

Stock Code: 1582



**信錦企業股份有限公司**  
**Syncmold Enterprise Corp.**

**2020 Annual**  
**Shareholders' Meeting**  
**Meeting Handbook**

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**Syncmold Enterprise Corp.**  
**2020 Annual General Shareholders' Meeting Agenda**

Time: 9:00 a.m. Thursday, June 18<sup>th</sup>, 2020

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) 2019 Annual Business Reports
  - (2) Supervisor's review of the 2019 financial statements
  - (3) Report on China Investments
  - (4) Report on Loaning the Company Funds
  - (5) Report on Endorsements and Guarantees
  - (6) Report on the 2019 Compensation of the Employee, Directors, and Supervisors
  - (7) Amendment of Code of Ethical Corporate Management
4. Ratifications:
  - (1) Adoption of The 2019 financial statement
  - (2) Adoption of The proposals for the distribution of 2019 profits
5. Discussions:
  - (1) Amendment of the Articles of Incorporation
  - (2) Amendment of the Regulations Governing Elections of Directors and Supervisors
  - (3) Amendment of the Rules and Procedures for Shareholders' Meeting
  - (4) Amendment of the Procedures Governing the Acquisition and Disposal the Assets
  - (5) Amendment of the Operational Procedures of Loaning the Company Funds
  - (6) Amendment of the Operational Procedures for Endorsements and Guarantees
6. Elections:
  - By-Election of the Company's Board of Directors
7. Discussions:
  - (7) Proposal for Release on the Prohibition of Participation in Competing Businesses by the Company's Newly-Elected 15th Board of Directors
8. Motions
9. Adjournment

## **Reports**

**Item 1: 2019 Annual Business Reports**

Descriptions: Please refer to Annex 1 (Pages 8-10) for 2019 Annual Business Reports

**Item 2: Supervisor's review of the 2019 financial statements**

Descriptions: Please refer to Annex 2 (Page 11) for Supervisor's review of the 2019 financial statements

**Item 3: Report on China Investments**

Descriptions: Please refer to Annex 3 (Pages 12-13) for report of China Investments

**Item 4: Report on Loaning the Company Funds**

Descriptions: Please refer to Annex 4 (Pages 14-16) for report of loaning the Company Funds

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

Descriptions: Please refer to Annex 5 (Page 17) for report of the Company's Endorsements and Guarantees

**Item 6: Report on the 2019 Compensation of the Employee, Directors, and Supervisors**

Descriptions: Please refer to Annex 6 (Page 18) for the 2018 Compensation of the Employee, Directors and Supervisors

**Item 7: Amendment of Code of Code of Ethical Corporate Management**

Descriptions: Please refer to Annex 7 (Page 19-28) for Amendment of Code of Ethical Corporate Management

## **Ratifications**

Ratification 1 (Presented by Board of Directors)

Case: Adoption of The 2019 financial statements

Description:

1. The 2019 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 2019 Business Report, Financial Statements and Consolidated Financial Statements, please refer to Annex 1 (Pages 8-10), Annex 8 (Pages 29-38) and Annex 9 (Pages 39-48).
3. Please proceed to adopt the motion

Resolution:

Ratification 2 (Presented by Board of Directors)

Case: Adoption of The proposals for the distribution of 2019 profits

Description:

1. The company proposed the 2019 profits distribution in accordance with Article 20 of the Articles of Incorporation.
2. The unappropriated retained earnings in 2018 was NT\$ 112,353,575, coupled with the retained earnings defined benefit re-measured amount NT\$ 44,860, the re-measured unappropriated retained earnings was NT\$112,308,769. The after-tax net profit in 2019 was NT\$ 941,542,352, set aside NT\$94,149,755 as a legal reserve and NT\$202,514,466 as a special reserve, the retained earnings for this year is NT\$ 757,186,900. A cash dividend of NT\$ 4.5 per share is proposed which the amount will be NT\$ 556,758,769. After the above distributions, the 2019 unappropriated final retained earnings will be NT\$ 200,428,131. Please refer to the Annex 10 (Page 49) for 2019 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 2020 Annual General Shareholders' meeting, the Board of Directors 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 change in the number of outstanding shares, 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 response to requests to all TWSE/TPEX listed companies on establishing audit committee by competent authorities as well as the Company's termination in development of medical device products and addition of real property leasing and equipment leasing businesses, the company hereby proposes to amend the Articles of Incorporation.
2. Attached the comparison table of the amendment, please refer to Annex 11 (Pages 50-54).
3. Please proceed to discuss

Resolution:

Discussion 2: (Presented by Board of Directors)

Case: Amendment of the Regulations Governing Elections of Directors and Supervisors

Description:

1. In response to the Company's partial amendment to the Articles of Incorporation concerning establishment of its audit committee, the company hereby proposes to amend the Regulations Governing Elections of Directors and Supervisors
2. Attached the comparison table of the amendment, please refer to Annex 12 (Pages 55-57).
3. Please proceed to discuss

Resolution:

Discussion 3: (Presented by Board of Directors)

Case: Amendment of the Rules and Procedures for Shareholders' Meeting

Description:

1. In response to the Company's partial amendment to the Articles of Incorporation concerning establishment of its audit committee, the company hereby proposes to amend the Rules and Procedures for Shareholders' Meeting.
2. Attached the comparison table of the amendment, please refer to Annex 13 (Pages 58-59).
3. Please proceed to discuss

Resolution:

Discussion 4: (Presented by Board of Directors)

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

Description:

1. In response to establishment of the company's audit committee and needs by actual business operations, 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 14 (Pages 60-64).
3. Please proceed to discuss

Resolution:

Discussion 5: (Presented by Board of Directors)

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

Description:

1. In response to needs by establishment of the company's audit committee, 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 15 (Pages 65).
3. Please proceed to discuss

Resolution:

Discussion 6: (Presented by Board of Directors)

Case: Amendment of the Operational Procedures for Endorsements and Guarantees

Description:

1. In response to establishment of the company' s audit committee and needs by actual business operations, 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 16 (Pages 66-67).
3. Please proceed to discuss

Resolution:

## Election

Case: By-Election of the Company's Board of Directors

(Presented by Board of Directors)

Description:

1. As the term of the company's 14th Board of Directors and supervisors expires on June 12, 2020, pursuant to Articles 195 and 217 of the Company Act, in case no election of new directors and supervisors is effected after expiration of the term of office of existing directors and supervisors, the term of office of out-going directors shall be extended until the time new directors and supervisors have been elected and assumed their office.
2. As per Article 13 of the Company's "Articles of Incorporation", the company intends to elect 7 directors (incl. 4 independent directors) with the term of three (3) years from June 18, 2020 to June 17, 2023.
3. As per Article 13-2 of the Company's "Articles of Incorporation" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", a candidate nomination system is adopted for election of four (4) independent directors.
4. The list of candidates for independent directors is adopted by passage in the company's 1st Board of Directors' meeting in 2020, with the relevant information as follows:

