

# **Syncmold Enterprise Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Syncmold Enterprise Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Syncmold Enterprise Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements changes in equity and cash flows for the six-month periods then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard NO.34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of (consolidated) financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of (some) non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2019 and 2018, combined total assets of these non-significant subsidiaries were NT\$ 2,218,428 thousand and NT\$ 2,248,152 thousand, respectively, representing 25.56% and 24.96%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$ 857,553 thousand and NT\$ 853,859 thousand, respectively, representing 24.72% and 24.88%, respectively, of the consolidated total liabilities; for the three months and six months periods ended June 30, 2019 and 2018, the amounts of combined comprehensive income of these subsidiaries were NT\$ 16,875 thousand, NT\$ 66,449 thousand, NT\$ 19,677 thousand and NT\$ 92,868 thousand, respectively, representing 9.01%, 20.80%, 4.30% and 20.90%, respectively, of the consolidated total comprehensive income. Also, as stated in Note 12 to the consolidated financial statements, the investments accounted for using the equity method were NT\$ 145,481 thousand and NT\$ 111,454 thousand as of June 30, 2019 and 2018, respectively. The Group's share of profit of associates accounted for using the equity method was NT\$ 3,502

thousand, NT\$ 12,098 thousand, NT\$ 8,168 thousand, and NT\$ 15,630 thousand for the three months and six months ended June 30, 2019 and 2018, respectively, and these investment amounts as well as additional disclosures in Note 27 “Information on Investees” were based on the investees’ unreviewed financial statements for the same reporting periods as those of the Company.

## **Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three months ended and six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

