of each transaction document and submits them to the related accounting and financial personnel for the account registration.
- C. During the transaction period, the accounting unit shall evaluate the realized or unrealized transaction gains or losses based on the market price of various products in accordance to the regulations and shall be accounted after approved by the head of department. If, any exceed of the maximum loss limit, shall report and take necessary measures. °
- D. The cash receipts and disbursement from each payment date or expiration during the transaction period shall be delivered by non-operating personnel from financial unit and submits the relative receipts to the accounting unit for the account registration.

4.3.1.5 Performance evaluation

The financial unit shall take the positions of realized net income as the performance evaluation basis after the closing of each contract expiration date. And comparing the profit/loss performance against the settled trading target to have a periodically review and reports it for the review by the chairman.

4.3.1.6 Total amount of derivatives contracts

- A. The cumulative net position amount of the hedge trades shall not exceed half of the total net position of the Company and its subsidiaries. If having exceed, shall report to the Board of Directors and conduct after its approval.
- B. Other specified contracts: The limit of the total contract amount (do not calculated by deposit amount) shall not exceed 5 million USD.

4.3.1.7 The maximum loss limit

- A. The maximum loss limit of the hedge trades shall not exceed 15% of an individual contract amount. If any losses exceed 15% of transaction amount shall report to the chairman to discuss the necessary measures.
- B. In case of a special purpose transaction contract, the stop loss point shall be set to prevent excess loss after established the position. The limit of the stop loss point shall not exceed 15% of an individual contract amount. If any losses exceed 15% of individual transaction amount shall report to the chairman to discuss the necessary measures.

4.3.2 Risk management measures

4.3.2.1 Credit risk management- The transaction counterparty shall be a domestic and/or international financial institution with good credit and can provides professional information as the principle. The head of financial department shall be responsible for controlling the transaction amount of the financial institutions which shall not have excessive concentration. And also shall adjust the transaction amount at any time based on the changes in the market.

4.3.2.2 Market risk management- Choosing a market can fully disclose the quotation information.

4.3.2.3 Liquidity risk management- In order to ensure the liquidity, the transaction financial institution shall have sufficient equipment, information and transaction capacity to conducts the transactions in any markets.

4.3.2.4 Cash Flow risk management- In order to ensure the stability of the operating capital turnover of the Company, the source of funds for the derivative commodity transaction shall be subjected to its own funds and the operating amount shall consider the needs of future cash receipt and disbursement prediction.

4.3.2.5 Operating risk management-

- A. Shall strictly abide by the authorized quota, operating procedures and other regulation of the Company to avoid legal risks.
- B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- C. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.

4.3.2.6 Legal risk management- Any documents signed with the financial institutions must be reviewed by the head of financial department. If any necessary, shall ask the legal consultant issues the proposal first to sign formally to avoid legal risks.

4.3.3 Regular evaluation methods

Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the chairman

4.3.4 Internal audit system

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and audit how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and analyze the trading cycles to prepare an audit report. The Company shall enter the relevant information together with the implementation status of annual internal audit plan into the information reporting website designated by the authority by the end of February by the following year. Also the Company shall enter the tracking records of the improvement for abnormal matters into the information reporting website designated by FSC no later than end of May of the following year. If any material violation is discovered, all supervisors shall be notified in writing.

4.3.5 Supervise and manage the Board of Directors

4.3.5.1 Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

- A. Designate the chairman to pay continuous attention to monitoring and controlling derivatives trading risk.

B. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

4.3.5.2 The chairman authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations

B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

4.3.6 Log and record

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated shall be recorded in the log book.

4.4 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares of the enterprise

4.4.1 Determination method of transaction price and references

The Company conducting a merger, demerger, acquisition, or transfer of shares shall take the past and future financial and business conditions, expected future benefits and the fair method of market price determination into comprehensive consideration. Also, refers to the professional opinions from a CPA, attorney, or securities underwriter to negotiate the price with the participated counterparty.