Name	National ID No. or Tax ID	Experience & Education	Current shareholding	Yes/No to Continued Nomination after Three Consecutive Terms as Independent Directors/Reasons
TSAI, YONG-LU	H120*****	Bachelor of Management, National Chiao Tung University. Master of Business Administration (MBA), University of Missouri (US). Director, Apex Biotechnology Corp. Vice General Manager, Fubon Securities.	0	Yes. As Mr. Tsai, Yong-Lu previously served as a senior supervisor in securities business with a wide range of knowledge in electronics industry and its relevant laws, which enables the nominee to provide the company with management suggestions and supervision to the Board of Directors; therefore, Mr. Tsai, Yong-Lu is listed as a candidate of independent directors.
TSAI, SHI-GUANG	A122*****	Graduate School of Accounting, National Taiwan University. Accountant, T.K. TSAI & CO., CPAs	0	Not Applicable
YAN, DA-HE	N102*****	Bachelor of Law, National Taiwan University. Master of Law, Southern Methodist University (US). Prosecutor General, Supreme Prosecutors Office	0	Not Applicable
CHU, HUI,QIN	T102*****	Master of Industrial Engineering and Management, Taipei Tech Master of Finance (EMBA), National Taiwan University Director, Silitech Technology Corporation. Director, DragonJet Corporation CEO, LITE-ON Technology Corporation Managing Director/CEO, Ju Teng International Holdings Ltd.	0	Not Applicable

5. Proposed for election.

Election Results:

## **Discussions**

Discussion 7: (Presented by Board of Directors)

Case: Proposal for Release on the Prohibition of Participation in Competing Businesses by the Company's Newly-Elected 15th Board of Directors

Description:

1. As per Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. As there are contingent investments to or serving as directors or managers in other companies with the same or similar business of scope to the company by the company's newly elected 15<sup>th</sup> Board of Directors, it is proposed to this annual shareholders' meeting for approval of release on the prohibition of participation in competing businesses by the newly elected directors.
3. Please proceed to discuss.

Resolution:

Motions:

Adjournment

## **Syncmold Enterprise Corp.**

### **2019 Business Report**

We hereby present the Company's 2019 Operating status as follows:

The circumstances in the entire 2019 was affected by the turmoil of trade war between the US and China, and the global stock and exchange market experienced significant fluctuations due to the effects by such war, however, the company, when faced with rapid changes by the circumstances, maintained its growth in profitability as the previous years with its stable business orientations and orders strategy as well as optimizations in product combinations and cost control. As for countermeasures for trade wars, the company has accelerated in the establishment of new production locations in other regions to lower the potential risks brought by trade war. In terms of continuation in business momentum, the company has acquired magnalium alloy die-casting manufacturer GATETECH in 2019 with a view to increase revenue and extend its basis of customers while effecting vertical integration and resource sharing.

In the upcoming year, concerning the company's major businesses, the company may expect the gradual showcase of efficacy through the resource integration with GATETECH in addition to the company's stable pace in display business. In terms of growth momentum, the company will obtain revenues and growth in profit through its diversified revenue by cross-industry collaborations and strategic investments, creating greater values for shareholders.

The Company's 2019 operating status as follows:

Main products of the company contain hub and stand for Monitors, AIO Computers and TVs; as there might be limited room in growth for Monitor and AIO market due to its gradually mature market, however, due to the insignificant changes in total demands, the revenue and profitability each year are comparably more stable. The global market share of the company in 2019 remains similar to that of previous years, with the products for Monitor and AIO accounting for approx. 20% overall and TV products accounting for 0.8% of the market. However, even without major changes in market shares, the company still achieved raise in profits through changes in order strategy for improvement in product combination as well as effective cost control.

Prospecting the year 2020, the company continues to think high of stable demands for global Monitor and AIO shipments, in addition, through the emergence of effects through re-investment to GATETECH, the company still has confidence in keeping, nay, surpassing the business performance of previous years even faced with challenged by global epidemic.

#### **A. 2019 Business Report:**

##### **(1) Achievements of 2019 Business Plan:**

The company's consolidated business revenue in 2019 is NT\$8,582,344 thousands, which is in slight recess compared to that of the company in 2018 at NT\$8,808,885 thousands. The gross profit ratio in sales of goods in 26.39%, which increased by 3.3% compared to that of 2018 at 23.09%, and the EPS of the company in 2019 is NT\$ 7.61.

##### **(2) The implementation of the budget:**

The Company did not reveal 2019 financial budget; therefore, there is not applicable.

##### **(3) Financial revenue and expense and Profitability:**

Unit: NT\$1,000; %

Title		2018	2019	
Financial revenue and expense	Interest Income	48,719	26,755	
	Interest Expenses	819	20,568	
Profitability	Return on Assets ( % )	10.49	10.38	
	Return on Equity ( % )	15.44	16.72	
	Capital ratio (%)	Operating Income	92.72	103.29
		Pre-tax Income	110.37	116.79
	Net Profit Margin ( % )	10.10	10.98	
	Earnings Per Share (NT\$)	5.88	7.61	

(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 40 patents in invention, new models, etc. in 2019 which mostly related to the LCD Monitor stand products, such as quick release hub module and support device, height-adjustable support device, attached support device, etc. The developing direction is mainly focus on LCD monitor stands、e-sport monitor stands、medical monitor stands and TV stands.

B. 2020 Business Plan:

(1) Operating Principles:

- a. Expanding applications of automation production equipment for enhancing production efficiency and product quality.
- b. Increasing the manpower for R&D and sales representatives to expand the momentum of future growth
- c. Accelerating in establishment of production locations in different locations for smooth shipments under the changes to circumstances.
- 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 2020 financial budget, so will not describe. Under the effects by uncertainty of situation for redeploying in trade wars in the near future and epidemic of coronavirus, the less vigorous global economy in 2020 compared to 2019 can be expected, and overall environment would grow more unpredictable. The company

will focus on productions on orders request followed with maintaining appropriate quantity in safety stock to satisfy customers' needs, to react to changes in the circumstances, and to seek greater business performance.

C. Future Development Strategy:

With regards to stand products, the company takes main development orientation in R&D of patent technologies for structural components used in advanced models and production automation as well as engaging in development of new structures, selection of alternative materials and self-performed appearance finish to expand product service levels. As for industrial chain investments, the company conducted investment in aluminum and magnalium alloy die-casting manufacturer GATETECH with a view to enter a new sector of business, to increase revenue and profits and generating new growth momentum via GATETECH's line of products and strengths in customer base.

Chairman :

CEO :

Chief Accountant :

## 2019 Supervisors' Review Report

Among the 2018 Business Report, 2019 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. 16<sup>th</sup>, 2020

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

(Continued)

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

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

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

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

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

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

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

**Syncmold Enterprise Corp.**

**Report on the 2019 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 2018 was NT\$ 112,353,575, coupled with the retained earnings defined benefit re-measured amount NT\$ 44,806, the re-measured unappropriated retained earnings was NT\$ 112,308,769. The 2019 pre-tax income of the Company before subtracted the compensation for the employees, directors, and supervisors was NT\$ 1,209,436,828, the management proposed to distributed NT\$18,000,000 as directors and supervisors remuneration and NT\$79,000,000 as employee compensation in accordance with the Articles of Incorporation.
- C. The 2019 employee compensation will be distributed in cash.