August 9, 2019

### Notice to Readers

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

JUNE 30, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

| ASSETS   | June 30, 2019<br>(Reviewed) |            | December 31, 2018<br>(Audited) |            | June 30, 2018<br>(Reviewed) |            |
|--|-----------------------------|------------|--------------------------------|------------|-----------------------------|------------|
|  | Amount                      | %          | Amount                         | %          | Amount                      | %          |
| <b>CURRENT ASSETS</b>  |                             |            |                                |            |                             |            |
| Cash and cash equivalents (Notes 4 and 6)  | \$ 2,769,425                | 32         | \$ 2,681,311                   | 32         | \$ 3,163,398                | 35         |
| Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)     | 355,364                     | 4          | 192,576                        | 2          | 529,301                     | 6          |
| Financial assets at amortized cost - current(Notes 4 and 8)                            | 46,569                      | 1          | -                              | -          | -                           | -          |
| Notes receivable   | 421,218                     | 5          | 433,256                        | 5          | 430,887                     | 5          |
| Trade receivables, net (Notes 4, 5 and 9)  | 2,773,745                   | 32         | 3,039,370                      | 36         | 2,765,989                   | 31         |
| Inventories (Notes 4, 5 and 10)  | 459,682                     | 5          | 572,263                        | 7          | 568,304                     | 6          |
| Other current assets (Notes 4, 16 and 25)  | 240,024                     | 3          | 248,641                        | 3          | 288,305                     | 3          |
| Total current assets   | <u>7,066,045</u>            | <u>82</u>  | <u>7,167,417</u>               | <u>85</u>  | <u>7,746,184</u>            | <u>86</u>  |
| <b>NON-CURRENT ASSETS</b>  |                             |            |                                |            |                             |            |
| Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7) | 54,442                      | 1          | 54,099                         | 1          | 54,099                      | 1          |
| Investments accounted for using the equity method (Notes 4 and 12)                     | 145,481                     | 2          | 123,713                        | 2          | 111,454                     | 1          |
| Property, plant and equipment (Notes 4 and 13)   | 547,444                     | 6          | 543,858                        | 7          | 571,560                     | 6          |
| Right-of-use assets (Notes 4 and 14)   | 394,330                     | 5          | -                              | -          | -                           | -          |
| Goodwill (Notes 4 and 5)   | 366,777                     | 4          | 366,777                        | 4          | 366,777                     | 4          |
| Intangible assets (Notes 4 and 15)   | 28,851                      | -          | 22,308                         | -          | 20,945                      | -          |
| Deferred tax assets (Notes 4, 5 and 22)  | 30,829                      | -          | 26,956                         | -          | 22,861                      | -          |
| Prepayments for equipment  | 12,509                      | -          | 27,704                         | -          | 34,426                      | 1          |
| Refundable deposits  | 30,916                      | -          | 36,568                         | 1          | 48,323                      | 1          |
| Defined benefit assets (Notes 4, 5 and 19)   | 2,314                       | -          | 2,302                          | -          | 1,884                       | -          |
| Long-term prepayments for leases (Notes 4 and 16)                                      | -                           | -          | 22,800                         | -          | 29,187                      | -          |
| Total non-current assets   | <u>1,612,026</u>            | <u>18</u>  | <u>1,227,085</u>               | <u>15</u>  | <u>1,261,516</u>            | <u>14</u>  |
| <b>TOTAL</b>   | <u>\$ 8,678,071</u>         | <u>100</u> | <u>\$ 8,394,502</u>            | <u>100</u> | <u>\$ 9,007,700</u>         | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                             |            |                                |            |                             |            |
| <b>CURRENT LIABILITIES</b>   |                             |            |                                |            |                             |            |
| Short-term borrowings (Notes 4 and 17)   | \$ -                        | -          | \$ 230,000                     | 3          | \$ -                        | -          |
| Notes payable and trade payables   | 1,567,377                   | 18         | 1,773,944                      | 21         | 1,910,454                   | 21         |
| Lease liabilities – current (Notes 4 and 14)   | 117,293                     | 1          | -                              | -          | -                           | -          |
| Other payables (Note 18 and 25)  | 1,185,953                   | 14         | 409,800                        | 5          | 1,173,131                   | 13         |
| Current tax liabilities (Notes 4, 5 and 22)  | 154,772                     | 2          | 160,105                        | 2          | 89,056                      | 1          |
| Other current liabilities  | 19,280                      | -          | 25,077                         | -          | 29,755                      | 1          |
| Total current liabilities  | <u>3,044,675</u>            | <u>35</u>  | <u>2,598,926</u>               | <u>31</u>  | <u>3,202,396</u>            | <u>36</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                             |            |                                |            |                             |            |
| Lease liabilities - non-current (Notes 4 and 14)                                       | 229,093                     | 3          | -                              | -          | -                           | -          |
| Deferred tax liabilities (Notes 4 and 22)  | 195,383                     | 2          | 239,634                        | 3          | 225,717                     | 2          |
| Guarantee deposits received  | 226                         | -          | 344                            | -          | 2,534                       | -          |
| Total non-current liabilities  | <u>424,702</u>              | <u>5</u>   | <u>239,978</u>                 | <u>3</u>   | <u>228,251</u>              | <u>2</u>   |
| Total liabilities  | <u>3,469,377</u>            | <u>40</u>  | <u>2,838,904</u>               | <u>34</u>  | <u>3,430,647</u>            | <u>38</u>  |
| <b>EQUITY</b>  |                             |            |                                |            |                             |            |
| Ordinary shares  | 1,237,242                   | 14         | 1,237,242                      | 15         | 1,649,656                   | 18         |
| Capital surplus  | 2,591,280                   | 30         | 2,591,280                      | 31         | 2,591,280                   | 29         |
| Retained earnings  |                             |            |                                |            |                             |            |
| Legal reserve  | 810,515                     | 9          | 721,519                        | 8          | 721,519                     | 8          |
| Special reserve  | 431,506                     | 5          | 376,649                        | 4          | 376,649                     | 4          |
| Unappropriated earnings  | 520,329                     | 6          | 1,060,414                      | 13         | 552,289                     | 6          |
| Total retained earnings  | <u>1,762,350</u>            | <u>20</u>  | <u>2,158,582</u>               | <u>25</u>  | <u>1,650,457</u>            | <u>18</u>  |
| Other equity   |                             |            |                                |            |                             |            |
| Exchange differences on translating the financial statements of foreign operations     | ( 382,178 )                 | ( 4 )      | ( 431,506 )                    | ( 5 )      | ( 314,340 )                 | ( 3 )      |
| Total equity   | <u>5,208,694</u>            | <u>68</u>  | <u>5,555,598</u>               | <u>66</u>  | <u>5,577,053</u>            | <u>62</u>  |
| <b>TOTAL</b>   | <u>\$ 8,678,071</u>         | <u>100</u> | <u>\$ 8,394,502</u>            | <u>100</u> | <u>\$ 9,007,700</u>         | <u>100</u> |