4.4.2 Engage professionals to give opinion

The Company conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly

or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

4.4.3 Resolution levels

- 4.4.3.1 The Company conducting in a merger, demerger, or acquisition, the transaction participating company shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the relative authority is notified in advance of extraordinary circumstances and grants consent.
- 4.4.3.2 The Company conducting in a transfer of shares, the transaction participating company shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the relative authority is notified in advance of extraordinary circumstances and grants consent.
- 4.4.3.3 The Company conducting in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to Article 4.4.2 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
- 4.4.3.4 Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- 4.4.3.5 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the

participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

4.4.4 Confidentiality duty and averse insider trading

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

4.4.5 The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

4.4.5.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

4.4.5.2 An action, such as a disposal of major assets that affects the Company's financial operations.

4.4.5.3 An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

4.4.5.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

4.4.5.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

4.4.5.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

4.4.6 The records on the contract

The contract for participation by the Company and its trading counterparty in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

4.4.6.1 Handling of breach of contract.

4.4.6.2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

4.4.6.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4.4.6.4 The manner of handling changes in the number of participating entities or companies.

4.4.6.5 Preliminary progress schedule for plan execution, and anticipated completion date.

4.4.6.6 Scheduled date for convening the legally mandated shareholders meeting if the plan exceed the deadline without completion, and relevant procedures.

4.4.7 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

4.4.7.1 Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

4.4.7.2 Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

4.4.7.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

4.5 Information reporting procedures

The Company acquires or disposes the assets shall in accordance with “Regulations

Governing the Acquisition and Disposal of Assets by Public Companies”, a public report of relevant information shall be made on the information reporting website designated by the authority within 2 days counting inclusively from the date of occurrence of the event

4.6 Procedures for managing the acquisition or disposal assets by subsidiaries

4.6.1 The subsidiaries of the Company shall formulate its procedures for acquisition or disposal the assets, same as for amended, in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and approved by the Company.

4.6.2 The acquisition or disposal of assets by each subsidiary shall be conducted in accordance with its own procedures for acquisition or disposal the assets or provisions of other laws. Any transaction exceed 50 million NTD, prior to the occurrence of the event, reports to relative unit of the Company to evaluate its feasibility, necessity and reasonableness and submits to obtain the approval by the chairman of the Company. And tracking the implementation status to have reviewed and analysis.

4.6.3 The internal auditors shall periodically perform the audit in subsidiaries to understanding the implementation of its procedures for acquisition or disposal the assets to create an audit report. The discovery and recommendations in the audit report should be noticed to the subsidiary that being audit for improvement after approved and have tracking report periodically to ensure they have appropriate improving measures.

4.7 Others

4.7.1 The Company’s managers and person-in-charge shall have any violation of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of the FSC or the “The procedure of Acquisition and Disposal of Assets” of the Company, the castigation depending on the severity of the offense is subject to the Personnel Management Procedures and Work Rules of the Company.

4.7.2 When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the Procedures or other laws, the Board of Directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting and submitted to each supervisor in accordance with the “Management of Operation of Board Meeting” of the

Company.

- 4.7.3 The Company shall not abandon the capital increase to Syncmold Enterprise (Samoa) Corp. in future years and Syncmold Enterprise (Samoa) Corp. also shall not abandon its capital increase to Fuzhou Fulfil Tech. Co., Ltd. and Fujian Khuan Hua Precise Mold., Ltd.. If the Company disposal of the above companies, it shall be approved by a special resolution of the Board of Directors of the Company.
- 4.7.4 Any other matters not set forth in the Procedures or have any doubts on application shall be dealt with in accordance with the applicable laws and rules. Without regulations by laws and rules, the Board of Directors of the Company shall discuss for the resolution.
- 4.7.5 The Procedures had been approved by the Board of Directors and submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the Procedures are amended.
- 4.7.6 For the calculation of 10% of total assets under the Procedures, shall use the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.7.7 For the provisions of the net worth under the Procedures, the balance sheet shall be attributable to owners of the parent prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

5. Management focus

- 5.1 Any acquisition or disposal of assets is in line with the provisions of the Procedures shall be pursuant to the provisions of evaluation, approval, implementation and Public announcement and regulatory filing. The same applies to the subsidiaries.
- 5.2 Any violation of the Procedures by the employees, the castigation depending on the severity of the offense is subject to the Personnel Management Procedures and Work Rules of the Company.