## Syncmold Enterprise Corp.

Comparison Table for Amended “Code of Ethical Corporate Management”

After Amendment	Before Amendment	Reason for Amendment
<p><b>Article 5</b> The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith <b><u>and obtain approval from the board of directors</u></b>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p><b>Article 5</b> The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>The revisions to contents are made with reference to public announcements by FSC, and the organization’s ethical management policy is adopted by the Board of Directors.</p>
<p><b>Article 7</b> <u>The company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The company and its respective business group shall clearly specify in its rules, external documents and <b><u>on the company website</u></b> the ethical corporate management policies and <b><u>the commitment by</u></b> the board of directors and <b><u>senior</u></b> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. <u>The company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information</u></p>	<p><b>Article 7</b> The company and its respective business group shall clearly specify in its rules and external documents the ethical corporate management policies and the board of directors and management’s rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>The revisions to contents that the senior management roles, directors and employees issue a statement of compliance with the ethical management policy are made with reference to public announcements by FSC.</p> <p>The revisions to contents that a TWSE/TPEX listed company shall set up a website with ethical management policy public announced and the commitment by the board of directors and senior management on rigorous and thorough implementation of</p>

After Amendment	Before Amendment	Reason for Amendment
properly.		such policy are made with reference to public announcements by FSC. The third paragraph stating that information on the relevant policy, flow and implementation shall be properly kept is added.
<p>Article 8 The company shall engage in commercial activities in a fair and transparent manner <b><u>based on the principle of ethical management.</u></b> Prior to any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are <b><u>involved in</u></b> unethical conduct, and shall avoid any dealings with persons so <b><u>involved.</u></b> When entering into contracts with <b><u>its agents, suppliers, clients, or other trading counterparties,</u></b> the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are <b><u>involved in</u></b> unethical conduct, the company may at any time terminate or rescind the contracts.</p>	<p>Article 8 The company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are performing unethical conduct, and shall avoid any dealings with persons so. When entering into contracts with others, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are performing unethical conduct, the company may at any time terminate or rescind the contracts.</p>	The revision to partial articles is made with reference to revised contents publicly announced by FSC.
<p>Article 9 When conducting business, the applicable personnel may not directly or indirectly offer, <b><u>promise to offer, request,</u></b> or accept any improper benefits <b><u>in whatever form</u></b> to or from</p>	<p>Article 9 When conducting business, the applicable personnel may not directly or indirectly offer or accept any improper benefits to or from clients, agents, contractors, suppliers, public</p>	The revision to partial articles is made with reference to revised contents publicly announced by FSC,

After Amendment	Before Amendment	Reason for Amendment
clients, agents, contractors, suppliers, public servants, or other stakeholders.	servants, or other stakeholders. <b><u>However, this shall not apply to the circumstances which such conduct is legal at the location of business.</u></b>	with clauses in this Article deleted.
<b><u>Article 13</u></b> <b><u>The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</u></b>	(Newly added article)	This Article is added with reference to amended contents as publicly announced by FSC.
<b><u>Article 14</u></b> <b><u>The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u></b>	(Newly added article)	This Article is added with reference to amended contents as publicly announced by FSC.
<b><u>Article 15</u></b> <b><u>In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information</u></b>	(Newly added article)	This Article is added with reference to amended contents as publicly announced by FSC.

After Amendment	Before Amendment	Reason for Amendment
<p><u>about, and safety of, its products and services.</u></p>		
<p><b>Article 16</b>  The <b><u>directors, supervisors, managers, employees, mandataries, and substantial controllers</u></b> of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.  To achieve sound ethical corporate management, the company <b><u>shall establish a dedicated unit that is under the board of directors</u></b> and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. <b><u>The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</u></b>  <b><u>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in</u></b></p>	<p>Article 13  The <b><u>Board of Directors</u></b> of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the company's general management office is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and shall report to the board of directors when necessary.</p>	<p>I. This Article is added with reference to amended contents as publicly announced by FSC; in addition, frequency of reports to the board of directors is added following regulations.  II. Order of Article rearranged.</p>

After Amendment	Before Amendment	Reason for Amendment
<p><u>compliance with the requirements of laws and regulations.</u></p> <p><u>2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</u></p> <p><u>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u></p> <p><u>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p><u>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p><u>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>		
<p><b><u>Article 17</u></b></p>	<p>Article 14</p>	<p>Order of Article rearranged.</p>
<p><b><u>Article 18</u></b> The company shall adopt policies for preventing conflicts</p>	<p>Article 15 The company shall adopt policies for preventing conflicts</p>	<p>1. This Article is revised with reference to</p>

After Amendment	Before Amendment	Reason for Amendment
<p>of interest <b><u>to identify, monitor, and manage risks possibly resulting from unethical conduct,</u></b> and shall also offer appropriate means for directors, supervisors, managers, <b><u>and other stakeholders attending or present at board meetings</u></b> to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <b><u>supervisors, managers, and other stakeholders attending or present at board meetings of the company,</u></b> the concerned person <b><u>shall state the important aspects of the relationship of interest at the given board meeting.</u></b> If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The company’s directors, supervisors, managers, <b><u>employees, mandataries, and substantial controllers</u></b> shall not take advantage of their positions or <b><u>influence</u></b> in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>of interest and shall also offer appropriate means for directors, supervisors and managers to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p><b><u>Directors of the company shall withhold a high degree of self-discipline.</u></b> When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may <b><u>express opinions and inquiries</u></b> and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The company’s directors, supervisors and managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>public announcements of FSC, emphasizing that the interest conflict policy stipulated by the company shall be of help in identifying, supervising and managing relevant risks.</p> <p>2. Partial section of “other stakeholders attending or present at board meetings” is included with reference to revised contents publicly announced by FSC with consideration that the roles with potential conflict in interest might not be limited to directors, supervisors and managers.</p> <p>3. In addition, to avoid employees, mandataries, and substantial controllers from taking advantage of their positions or influence in the companies to obtain improper benefits, third paragraph of</p>

After Amendment	Before Amendment	Reason for Amendment
		<p>the Article hereof is thus amended.</p> <p>4. Order of Article rearranged.</p>
<p><b><u>Article 19</u></b>  The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.  The internal audit <b><u>unit</u></b> of the company shall, <b><u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</u></b>  <b><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></b></p>	<p>Article 16  The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.  The internal audit <b><u>personnel</u></b> of the company shall on a regular basis examine the compliance of the system as stated in the preceding paragraph, and shall create audit reports for proposal to the Board of Directors.</p>	<p>1. The amendments to the contents that the performance of internal audit shall follow the annual audit plan as drafted by the internal audit “unit” are made with reference to public announcements of FSC.</p> <p>2. With reference to the revised contents publicly announced by FSC that external professionals may be engaged in perform validity examinations on plans preventing unethical conducts, latter sections in second paragraph of the Article hereof stating that the company may engage a certified public accountant or professionals for assistance are therefore amended.</p> <p>3. Order of Article rearranged.</p>
<p><b><u>Article 20</u></b></p>	<p>Article 17</p>	<p>Order of Article rearranged.</p>
<p><b><u>Article 21</u></b></p>	<p>Article 18</p>	<p>Order of Article rearranged.</p>
<p><b><u>Article 22</u></b>  The company shall adopt a</p>	<p>Article 19</p>	<p>1. With reference to revised</p>