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

(With Deloitte & Touche review report dated August 9, 2019)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | For the Three Months Ended June 30 |           |                  |           | For the Six Months Ended June 30 |           |                  |           |
|--|------------------------------------|-----------|------------------|-----------|----------------------------------|-----------|------------------|-----------|
|  | 2019                               |           | 2018             |           | 2019                             |           | 2018             |           |
|  | Amount                             | %         | Amount           | %         | Amount                           | %         | Amount           | %         |
|  | (Reviewed)                         |           | (Reviewed)       |           | (Reviewed)                       |           | (Reviewed)       |           |
| OPERATING REVENUE<br>(Notes 4)   | \$2,125,868                        | 100       | \$2,275,883      | 100       | \$ 4,132,744                     | 100       | \$ 4,167,227     | 100       |
| OPERATING COSTS<br>(Notes 4, 10, 21 and 25)  | <u>1,594,466</u>                   | <u>75</u> | <u>1,806,164</u> | <u>80</u> | <u>3,112,464</u>                 | <u>75</u> | <u>3,305,110</u> | <u>79</u> |
| GROSS PROFIT   | <u>531,402</u>                     | <u>25</u> | <u>469,719</u>   | <u>20</u> | <u>1,020,280</u>                 | <u>25</u> | <u>862,117</u>   | <u>21</u> |
| OPERATING EXPENSES<br>(Notes 21 and 25)  |                                    |           |                  |           |                                  |           |                  |           |
| Selling and marketing expenses   | 77,854                             | 3         | 63,600           | 3         | 147,772                          | 4         | 110,903          | 3         |
| General and administrative expenses  | 120,681                            | 6         | 124,216          | 5         | 244,915                          | 6         | 226,180          | 5         |
| Research and development expenses  | 40,088                             | 2         | 36,847           | 2         | 76,429                           | 2         | 66,104           | 2         |
| Expected credit loss on trade receivables  | ( 3,289)                           | -         | ( 12,909)        | (1)       | ( 2,052)                         | -         | ( 5,846)         | -         |
| Total operating expenses   | <u>235,334</u>                     | <u>11</u> | <u>211,754</u>   | <u>9</u>  | <u>467,064</u>                   | <u>12</u> | <u>397,341</u>   | <u>10</u> |
| PROFIT FROM OPERATIONS   | <u>257,148</u>                     | <u>14</u> | <u>257,965</u>   | <u>11</u> | <u>553,216</u>                   | <u>13</u> | <u>464,776</u>   | <u>11</u> |
| NON-OPERATING INCOME AND EXPENSES  |                                    |           |                  |           |                                  |           |                  |           |
| Other gains and losses (Note 14)   | 8,439                              | -         | 818              | -         | 11,515                           | -         | 3,324            | -         |
| Interest income  | 7,000                              | -         | 18,097           | 1         | 14,940                           | 1         | 33,508           | 1         |
| Net foreign exchange loss (Notes 26)   | 51,553                             | 3         | 106,084          | 5         | 5,341                            | -         | 36,959           | 1         |
| Net gain (loss) on financial assets at fair value through profit or loss (Notes 4 and 7) | ( 612)                             | -         | 22,328           | 1         | 28,357                           | 1         | 19,426           | 1         |
| Interest expenses  | ( 4,183)                           | -         | -                | -         | ( 7,501 )                        | -         | -                | -         |
| Share of profit of subsidiaries and associates (Notes 4 and 12)                          | <u>3,502</u>                       | <u>-</u>  | <u>12,098</u>    | <u>-</u>  | <u>8,168</u>                     | <u>-</u>  | <u>15,630</u>    | <u>-</u>  |
| Total non-operating income and expenses  | <u>65,699</u>                      | <u>3</u>  | <u>159,425</u>   | <u>7</u>  | <u>60,820</u>                    | <u>2</u>  | <u>108,847</u>   | <u>3</u>  |
| PROFIT BEFORE INCOME TAX   | 361,767                            | <u>17</u> | 417,390          | <u>18</u> | 614,036                          | <u>15</u> | 573,623          | <u>14</u> |
| INCOME TAX EXPENSE<br>(Notes 4, 5 and 22)  | <u>133,189</u>                     | <u>6</u>  | <u>134,485</u>   | <u>6</u>  | <u>206,061</u>                   | <u>5</u>  | <u>191,477</u>   | <u>5</u>  |
| NET PROFIT FOR THE YEAR  | <u>228,578</u>                     | <u>11</u> | <u>282,905</u>   | <u>12</u> | <u>407,975</u>                   | <u>10</u> | <u>382,146</u>   | <u>9</u>  |