6. Reference

- 6.1 Related standards and interpretative letters published by Accounting Research and Development Foundation
- 6.2 The provisions of the Regulations Governing Permission for Investment or Technical

Cooperation in the Mainland Area

- | | | |
|-----|--|-----------|
| 6.3 | Fixed asset cycle | SY2-FA-00 |
| 6.4 | Investment cycle | SY2-IV-00 |
| 6.5 | Securities Exchange Act | |
| 6.6 | Company Act | |
| 6.7 | Regulations Governing the Acquisition and Disposal of Assets by Public Companies | |
| 6.8 | Management of Operation of Board Meeting | SY3-AD-04 |

7. Attachment: N/A

Syncmold Enterprise Corp.

Operational Procedures of Loaning the Company Funds (Before Amendments)

1. Purpose

- 1.1 Standardize the procedures of loaning the Company funds to ensure its necessity and legitimacy and to protect the interests of the Company

2. Scope

- 2.1 Applicable to loaning the Company funds in accordance with business needs, but shall not apply to the Collections and Payment Transfer between business transactions.

3. Definition: N/A

4. Content of the Procedures

4.1 Entities to which the company may loan funds (as "Debtor" below)

4.1.1 A company or firm with business relationship with the Company

4.1.2 A company or firm has short-term financing need. The term "short-term" means one year, or one operating cycle (subject to the longer one).

4.2 The reasons for and necessity of extending loans

4.2.1 Where funds are lent to a company or firm with business relationship with the Company or has short-term financing need, the loans may be granted only under one of the following circumstances:

4.2.1.1.1 A subsidiary of the Company of which the Company holds 50% or more of its shares having a business need for short-term financing; or

4.2.1.1.2 Where short-term financing is required for a company or firm due to purchase materials or operational needs; or

4.2.1.1.3 Where the loan is approved by the Board of Directors of the Company.

4.3 The maximum amount of loans

4.3.1 Where funds are lent due to business relationship, the financing amount of such loan shall not exceed 40% of the net worth of the Company

4.3.2 Where funds are lent to a company or firm with short-term financial need, accumulated

amount of each individual loan shall not exceed 20% of the net worth of the Company. However, if the financing amount does not exceed 40% of the net worth of the Company, shall extend the limit to 40% by the resolution of the Board of Directors' meeting.

4.3.3 If a short-term financing facility is necessary, the restriction, the financing amount shall not exceed 40% of the Company's net worth, in Article 4.3.2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions of regulations concerning the setting of the amount limits and the durations of loans shall still apply.

4.4 Requirements of the loans

4.4.1 The term of each loan shall not exceed one year as the principle

4.4.2 The calculation of interest: Shall be evaluated on each individual loan by the Board of Directors

4.5 Contents of the procedures

4.5.1 Any debtor, when applying for a loan from the Company, shall submit an application or a letter together with necessary financial data to facilitate the evaluation by the financial unit of the Company

4.5.2 Precautions of the review:

The financial unit shall evaluate the information submitted by the applicants including below details listed, also refers to its intended use, current operating status, financial position and solvency, and a credit checking if necessary to draft the loan conditions to submitted to and have a resolution by the Board of Directors.

4.5.2.1.1 The necessity of and reasonableness of endorsements/guarantees

4.5.2.1.2 Credit status and risk assessment of the entity for which the endorsement/guarantee is made

4.5.2.1.3 The impact on the company's business operations, financial condition, and shareholders' equity

4.5.2.1.4 Whether collateral must be obtained and appraisal of the value thereof

4.5.3 After a loan is extended, shall periodically review the financial and business status and relative credit of the debtor. If any collateral is provided, shall review any changes of its values and report to the chairman immediately to indicate appropriate measures when found big changes.

4.5.4 Before the expiration of loans, shall notice the debtor to pay-off the principal and interest

or conducts the extension formalities. For the repayment of the debtor, it shall calculate the interest payable first and repay together with the principal and then returns the certification of the obligatory claim like promissory note, and IOU to the debtor after annulment.

4.5.5 After a loan is extended, the person in charge shall properly keep the relevant information after checking.

4.5.6 The person in charge shall monthly establish the “Check List of the Fund-Loaning Between Related Legal Equity or Group” for last month and reviewed by levels. (See attachment 1)

4.5.7 Before making a loan of funds to others, the Company shall have a resolution by the Board of Directors and shall not empower any other person to make such decision.

Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the provisions, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 4.3.3.

4.5.8 Where funds are lent to a related party shall pursuant to the Procedures except exempted for the credit checking and rights enactment, other loaning limits same as for other companies.