After Amendment	Before Amendment	Reason for Amendment
<p>legitimate whistle-blowing system and shall scrupulously maintain non-disclosure to the identity of whistleblower and whistleblowing details.</p> <p><b><u>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.</u></b></p>	<p>The company shall adopt a legitimate whistle-blowing system and shall scrupulously maintain non-disclosure to the identity of whistleblower and whistleblowing details.</p> <p><b><u>The company shall expressly stipulate penalties for violations to its ethical management rules and appeal system, and shall appropriately disclose condition of violation and handling status.</u></b></p>	<p>contents publicly announced by FSC, second paragraph of the Article hereof is rearranged to Article 23 hereof.</p> <p>2. Order of Article rearranged.</p>
<p><b><u>Article 23</u></b>  <b><u>The company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make appropriate disclosure on the company's internal website of the details of the violation, and the actions taken in response.</u></b></p>	<p>Originally stated in Article 19, paragraph 2 of the Code before amendment.</p>	<p>The contents formerly stated at Article 19, paragraph 2 is reordered to this Article, with further regulations on obligatory announcement of its penalties upon violation to its Code of Ethical Management rules and appeal system.</p>
<p><b><u>Article 24</u></b>  The company shall <b><u>collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy.</u></b> <b><u>They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company websites,</u></b> annual reports, and prospectuses, and shall disclose <b><u>its ethical corporate</u></b></p>	<p>Article 20  The company shall disclose implementation status of this Code in its annual report and prospectuses.</p>	<p>The disclosure indexes are quantified with reference to revised contents publicly announced by FSC.</p>

After Amendment	Before Amendment	Reason for Amendment
<p><b><u>management best practice principles on the Market Observation Post System.</u></b></p>		
<p><b><u>Article 25</u></b>  The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management <b><u>policies and measures taken</u></b> will be reviewed and improved with a view to achieving better <b><u>implementation of</u></b> ethical management.</p>	<p>Article 21  The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management taken will be reviewed and improved with a view to achieving better ethical management.</p>	<p>Revisions to texts made; in addition, order of Article is rearranged.</p>
<p><b><u>Article 26</u></b>  The Code of Ethical Corporate Management shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p><b><u>When the company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a</u></b></p>	<p>Article 22  The Code of Ethical Corporate Management shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>	<p>The functions of supervision by the board of directors is reinforced with reference to revised contents publicly announced by FSC; in addition, order of Article is rearranged.</p>

After Amendment	Before Amendment	Reason for Amendment
<u>written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u>		

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Syncmold Enterprise Corporation

### Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

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

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

#### Occurrence of Sales Revenue

The sales revenue of Syncmold Enterprise Corporation is mainly generated from the sales of monitor hinge products. Most of the sales were highly concentrated on major customers, which revenue accounted for 63% of total sales revenue in 2019. Due to the high frequency and significant amounts of transactions with major customers, the occurrence of sales revenue was deemed as a key audit matter for the year ended December 31, 2019. Refer to Note 4 to the financial statements for the related revenue recognition policies.

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

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

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

#### **Other Matter**

We did not audit the financial statements of associates accounted for using the equity method, these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for associates accounted for using the equity method, is based solely on the report of other auditors. As of December 31, 2019 and 2018, the investments accounted for using the equity method were NT\$168,252 thousand and NT\$123,713 thousand, respectively, which accounted for 2.03% and 1.64% of the Corporation's total assets, respectively. For the years ended December 31, 2019 and 2018, the share of profit of associates accounted for using the equity method were NT\$3,939 thousand and NT\$32,448 thousand, respectively, which accounted for 0.53% and 3.88% of the Corporation's total comprehensive income, respectively.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2020

Notice to Readers

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

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

# SYNCMOLD ENTERPRISE CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

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

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

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

# SYNCMOLD ENTERPRISE CORPORATION

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

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

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION

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

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

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

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

(Concluded)

# SYNCMOLD ENTERPRISE CORPORATION

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

	Capital Surplus (Notes 4 and 18)							Retained Earnings (Note 18)				Other Equity			
	Share Capital (Note 17)	Share Reserve (Note 17)	Share Premium	Difference Between Actual Acquisition Price and Carrying Amount	Chang in Equity	Consolidation Excess	Total	Legal Surplus	Special Reserve	Retained Earnings		Financial Assets at Fair Value through Other Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Notes 4 and 18)	Share of Other Comprehensive Income of Subsidiaries Accounted for Using Equity Method	Total	Total Equity
										Retained Earnings	Total				
BALANCE AT JANUARY 1, 2018	\$ 1,635,733	\$ 13,923	\$ 1,184,809	\$ 410,949	\$ 143,150	\$ 852,372	\$ 2,591,280	\$ 634,575	\$ 230,916	\$ 1,240,822	\$ 2,106,313	\$ (376,649)	\$ -	\$ (376,649)	\$ 5,970,600
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	-	-	(13,079)	(13,079)	-	-	-	(13,079)
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,635,733	13,923	1,184,809	410,949	143,150	852,372	2,591,280	634,575	230,916	1,227,743	2,093,234	(376,649)	-	(376,649)	5,957,521
Appropriation of 2017 earnings															
Legal reserve	-	-	-	-	-	-	-	86,944	-	(86,944)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	145,733	(145,733)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	(824,828)	(824,828)	-	-	-	(824,828)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	889,961	889,961	-	-	-	889,961
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	215	215	(54,857)	-	(54,857)	(54,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	890,176	890,176	(54,857)	-	(54,857)	835,319
Capital reduction by cash	(412,414)	-	-	-	-	-	-	-	-	-	-	-	-	-	(412,414)
Convertible bonds converted to ordinary shares	13,923	(13,923)	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	1,237,242	-	1,184,809	410,949	143,150	852,372	2,591,280	721,519	376,649	1,060,414	2,158,582	(431,506)	-	(431,506)	5,555,598
Appropriation of 2018 earnings															
Legal reserve	-	-	-	-	-	-	-	88,996	-	(88,996)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	54,857	(54,857)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	(804,207)	(804,207)	-	-	-	(804,207)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,542	941,542	-	-	-	941,542
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	(45)	(45)	(199,937)	(2,577)	(202,514)	(202,559)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,497	941,497	(199,937)	(2,577)	(202,514)	738,983
Convertible bonds converted to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 1,237,242	\$ -	\$ 1,184,809	\$ 410,949	\$ 143,150	\$ 852,372	\$ 2,591,280	\$ 810,515	\$ 431,506	\$ 1,053,851	\$ 2,295,872	\$ (631,443)	\$ (2,577)	\$ (634,020)	\$ 5,490,374

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

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

# SYNCMOLD ENTERPRISE CORPORATION

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

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

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION

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

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

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

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

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

#### Occurrence of Sales Revenue

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

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

1. We understood and assessed the operating effectiveness of design and implementation of the relevant internal controls.
2. We performed detailed verification tests on the selected samples of sales revenue, and checked transaction vouchers and future collection potential of major customers to confirm the valid occurrence of sales revenue.