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# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | For the Three Months Ended June 30 |            |                      |           | For the Six Months Ended June 30 |           |                      |           |
|--|------------------------------------|------------|----------------------|-----------|----------------------------------|-----------|----------------------|-----------|
|  | 2019                               |            | 2018                 |           | 2019                             |           | 2018                 |           |
|  | Amount<br>(Reviewed)               | %          | Amount<br>(Reviewed) | %         | Amount<br>(Reviewed)             | %         | Amount<br>(Reviewed) | %         |
| OTHER COMPREHENSIVE INCOME<br>(LOSS)   |                                    |            |                      |           |                                  |           |                      |           |
| Items that will not be reclassified<br>subsequently to profit or loss:                                   |                                    |            |                      |           |                                  |           |                      |           |
| Income tax relating to items that will<br>not be reclassified subsequently to<br>profit or loss(Notes 4) | \$ -                               | -          | \$ -                 | -         | \$ -                             | -         | \$ (95)              | -         |
| Items that may be reclassified<br>subsequently to profit or loss:  |                                    |            |                      |           |                                  |           |                      |           |
| Exchange differences on translating<br>the financial statements of foreign<br>operations                 | <u>(41,368)</u>                    | <u>4</u>   | <u>36,560</u>        | <u>2</u>  | <u>49,328</u>                    | <u>1</u>  | <u>62,309</u>        | <u>2</u>  |
| Other comprehensive loss for the<br>year   | <u>(41,368)</u>                    | <u>(2)</u> | <u>36,560</u>        | <u>2</u>  | <u>49,328</u>                    | <u>1</u>  | <u>62,214</u>        | <u>2</u>  |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE YEAR   | <u>\$187,210</u>                   | <u>9</u>   | <u>\$319,465</u>     | <u>14</u> | <u>\$457,303</u>                 | <u>11</u> | <u>\$444,360</u>     | <u>11</u> |
| EARNINGS PER SHARE (Note 23)   |                                    |            |                      |           |                                  |           |                      |           |
| Basic  | <u>\$1.85</u>                      |            | <u>\$1.71</u>        |           | <u>\$3.30</u>                    |           | <u>\$2.32</u>        |           |
| Diluted  | <u>\$1.84</u>                      |            | <u>\$1.71</u>        |           | <u>\$3.28</u>                    |           | <u>\$2.30</u>        |           |

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

(With Deloitte & Touche auditors' report dated August 9, 2019)

(Concluded)

**SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)**

|   | Capital Surplus (Notes 4 and 20) |  |                  |  |                    |                         |              | Retained Earning (Note 20) |                 |                   |              | Other Equity<br>Operations<br>Differences on<br>Translating the<br>Financial<br>Statements of<br>Foreign<br>Operation<br>(Notes 4<br>and 20) | Total Equity |
|---|----------------------------------|--|------------------|--|--------------------|-------------------------|--------------|----------------------------|-----------------|-------------------|--------------|--|--------------|
|   | Share Capital<br>(Note 20)       | Advance<br>Receipts for<br>Ordinary<br>Shares<br>(Note 20) | Share<br>Premium | Difference<br>Between Actual<br>Acquisition<br>Price and<br>Carrying<br>Amount | Chang in<br>Equity | Consolidation<br>Excess | Total        | Legal Reserve              | Special Reserve | Retained Earnings |              |  |              |
|   |                                  |  |                  |  |                    |                         |              |                            |                 | 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)   | \$ 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)  | 5,957,521    |
| Legal capital reserve   | -                                | -  | -                | -  | -                  | -                       | -            | 86,944                     | -               | (86,944)          | -            | -  | -            |
| Special capital reserve   | -                                | -  | -                | -  | -                  | -                       | -            | -                          | 145,733         | (145,733)         | -            | -  | -            |
| Cash dividends to shareholders  | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | (824,828)         | (824,828)    | -  | (824,828)    |
| Total   | -                                | -  | -                | -  | -                  | -                       | -            | 86,944                     | 145,733         | (1,057,505)       | (824,828)    | -  | (824,828)    |
| Net profit for the six months ended June 30, 2018                                       | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | 382,146           | 382,146      | -  | 382,146      |
| Other comprehensive loss for the six months ended June 30, 2018, net of income tax      | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | (95)              | (95)         | 62,309   | 62,214       |
| Total comprehensive income (loss) for the six months ended June 30, 2018                | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | 382,051           | 382,051      | 62,309   | 444,360      |
| Convertible bonds converted to ordinary shares  | 13,923                           | (13,923)   | -                | -  | -                  | -                       | -            | -                          | -               | -                 | -            | -  | -            |
| BALANCE AT JUNE 30, 2018  | \$ 1,649,656                     | \$ -   | \$ 1,184,809     | \$ 410,949   | \$ 143,150         | \$ 852,372              | \$ 2,591,280 | \$ 721,519                 | \$ 376,649      | \$ 552,289        | \$ 1,650,457 | \$ (314,340)   | \$ 5,577,053 |
| BALANCE AT JANUARY 1, 2019  | \$ 1,237,242                     | \$ -   | \$ 1,184,809     | \$ 410,949   | \$ 143,150         | \$ 852,372              | \$ 2,591,280 | \$ 721,519                 | \$ 376,649      | \$ 1,060,414      | \$ 2,158,582 | \$ (431,506)   | \$ 5,555,598 |
| Legal capital reserve   | -                                | -  | -                | -  | -                  | -                       | -            | 88,996                     | -               | (88,996)          | -            | -  | -            |
| Special capital reserve   | -                                | -  | -                | -  | -                  | -                       | -            | -                          | 54,857          | (54,857)          | -            | -  | -            |
| Cash dividends to shareholders  | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | (804,207)         | (804,207)    | -  | (804,207)    |
| Total   | -                                | -  | -                | -  | -                  | -                       | -            | 88,996                     | 54,857          | (948,060)         | (804,207)    | -  | (804,207)    |
| Net profit for the six months ended June 30, 2019                                       | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | 407,975           | 407,975      | -  | 407,975      |
| Other comprehensive income (loss) for six months ended June 30, 2019, net of income tax | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | -                 | -            | 49,328   | 49,328       |
| Total comprehensive income (loss) for the six months ended June 30, 2019                | -                                | -  | -                | -  | -                  | -                       | -            | -                          | -               | 407,975           | 407,975      | 49,328   | 457,303      |
| BALANCE AT JUNE 30, 2019  | \$ 1,237,242                     | \$ -   | \$ 1,184,809     | \$ 410,949   | \$ 143,150         | \$ 852,372              | \$ 2,591,280 | \$ 810,515                 | \$ 431,506      | \$ 520,329        | \$ 1,762,350 | \$ (382,178)   | \$ 5,208,694 |