4.5.9 Any announcement and reporting to the authority shall be in accordance with its regulations

4.6 The Company shall supervise its subsidiaries to formulate its own procedures of loaning company funds in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and report to the Board of Directors for the approval.

4.7 The Company’s managers and person in charge shall have any violation of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of

the FSC or the Procedures, the castigation depending on the severity of the offense is subject to the Personnel Management Procedures and Work Rules of the Company.

4.8 The Procedures shall be applied after having the ratification by the Board of Directors and submitted to and reviewed by shareholders' meeting. The same applies when the Procedures are amended.

5. Management focus

5.1 Any lending of the Company's funds shall be approved by the Board of Directors' meeting or its authorization.

5.2 Amount and Duration of loans shall be in line with provisions of the Company.

5.3 The information of loans in writing shall be announced and reported in accordance with the laws.

5.4 Shall periodically review the financial and business status and relative credit of the debtors to protect the interests of the Company.

5.5 Any violation of the Procedures by the employees, the castigation depending on the severity of the offense is subject to the Personnel Management Procedures and Work Rules of the Company.

6. Reference

6.1 Work Rules SY3-HR-01

7. Annex

7.1 Check List of the Fund-Loaning Between Related Legal Equity or Group SY2-AD-08 (See attachment 1)

Syncmold Enterprise Corp.

Operational Procedures for Endorsements and Guarantees (Before Amendment)

1. Purpose

- 1.1 Standardize the procedures for endorsements and guarantees to ensure no violation of relative laws and rules and protect the interests of the Company. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules and regulations.

2. Scope

- 2.1 Applicable to the endorsements and guarantees of the Company

3. Definition

- 3.1 The term "endorsements/guarantees" as used in the Procedures refers to the co-drawer of negotiable instrument, endorser, guarantor or normally as joint guarantor in name of the Company including the following:

- 3.1.1 Financing endorsements/guarantees, including:

- 3.1.1.1 Bill discount financing

- 3.1.1.2 Endorsement or guarantee made to meet the financing needs of another company

- 3.1.1.3 Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself

- 3.1.2 Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters

- 3.1.3 Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs

- 3.2 Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

4. Content of procedures

- 4.1 Entities for which the Company may make endorsements or guarantees

- 4.1.1 A company with which the Company does business

- 4.1.2 A company in which the Company directly and indirectly holds more than 50% of the voting shares

- 4.1.3 A company that directly and indirectly holds more than 50% of the voting shares in the Company
- 4.1.4 Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other
- 4.1.5 Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages may be made free of the restrictions of Article 4.1.1 to Article 4.1.4. Capital contribution shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.
- 4.2 The ceilings on amount of endorsement/ guarantee
- 4.2.1 The aggregate amount of endorsements/ guarantees provided by the Company shall not exceed 50% of the current net worth of the Company. The aggregate amount of endorsements/ guarantees provided by the Company and its subsidiaries shall not exceed 50% of the net worth of the Company.
- 4.2.2 The amount of endorsements/ guarantees provided by the Company for any single entity shall not exceed 20% of the current net worth of the Company and if provided for any single overseas related entity shall not exceed 30% of the net worth of the Company. The amount of endorsements/ guarantees provided by the Company for the companies in which the Company holds, directly or indirectly, 90% or more of the voting shares shall not exceed 10% of the net worth of the Company. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- 4.2.3 The endorsement or guarantee amount should not exceed current one year of total amount of transactions from the company with which the Company does business.
- 4.2.4 Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in preceding paragraph means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.3 Hierarchy of decision-making authority and delegation thereof
- 4.3.1 When the Company makes any endorsement and/or guarantee shall submit to the Board of Directors for approval. However, for the endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares

may be delegated to the chairperson to facilitate execution and shall be reported to the most coming Board of Directors' meeting for ratification. When the Company makes any endorsement and/or guarantee for the companies in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit to the Company's Board of Directors for a resolution. This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

4.3.2 When the Company makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

4.4 Procedures for handling endorsements/guarantees

4.4.1 The endorsee/guarantee enterprise which needs to apply the amount under limit shall provide the company basic and financial information within the application form to the financial unit of the Company to request the arrangement of the endorsement/guarantee. The financial unit shall evaluate and have credit checking. The evaluation items shall be included the necessity and rationality, the amount of an endorsement/guarantee due to needs arising from business dealings is commensurate the total amount of trading between the two companies, the impact on the company's business operations, financial condition, and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital (In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted) shall be expressly prescribed on the Control List of Endorsement/Guarantee Activities and Bills and tracking its financial status monthly.