#### **Other Matter**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2020

Notice to Readers

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)

**SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES**

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

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

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)

## Earning Distribution Table of SYNCMOLD ENTERPRISE CORP.

2019

Unit: NT\$

Account	Amount
Unappropriated earnings - beginning	112,353,575
(-)Remeasurements of defined benefit plans	(44,806)
Subtotal	112,308,769
(+)2019 Net Income	941,542,352
(-)Appropriated 10% legal reserve	(94,149,755)
(-)Special reserve	(202,514,466)
Distributable earnings - current	757,186,900
(-)Distributions :	
Cash dividend to shareholders-NT\$6.5 per share	(556,758,769)
Undistributed profit carried over to following year	200,428,131

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 2	<p>The Company’s businesses are listed below:</p> <p>1、CB01010 Machinery and Equipment Manufacturing</p> <p>2、CQ01010 Die Manufacturing</p> <p>3、F113010 Wholesale of Machinery</p> <p>4、F213080 Retail Sale of Machinery and Equipment</p> <p>5、CC01110 Computers and Computing Peripheral Equipment Manufacturing</p> <p>6、CC01080 Electronic Parts and Components Manufacturing</p> <p>7、CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>8、F119010 Wholesale of Electronic Materials</p> <p>9、F401010 International Trade</p> <p>10、F108031 Wholesale of Drugs, Medical Goods</p> <p>11、CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>12、CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>13、<u>H703100 Real Estate Rental and Leasing</u></p> <p>14、<u>JE01010 Rental and Leasing</u></p>	<p>The Company’s businesses are listed below:</p> <p>1、CB01010 Machinery and Equipment Manufacturing</p> <p>2、CQ01010 Die Manufacturing</p> <p>3、F113010 Wholesale of Machinery</p> <p>4、F213080 Retail Sale of Machinery and Equipment</p> <p>5、CC01110 Computers and Computing Peripheral Equipment Manufacturing</p> <p>6、CC01080 Electronic Parts and Components Manufacturing</p> <p>7、CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>8、F119010 Wholesale of Electronic Materials</p> <p>9、F401010 International Trade</p> <p>10、F108031 Wholesale of Drugs, Medical Goods</p> <p>11、<del>CF01011 Medical Materials and Equipment Manufacturing</del></p> <p>12、CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>13、CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>14、ZZ99999 All business items</p>	<p>1. Deleted Medical Materials and Equipment from the list of company’s businesses.</p> <p>2. Added the following items to the company’s list of items in response to needs by business development:            (A) Rental and Leasing Business (of machinery)            (B) Real Estate Rental and Leasing</p>

	<u>Business</u> 15、ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	that are not prohibited or restricted by law, except those that are subject to special approval.	
Chapter 4	Directors and <b>Audit Committee</b>	Directors and <del>Supervisors</del>	
Article 13	The Company shall set up 5-7 directors ( <u>including independent directors</u> ) with tenure of three years and the shareholders' meeting shall elect a person with behavioral competence <u>among the candidates nominated via candidate nomination system</u> , and reappointment may occur upon reelected. The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.	The Company shall set up 5-7 directors <del>and 3 supervisors</del> 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 <del>and supervisors</del> liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.	Deleted text descriptions for supervisors and changed the selection method of directors candidates to nomination system due to the company's establishment of its audit committee.
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, 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.	When the number of vacancies in the Board of Directors of a company equals to one third of the total number of directors <del>or completed dismissal of supervisors</del> , 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.	Deleted text descriptions for supervisors due to the company's establishment of its audit committee.
Article 13-2	According to the Article 13 of this incorporation articles, the Company shall set up no lower than <b>3</b> independent directors and no lower than one-fifth of total number of directors. Candidates and the shareholders shall elect from the list of independent directors'	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. <del>It adapts to the system to be nominated by</del> candidates and the shareholders shall elect from the list	Changed the minimum number of independent directors to be set up to 3.

	<p>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.</p>	<p>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.</p>	
Article 13-3	<p><u>The Company sets up an audit committee and may establish committees for other functionalities. The audit committee shall be composed of all independent directors and the number of committee members shall not be fewer than 3, which composes of 1 convener, and at least 1 person should be equipped with the expertise in accounting or finance.</u></p>		<p>An audit committee has been established.</p>
Article 14-1	<p>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 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.</p>	<p>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 <del>and supervisor</del> 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 <del>and supervisor</del>.</p>	<p>Deleted text descriptions for supervisors due to the company's establishment of its audit committee.</p>
Article 16	<p>The Board of Directors is authorized to set compensation of the directors according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other domestic companies.</p>	<p>The Board of Directors is authorized to set compensation of the directors <del>and supervisors</del> according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other domestic companies.</p>	<p>Deleted text descriptions for supervisors due to the company's establishment of its audit committee.</p>
Article 18	<p>At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and according to legal procedures submit them to the shareholders' meeting for ratification:</p> <ol style="list-style-type: none"> <li>1. Business report</li> <li>2. Financial statements</li> <li>3. The earnings distribution or loss off-setting proposals</li> </ol>	<p>At the close of each fiscal year, the Board of Directors shall prepare the following statements and records <del>and forward to the same to supervisors for their review no later than 30 days prior to the date of a regular shareholders' meeting</del>, and then submit them to the shareholders' meeting for ratification:</p>	<p>Deleted text descriptions for supervisors due to the company's establishment of its audit committee.</p>

		<p>4. Business report</p> <p>5. Financial statements</p> <p>6. The earnings distribution or loss off-setting proposals</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 <u>and</u> directors. If have balance, it shall make an appropriation not lower than 3% for employee compensation and not higher than 2% for directors 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 parents or 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.</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 between 0 to 90% ranges for the shareholders' meeting to make a final decision on the distribution of the earnings.</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, <del>and supervisors</del>. If have balance, it shall make an appropriation not lower than 3% for employee compensation and not higher than 2% for directors <del>and supervisors</del> 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 parents or 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.</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 between 0 to 90% ranges for the shareholders' meeting to make a final decision on the distribution of the earnings.</p>	Deleted text descriptions for supervisors due to the company's establishment of its audit committee.
Article 22	The Articles of Incorporation was formulated on June 16th, 1979	The Articles of Incorporation was formulated on June 16th, 1979	Added the date the latest amendment to

	<p>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  The revision 18 of the Procedures is amendment on June 20th, 2019  <u><b>The revision 19 of the Procedures is amendment on June 18th, 2020</b></u></p>	<p>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  The revision 18 of the Procedures is amendment on June 20th, 2019</p>	<p>the Articles of Incorporation is made.</p>
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## Syncmold Enterprise Corp.