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

(With Deloitte & Touche auditors' report dated August 9, 2019)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

|   | For the Six<br>Months Ended<br>June 30, 2019<br>(Reviewed) | For the Six<br>Months Ended<br>June 30, 2018<br>(Reviewed) |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |  |  |
| Profit before income tax  | \$ 614,036   | \$ 573,623   |
| Adjustments for:  |  |  |
| Depreciation expenses   | 120,955  | 51,055   |
| Amortization expenses   | 6,370  | 5,841  |
| Expected credit loss reversed on trade receivables                | (2,052)  | (5,846)  |
| Net gain on financial assets at fair value through profit         | (28,357)   | (19,426)   |
| Share of profit of associates                                     | (8,168)  | (15,630)   |
| Interest expenses   | 7,501  | -  |
| Interest income   | (14,940)   | (33,508)   |
| Loss on disposal of property, plant and equipment                 | 192  | 631  |
| Write-downs of inventories  | 27,829   | -  |
| Reversal write-downs of inventories                               | -  | (6,849)  |
| Prepayments for leases  | -  | 122  |
| Net gain on unrealized foreign currency exchange                  | (16,520)   | (49,058)   |
| Changes in operating assets and liabilities                       |  |  |
| Notes receivable  | 16,779   | (101,764)  |
| Trade receivables   | 307,467  | 3,414  |
| Inventories   | 90,594   | (44,716)   |
| Other current assets  | (77,299)   | 59,297   |
| Net defined benefit assets  | (12)   | 11   |
| Notes payable and trade payables                                  | (224,987)  | 22,547   |
| Other payables  | (30,405)   | (14,520)   |
| Other current liabilities   | (6,011)  | (5,171)  |
| Cash generated from operations                                    | 782,972  | 420,053  |
| Interest paid   | (7,501)  | -  |
| Income tax paid   | (281,514)  | (200,125)  |
| Net cash generated from operating activities                      | <u>493,957</u>   | <u>219,928</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |  |  |
| Purchase of financial assets at fair value through profit or loss | (650,703)  | (1,060,916)  |
| Disposal of financial assets at fair value through profit or loss | 573,903  | 602,237  |
| Acquisition of associates ventures                                | (25,000)   | -  |
| Payments of property, plant and equipment                         | (25,585)   | (47,676)   |
| Proceeds from disposal of property, plant and equipment           | 6,300  | 706  |
| Decrease in refundable deposits                                   | 5,146  | 678  |
| Payments of intangible assets                                     | (13,189)   | (5,234)  |
| Proceeds from disposal of intangible assets                       | 355  | -  |
| Decrease in other financial assets - current                      | -  | 13,921   |
| Increase in prepayments for equipment                             | (12,168)   | (22,314)   |
| Interest received   | 7,940  | 15,411   |
| Dividends received  | 11,400   | -  |
| Purchase of financial assets at amortized cost                    | (46,145)   | -  |
| Net cash generated used in investing activities                   | <u>(161,055)</u>   | <u>(485,090)</u>   |

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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|   | <b>For the Six<br/>Months Ended<br/>June 30, 2019<br/>(Reviewed)</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2018<br/>(Reviewed)</b> |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES  |  |  |
| Repayments of short-term borrowings   | \$ (230,000)   | \$ -   |
| Refund of guarantee deposits received   | (125)  | (30)   |
| Repayment of the principal portion of lease liabilities                               | <u>(66,097)</u>  | <u>-</u>   |
| Net cash used in financing activities   | <u>(296,222)</u>   | <u>(30)</u>  |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE<br>OF CASH HELD IN FOREIGN CURRENCIES | <u>51,434</u>  | <u>(13,142)</u>  |
| NET INCREASE (DECREASE) IN CASH AND CASH<br>EQUIVALENTS                               | 88,114   | (278,334)  |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE<br>YEAR                             | <u>2,681,311</u>   | <u>3,441,732</u>   |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                                      | <u>\$ 2,769,425</u>  | <u>\$ 3,163,398</u>  |

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

(With Deloitte & Touche auditors' report dated August 9, 2019)

(Concluded)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on August 9, 2019.