4.4.2 The financial unit of the Company shall collect related information and evaluation results from the preceding paragraph in accordance with the authorization and resolution of Article 4.3.1. And shall enter its endorsement/guarantee activities into the Control List of Endorsement/Guarantee Activities and Bills. (See attachment 1)

4.4.3 The Control List of Endorsement/Guarantee Activities and Bills for its

endorsement/guarantee activities established from the financial unit shall record in details the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairperson of board, the date of the endorsement/guarantee is made, the matters should be carefully evaluated under the preceding article, collateral and its appraisal, and conditions and date for release the endorsement responsibility.

4.4.4 When a repayment happened by the endorsement/guaranteed enterprise, the related information shall notice to the Company to releases its responsibility and records on the Control List of Endorsement/Guarantee Activities and Bills.

4.4.5 The financial unit shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements periodically and to provide external auditors with necessary information for conducting due auditing.

4.5 Procedures for keep the chop and its application

4.5.1 The Company shall use the corporate and authorized chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors. The same applies when any modifications.

4.5.2 The chop may be used to seal or issue negotiable instruments only in procedures of the Company; when providing endorsements/guarantees to a foreign company, the endorsement/guarantee letter should be executed and signed by the person delegated by the Board of Directors.

4.6 Notices when handling endorsements/guarantees

4.6.1 Internal auditors of the Company shall perform auditing on the Procedures and the implementation of the Procedures at least every quarter and have an audit report in writing. If having any violation found, a written report is needed to notify the supervisors

4.6.2 If, due to any changes of circumstances, the counterparty to whom the Company provides endorsements/guarantees no longer meet the criteria of Article 4.1 of the Procedures, or the guarantee exceed the limits of Article 4.2 of the Procedures due to calculation basis changes, have to be withdrawn by the expiration of the contracts or in a certain period. Also, a correction plan by financial unit shall notice to the audit unit and submitted to the supervisors to reporting at Board of Directors' meeting. The proposed correction actions

should be implemented within the period specified in such plan.

4.6.3 In case the limits of the Procedures have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and make it ratified at shareholders' meeting. If the revised Procedures are not ratified at the shareholders' meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. When it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

4.7 The time limit and contents for the announcement and reporting

4.7.1 The Company shall announce and report related information based on the levels and specified format to the website designated by the authority within two days commencing immediately from the date of occurrence in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies",

4.7.2 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report to the market observation post system pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

4.8 Procedures for managing endorsements/guarantees by subsidiaries

4.8.1 The Company shall supervise its subsidiaries to formulate its own procedures for endorsements/guarantees in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and report to the Board of Directors for the approval.

4.8.2 The Company's subsidiaries shall establish its own details of making endorsements/guarantees in previous month and report to the Company by the 10th day of each month.

4.8.3 While performing auditing on subsidiaries in accordance with the annual plan, the Company's internal auditors should acquire information about the execution of endorsement/guarantee procedures by subsidiaries. If there is any default or deficiency,

remedies should be applied and a written tracking report should be submitted to the general manager.

4.9 Castigation

4.9.1 Any violation of the Procedures by the managers and person-in-charge, the castigation depending on the severity of the offense is subject to the Personnel Management Procedures and Work Rules of the Company.

4.10 Complement and Amendment

4.10.1 The Procedures shall be effective upon approval by the Board of Directors first and then by each supervisor, subject to the resolution in the shareholders' meeting. Any objection by the directors which is recorded or in writing shall be submitted to each supervisor and for discussion by the shareholders' meeting. The same applies when the procedures are amended.

4.10.2 The Board of Directors shall take full consideration on each independent director's opinion. Any agree or objects to any matters shall be recorded in the minutes of the Board of Directors' meeting.

5. Management focus

5.1 If the related documents sealed with the chop pursuant to the regulations

5.2 If the endorsement/guarantee is all made by the business needs and did through appropriate evaluation and approved by the competent unit.

5.3 If each endorsement/guarantee information announced and reported pursuant to the regulations

6. Reference

6.1 Work Rules SY3-HR-01

7. Annex

7.1 Control List of Endorsement/Guarantee Activities and Bills SY2-AD-03(See attachment 1)