Comparison table for “Regulations Governing Elections of Directors and Supervisors” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
Name of these Regulations	Regulations Governing Elections of Directors	Regulations Governing Elections of Directors and Supervisors	Revised name of these Regulations following the company’s establishment of its audit committee.
Article 1	To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 22 and 44 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	To ensure a just, fair, and open election of directors <del>and supervisors</del> , these Procedures are adopted pursuant to Articles 22 and 44 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 2	Except as otherwise provided by law and regulation or by the company's articles of incorporation, elections of directors shall be conducted in accordance with these <b>Regulations</b> .	Except as otherwise provided by law and regulation or by the company's articles of incorporation, elections of directors <del>and supervisors</del> shall be conducted in accordance with these Procedures.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 4	(Deleted)	Supervisors of the company shall meet the following qualifications: 1.Integrity and a practical attitude. 2.Impartial judgment. 3.Professional knowledge. 4.Broad experience. 5.Ability to read financial statements. In addition to the requirements of the preceding paragraph, at least one among the supervisors of the company must be an accounting or finance professional.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 5	The election of independent directors of the company is limited to judicial persons and its representatives not set forth in Article 27 of the Company Act, and their qualifications shall meet the laws and regulations set forth in “Corporate Governance Best Practice Principles for TWSE/TPEX Listed	The election of independent directors <del>or independent supervisors</del> of the company is limited to judicial persons and its representatives not set forth in Article 27 of the Company Act, and their qualifications shall meet the laws and regulations set forth in “Corporate Governance Best Practice Principles	Removed relevant supervisor sections following the company’s establishment of its audit

	Companies” or rules by competent authorities.	for TWSE/TPEX Listed Companies” or rules by competent authorities.	committee.
Article 6	Board of Directors or any shareholder of the company may provide the list of recommendations for next directors’ election as a reference of electing. Where the Board of Directors provides list of recommendations for directors under the preceding paragraph may also provide relevant information including education background, experience, number of shares held, name of government and judicial persons the candidate serves for, compliance with independence, etc. for reference by the shareholders.	Board of Directors or any shareholder of the company may provide the list of recommendations for next directors <del>and supervisors</del> <sup>2</sup> election as a reference of electing directors <del>and supervisors</del> . Where the Board of Directors provides list of recommendations for directors <del>and supervisors</del> under the preceding paragraph may also provide relevant information including education background, experience, number of shares held, name of government and judicial persons the candidate serves for, compliance with independence, etc. for reference by the shareholders.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 7	The election of directors and non-independent directors of the company shall be performed altogether and the roles will be elected sequentially according to their respective numbers of votes. The cumulative voting method shall be used for election of the directors at the company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.	The election of directors and non-independent directors of the company shall be performed altogether and the roles will be elected sequentially according to their respective numbers of votes. The cumulative voting method shall be used for election of the directors <del>and supervisors</del> at the company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 8	The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors <del>or supervisors</del> to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	Removed relevant supervisor sections following the company’s establishment of its audit committee.
Article 9	The number of directors will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent, non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.	The number of directors <del>and supervisors</del> will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent, non-independent director <del>and supervisor</del> positions. Those receiving ballots representing the highest numbers of voting rights will be elected	Removed relevant supervisor sections following the company’s establishment of its audit committee.

	When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. <del>Where a candidate is concurrently elected as director and supervisor following paragraph 1, the elect shall decide either of the position to take, or, where an elected director or supervisor is found with unmatched personal information or the status of being elect is ineffective under relevant laws and regulations, such vacancy will be filled by the elect with second most ballots in the same election and announced in the same shareholders' meeting.</del>	
Article 13	The voting rights shall be calculated on site immediately after the end of the poll, and the results of persons elected as directors, shall be announced by the chair on the site.	The voting rights shall be calculated on site immediately after the end of the poll, and the results of persons elected as directors <del>or supervisors</del> , shall be announced by the chair on the site.	Removed relevant supervisor sections following the company's establishment of its audit committee.
Article 14	These <b>Regulations</b> , and any amendments hereto, shall be implemented after approval by a shareholders meeting. 1 <sup>st</sup> amendment is made on 18 <sup>th</sup> day of June, 2020.	These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	Added the date of the latest amendment.

## Syncmold Enterprise Corp.

Comparison table for “The Rules and Procedures for Shareholders’ Meeting” before and after the revision

Article	After Amendment	Before Amendment	Reason of Amendment
Article 3	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the Board of Directors.</p> <p>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.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement.</p> <p>Election or dismissal of directors 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.</p>	<p>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the Board of Directors.</p> <p>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.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement.</p> <p>Election or dismissal of directors <del>or supervisors</del>, 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.</p>	Removed relevant supervisor sections following the company’s establishment of its audit committee.

Article 6	<p>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.</p> <p>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 pre-printed ballots shall also be furnished.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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 <del>or supervisors</del>, pre-printed ballots shall also be furnished.</p> <p>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.</p> <p>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.</p>	Removed relevant supervisor sections following the company's establishment of its audit committee.
Article 14	<p>The election of directors 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.</p> <p>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.</p>	<p>The election of directors <del>or supervisors</del> 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.</p> <p>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.</p>	Removed relevant supervisor sections following the company's establishment of its audit committee.
Article 19	<p>These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings on May 24<sup>th</sup>, 2005.</p> <p>The first amendment of this rule was on June 5<sup>th</sup>, 2012.</p> <p><b><u>The second amendment of this rule was on June 18<sup>th</sup>, 2020.</u></b></p>	<p>These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings on May 24<sup>th</sup>, 2005.</p> <p>The first amendment of this rule was on June 5<sup>th</sup>, 2012.</p>	Added the date the latest amendment.

## 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
4.2.1	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 <b><u>been approved by the audit committee before those have</u></b> been approved by the Board of Directors	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 <del>and recognized by the supervisors</del>	Revised in response to establishment of audit committee.
4.2.1.8	4.2.1.8 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 <b><u>adopted by passage of audit committee before being</u></b> submitted to the Board of Directors and to the supervisors for ratification pursuant to these Regulations need not be counted	4.2.1.8 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 submitted to the Board of <del>Directors and to the supervisors for ratification</del> pursuant to these Regulations need not be counted toward the transaction amount.	Revised in response to establishment of audit committee.

	toward the transaction amount.		
4.2.5.2	4.2.5.2 <b><u>Members of the audit committee concurrently serving as independent directors</u></b> shall comply with Article 218 of the Company Act.	4.2.5.2 <u>Supervisors</u> 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>	Revised in response to establishment of audit committee.
4.3.3	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 <b><u>Corporate Governance Supervisor</u></b> .	4.3.4 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 <u>chairman</u>	The content concerning supervisor and manager for trading of derivatives is revised to reinforce company governance.
4.3.4	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, the Audit Committee shall be notified in writing.	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, <u>all supervisors</u> shall be notified in writing.	Revised in response to establishment of audit committee.