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

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

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

#### 1) IFRS 16 Leases

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

#### Definition of a lease

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

#### The Group as lessee

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

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

The Group expects to apply the following practical expedients:

- The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

Group recognized lease liabilities will be measured at the incremental borrowing rate weighted average is 4.71% on January 1, 2019. An amount to the lease liabilities and non-cancellable operating lease and the amount to future minimum lease payments difference commentary on December 31, 2018:

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

#### The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the

application of IFRS 16 starting from January 1, 2019.

Adjusting the asset, liability and equity with the application of IFRS 16 starting from January 1, 2019.

|                                 | <b>Before<br/>Restating<br/>Amount of<br/>January 1, 2019</b> | <b>Adjustments<br/>Arising from<br/>Initial<br/>Application</b> | <b>After<br/>Restating<br/>Amount of<br/>January 1, 2019</b> |
|---------------------------------|---|---|--|
| Prepayment for leases - current | \$ 33,415   | \$ (30,510)   | \$ 2,905   |
| Prepaid leases - non current    | 22,800  | (22,800)  | -  |
| Right-of-use assets             | <u>-</u>  | <u>412,985</u>  | <u>412,985</u>   |
| Total effect on assets          | <u>\$ 56,215</u>  | <u>\$ 359,675</u>   | <u>\$ 415,890</u>  |
| Lease liabilities - current     | \$ -  | \$ 111,105  | \$ 111,105   |
| Lease liabilities - non current | <u>-</u>  | <u>248,570</u>  | <u>248,570</u>   |
| Total effect on liabilities     | <u>\$ -</u>   | <u>\$ 359,675</u>   | <u>\$ 359,675</u>  |

2. IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The application of the aforementioned amendments has no significant impact in 2019.

3. Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 “Business Combination”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Tax” and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. The application of the aforementioned amendments has no significant impact in 2019.

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

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

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group assessed the application of other standards and interpretations will have no significant impact on the Group’s financial position and financial performance. The application of the aforementioned amendments has no significant impact in 2019.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

| <b>New IFRSs</b>                                       | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--|--|
| Amendments to IFRS 3 “Definition of a Business”        | January 1, 2020 (Note 1)                             |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 (Note 2)                             |

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

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

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

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

| <b>New IFRSs</b>   | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                             |
| IFRS 17 “Insurance Contracts”  | January 1, 2021                                      |

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

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

c. Others significant accounting policies

Expect related accounting policies of leases and following descriptions, also could refer summary of significant accounting policies in 2018.

1. Lease

2019

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

A. The Group as lessor

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

When a combined company sub-leases an right-of-use asset, it uses the right-of-use asset (not the underlying asset) to judge the classification of the sublease.

Under operating leases, the lease payments that are deducted from the lease incentives are recognized as income on a straight-line basis over the relevant lease periods.

B. The Group as lessee

Lease payments for asset leases and short-term leases, which are subject to the recognition of the waiver, are recognized as an expense on a straight-line basis over the lease term. Other leases recognize the right-of-use assets and lease liabilities on the lease beginning date.

The right-of-use asset is initially measured at cost (including the original measurement of the lease liability, lease payments received before the lease start date, original cost and estimated cost of the underlying asset). Subsequent measurement of the amount of accumulated depreciation and accumulated impairment losses at cost and adjust the re-measurement of the lease liability. The right-of-use asset is expressed separately in the consolidated balance sheet.

The right-of-use asset is depreciated on the straight-line basis from the commencement of the lease until the expiration of the end of the useful life or the expiration of the lease term.