4.3.5.1	<p>4.3.5 Supervise and manage the Board of Directors</p> <p>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:</p> <p>A. Designate the Corporate Governance Supervisor to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>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.</p>	<p>4.3.5 Supervise and manage the Board of Directors</p> <p>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:</p> <p>C. Designate the <u>chairman</u> to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>D. 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.</p>	<p>The content concerning supervisor and manager for trading of derivatives is revised to reinforce company governance.</p>
4.3.5.2	<p>4.3.5.2 The <b><u>Corporate Governance Supervisor</u></b> authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</p> <p>A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations</p> <p>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.</p>	<p>4.3.5.2 The chairman authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</p> <p>C. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations .</p> <p>D. 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.</p>	<p>The content concerning supervisor and manager for trading of derivatives is revised to reinforce company governance.</p>
4.6.2	<p>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.</p>	<p>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.</p>	<p>Rules regulating reporting at fixed amount by subsidiaries</p>

		<u>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.</u>	are deleted, and such reporting shall be managed following handling regulations by each subsidiary and actual management status.
4.7.2	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 <b>the Audit Committee</b> in accordance with the “Management of Operation of Board Meeting” 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 <u>each supervisor</u> in accordance with the “Management of Operation of Board Meeting” of the Company.	Revised in response to establishment of audit committee.
4.7.5	4.7.5 The Procedures had been approved by the Board of Directors <b><u>after approval by the company’s audit committee</u></b> , and then to a shareholders' meeting for approval; the same applies when the Procedures are amended. <b><u>If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee.</u></b>	4.7.5 The Procedures had been approved by the Board of Directors and <u>submitted to each supervisor, and</u> then to a shareholders' meeting for approval; the same applies when the Procedures are amended.	Revised in response to establishment of audit committee.
4.7.8	4.7.8 <b><u>When handling major assets and derivatives trading following these Procedures and these Procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or</u></b>		This Article is newly added in response to the establishment of audit committee.

<p><u>more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></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
4.8	<p>4.8 When the Company submits these <b><u>Procedures to the company’s audit committee for approval</u></b>, after having the ratification by the Board of Directors, shall submit to and reviewed by shareholders’ meeting. Any objection by the directors which is recorded or in writing shall be submitted to the <b><u>audit committee</u></b> to have discussion by Shareholders’ meeting. The same shall be applied to any amendments.</p>	<p>4.8 When the Company <u>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. Any objection by the directors which is recorded or in writing shall be submitted to the <u>supervisors</u> to have discussion by Shareholders’ meeting. The same shall be applied to any amendments.</p>	Revised in response to establishment of audit committee.
4.9	<p><b><u>4.9 When these Procedures are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</u></b>  <b><u>If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></b>  <b><u>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></b></p>		Added in response to establishment of audit committee.

## 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
4.6.1	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 Audit Committee.	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 <u>supervisors.</u>	Revised in response to establishment of audit committee.
4.6.2	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 shall be submitted to the <b>audit committee</b> and <b>reported to</b> the Board of Directors, The proposed correction actions should be implemented within the period specified in such plan	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 <u>and submitted to the supervisors to reporting at Board of Directors’ meeting.</u> The proposed correction actions should be implemented within the period specified in such plan	Revised in response to establishment of audit committee.
4.8.3	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 Chairman.	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 <u>general manager.</u>	Revised in response to actual management situation.

4.10.1	4.10.1 The Procedures shall be agree with Audit Committee and then effective upon approval by the Board of Directors, subject to the resolution in the shareholders' meeting. Any objection by the directors which is recorded or in writing shall be submitted to <b><u>the Audit Committee</u></b> and for discussion by the shareholders' meeting. The same applies when the procedures are amended.	4.10.1 The Procedures shall be effective upon approval by the Board of Directors first <u>and then by each supervisor</u> , subject to the resolution in the shareholders' meeting. Any objection by the directors which is recorded or in writing shall be submitted to <u>each supervisor</u> and for discussion by the shareholders' meeting. The same applies when the procedures are amended.	Revised in response to establishment of audit committee.
4.10.2	4.10.2 Where these Procedures are submitted following the rules in the preceding paragraph, <b><u>the procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the Board of Directors. If the approval of one-half or more of all audit committee members is not obtained, these Operation Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></b>	4.10.2 Where these Procedures are submitted to the Board of Directors for <u>discussion</u> following the rules in the preceding paragraph, <u>the Board of Directors shall take full consideration on each independent director's opinion. If any independent director objects to or express any reservation about any matters, it shall be recorded in the minutes of the Board of Directors' meeting.</u>	Revised in response to establishment of audit committee.

## 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	5,508,211	4.45%
Director	Tim, Weng	2017.06.13	2,747,581	2.22%
Director	Chen-Tung, Chen	2017.06.13	423,000	0.34%
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			10,597,476	8.56%
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	368,000	0.30%
Total shareholding of entire supervisors			803,000	0.65%

Note: as of April 20, 2020

## Syncmold Enterprise Corp.

### Rules and Procedures for Shareholders' Meeting(before amendment)

- 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 24<sup>th</sup>, 2005.

The first amendment of this rule was on June 5<sup>th</sup>, 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:
- 16、CB01010 Machinery and Equipment Manufacturing
  - 17、CQ01010 Die Manufacturing
  - 18、F113010 Wholesale of Machinery
  - 19、F213080 Retail Sale of Machinery and Equipment
  - 20、CC01110 Computers and Computing Peripheral Equipment Manufacturing
  - 21、CC01080 Electronic Parts and Components Manufacturing
  - 22、CC01060 Wired Communication Equipment and Apparatus Manufacturing
  - 23、F119010 Wholesale of Electronic Materials
  - 24、F401010 International Trade
  - 25、F108031 Wholesale of Drugs, Medical Goods
  - 26、CF01011 Medical Materials and Equipment Manufacturing
  - 27、CC01070 Telecommunication Equipment and Apparatus Manufacturing
  - 28、CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
  - 29、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 5-1: 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.

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.

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.

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.

The Board of Directors authorized to formulate the certain specific requirements mentioned in above paragraph

Article 6: Delete

Article 7: The Company share as registered share, the share certificates shall be affixed with the signatures or personal seals of the director representing 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. 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.

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:

7. Business report
8. Financial statements
9. 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 parents or 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.

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 between 0 to 90% ranges 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  
The revision 18 of the Procedures is amendment on June 20th, 2019

**Syncmold Enterprise Corp.**

## Synemold Enterprise Corp.

### Regulations Governing Elections of Directors and Supervisors (Before Amendment)

- Article 1 To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 22 and 44 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by the company's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. The ability to make judgments about operations.
  2. Accounting and financial analysis ability.
  3. Business management ability.
  4. Crisis management ability.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Leadership ability.
  8. Decision-making ability.
- Article 4 Supervisors of the company shall meet the following qualifications:
1. Integrity and a practical attitude.
  2. Impartial judgment.
  3. Professional knowledge.
  4. Broad experience.
  5. Ability to read financial statements.
- In addition to the requirements of the preceding paragraph, at least one among the supervisors of the company must be an accounting or finance professional.
- Article 5 The election of independent directors or independent supervisors of the company is limited to judicial persons and its representatives not set forth in Article 27 of the Company Act, and their qualifications shall meet the laws and regulations set forth in “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” or rules by competent authorities.
- Article 6 Board of Directors or any shareholder of the company may provide the list of recommendations for next directors and supervisors’ election as a reference of electing directors and supervisors. Where the Board of Directors provides list of recommendations for directors and supervisors under the preceding paragraph may also provide relevant information including education background, experience, number of shares held, name of government and judicial persons the candidate serves for, compliance with independence, etc. for reference by the shareholders.
- Article 7 The election of directors and non-independent directors of the company shall be performed altogether and the roles will be elected sequentially according to their respective numbers of votes. The cumulative voting method shall be used for election of the directors and supervisors at the company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 8 The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 The number of directors and supervisors will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent, non-independent director and supervisor positions. Those receiving ballots representing the highest numbers of voting rights

will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Where a candidate is concurrently elected as director and supervisor following paragraph 1, the elect shall decide either of the position to take , or, where an elected director or supervisor is found with unmatched personal information or the status of being elect is ineffective under relevant laws and regulations, such vacancy will be filled by the elect with second most ballots in the same election and announced in the same shareholders' meeting.

- Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 12 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
  5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
  6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of persons elected as directors or supervisors, shall be announced by the chair on the site.
- Article 14 These Procedures, and any amendments hereto, shall be implemented after approval by 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 Right-of-use assets.
  - 2.1.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - 2.1.7 Derivatives.
  - 2.1.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  - 2.1.9 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 a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.

- 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 156-3 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.
- 3.9 Investment professional: 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 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.

3.10 Securities exchange: "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.

3.11 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing 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.

#### 4. Content of the Procedures

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

4.1.1 In acquiring or disposing of real property, equipment, or right-of-use assets 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 domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets 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 same procedure shall also be followed whenever there is any subsequent 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 shall meet the following requirements:

A. May not have previously received a final and unappealable 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 Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

B. May not be a related party or de facto related party of any party to the transaction.

C. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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.

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 intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic 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. 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.

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

4.1.4.1 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\$200 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\$200 million

should be approved by the Board of Directors.

4.1.4.2 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 domestic 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 domestic securities investment trust enterprises, 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\$200 million, the chairman is authorized to make the resolution. The price for a single transaction with amount over NT\$200 million should be approved by the Board of Directors..

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

4.1.5.1 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.

4.1.5.2 The limitation of acquisition of the real estate for non-operating purpose and the right-of-use assets thereof or securities of the Company as follows:

- A. The total amount of acquisition of the real estate for non-operating purpose and the right-of-use assets shall not exceed 20% net worth of the latest financial statements of the Company.
- B. The amount of individual securities investment shall not exceed 150% net worth of the latest financial statements of the Company's subsidiaries.

4.1.6 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.

4.2.1.1 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 domestic 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: 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 or right-of-use assets thereof 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 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 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.

4.2.1.8 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 or right-of-use assets thereof 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 or leased 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 or right-of-use assets thereof 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 or right-of-use assets thereof 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 or right-of-use assets thereof 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.

4.2.3.4 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.

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 transactions 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 leasing practices.
- 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. 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.

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 or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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.

4.2.5.5 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.

#### 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 and independent directors 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:

- E. Designate the chairman to pay continuous attention to monitoring and controlling derivatives trading risk.
- F. 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:

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

#### 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 “Memorandum book of the fund-loaning” for last month and reviewed by levels. (See attachment 2)

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 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. After having the ratification by the Board of Directors, shall submit to and reviewed by shareholders' meeting. Any objection by the directors which is recorded or in writing shall be submitted to the supervisors to have discussion by Shareholders' meeting. The same shall be applied to any amendments.

## 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 Memorandum Book of the Fund-Loaning SY2-AD-08 (See attachment 2)

## 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 Memorandum Book of Endorsement/Guarantee Activities and Bills. (See attachment 2)

4.4.3 The Memorandum Book 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 Memorandum Book 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 and independent directors.

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 independent directors 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. If any independent director objects to or express any reservation about any matters, it 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 Memorandum Book of Endorsement/Guarantee Activities and Bills SY2-AD-03(See attachment 2)

## Syncmold Enterprise Corp.

## Code of Ethical Corporate Management (Before Amendment)

## Article 1

This Code is adopted to assist the company to foster a corporate culture of ethical management and sound development. and offer a reference framework for establishing good commercial practices. This code is applicable to the company's subsidiaries and institutions or judicial organizations which are substantially controlled by the company.

## Article 2

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the company or persons having substantial control over such companies (the aforesaid roles are hereinafter referred to as "applicable personnel") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and its directors, supervisors, managers, employees or substantial controllers or other stakeholders.

## Article 3

"Benefits" in this code means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

## Article 4

The company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

## Article 5

The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

## Article 6

On basis of the operational philosophies and policies in the preceding article, the company establishes internal rules against unethical conduct, analyzes and assesses business activities within its business scope which are at a higher risk of being involved in unethical conduct, and reinforces relevant prevention programs accordingly.

## Article 7

The company and its respective business group shall clearly specify in its rules and external documents the ethical corporate management policies and the board of directors and management's rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

#### Article 8

The company shall engage in commercial activities in a fair and transparent manner.

Prior to any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are performing unethical conduct, and shall avoid any dealings with persons so.

When entering into contracts with others, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are performing unethical conduct, the company may at any time terminate or rescind the contracts.

#### Article 9

When conducting business, the applicable personnel may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. However, this shall not apply to the circumstances which such conduct is legal at the location of business.

#### Article 10

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its applicable personnel shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### Article 11

When making or offering donations and sponsorship, the company and its applicable personnel shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### Article 12

The company and its applicable personnel shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

#### Article 13

The Board of Directors of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company's general management office is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and shall report to the board of directors when necessary.

#### Article 14

The company and its applicable personnel shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 15

The company shall adopt policies for preventing conflicts of interest and shall also offer appropriate means for directors, supervisors and managers to voluntarily explain whether their interests would potentially conflict with those of the company.

Directors of the company shall withhold a high degree of self-discipline. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, the concerned person shall state the important aspects of the

relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may express opinions and inquiries and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, supervisors and managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### Article 19

The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit personnel of the company shall on a regular basis examine the compliance of the system as stated in the preceding paragraph, and shall create audit reports for proposal to the Board of Directors.

#### Article 17

The applicable personnel of the company are obliged to keep the confidentiality of confidential and business-sensitive data obtained through business conducts and is prohibited from using the company's property, confidential data or other non-public information of the company which is unable to be obtained to gain illegitimate benefits to themselves.

#### Article 18

The company shall periodically organize training and awareness programs for its applicable personnel and may invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 19

The company shall adopt a legitimate whistle-blowing system and shall scrupulously maintain non-disclosure to the identity of whistleblower and whistleblowing details.

The company shall expressively stipulate penalties for violations to its ethical management rules and appeal system, and shall appropriately disclose condition of violation and handling status.

#### Article 20

The company shall disclose implementation status of this Code in its annual report and prospectuses.

#### Article 21

The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management taken will be reviewed and improved with a view to achieving better ethical management.

#### Article 22

The Code of Ethical Corporate Management shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.