Lease liabilities are initially measured as the present value of lease payments (including fixed payments.) If the lease implied interest rate is easy to judge, the lease payment is discounted using the interest rate. If the interest rate is not easy to judge, the lessee is used to increase the borrowing rate.

Subsequently, the lease liability is measured using the effective interest method on a post-amortization cost basis and the interest expense is apportioned during the lease period. Changes in future lease payments due to changes in the lease period, the consolidated company has to measure the lease liabilities and relatively adjust the right to use assets. However, if the amount of the right-of-use asset has been reduced to zero, then the remaining re-measurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

2018

When the lease terms transfer almost all the risks and rewards attached to the ownership of the asset to the lessee, then classify it as a finance lease. The other leases are classified as operating leases.

1. The Group as lessor

Lease income from operating leases is recognized as income on a straight-line basis over the relevant. Original direct costs incurred by negotiating and arranging operating leases, add to the carrying amount of the leased asset and recognized as a fee during the lease period on a straight-line basis.

2. The Group as lessee

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

Leasehold land for operating leases of land use rights in the PRC are amortized over the lease period on a straight-line basis.

## 2. Retirement benefits

The pension cost during the interim period is based on the actuarial cost rate determined by the actuarial at the end of the previous year, calculated based on the beginning of the year and the end of the current period, and for the major market fluctuations in this period and adjustments for the major market fluctuations in this period, major plan amendments, liquidations or other major one-off items.

## 3. Income Tax

Income tax expense is the sum of current income tax and deferred income tax. The income tax for the interim period is assessed on an annual basis, calculate the pre-tax profit before the period at the tax rate applicable to the expected total annual surplus. The impact of changes in the tax rate arising from the revision of the tax law during the period is consistent with the accounting principles of the transaction that generates the consequences of the taxation. Changes in tax rates relating to transactions recognized in profit or loss are included in the estimates of the annual average effective tax rates, recognized in profit or loss on a period-by-period basis

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

The main sources of significant accounting judgments, estimates, and assumptions used in the consolidated financial statements are in addition to the following and the others are the same as the 107 annual financial report.

### 1. Lease period (applicable in 2019)

When determining the lease term of the leased asset, the consolidation company considerations will generate economic incentives to exercise (or not exercise) all the relevant facts and circumstances of the option, includes expected changes in all facts and circumstances from the commencement date of the lease to the exercise of the option. The main factors considered include the contract terms and conditions of the period covered by the option, improvement of significant leasehold interest during the contract period and the importance of the underlying assets to the lessee's operations. Reassessment of the lease period when significant events or major changes occur within the control of the combined company

### 2. Lessee increase borrowing rate

Determining the lessee's incremental borrowing rate used for the lease payment discount, the risk rate is used as a reference rate for the period of existence and the risk-free rate of the currency. The risk-free interest rate for the period of existence and the currency is used as the reference interest rate and the estimated lessee credit risk discount and lease specific adjustments (for example, asset characteristics and factors such as guarantees) are taken into account.

## 6. CASH AND CASH EQUIVALENTS

|  | June 30<br>2019      | December 31<br>2018 | June 30<br>2018     |
|--|----------------------|---------------------|---------------------|
| Cash on hand   | \$ 3,602             | \$ 4,543            | \$ 3,950            |
| Checking accounts and demand deposits                          | 2,335,331            | 2,074,247           | 2,784,585           |
| Cash equivalents   |                      |                     |                     |
| Time deposits (with original maturities of less than 3 months) | <u>430,492</u>       | <u>602,521</u>      | <u>374,863</u>      |
|  | <u>\$ 2,769,4251</u> | <u>\$ 2,681,311</u> | <u>\$ 3,163,398</u> |

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

|   | June 30<br>2019   | December 31<br>2018 | June 30<br>2018   |
|---|-------------------|---------------------|-------------------|
| <u>Financial assets at FVTPL - current</u>          |                   |                     |                   |
| Financial assets mandatorily classified as at FVTPL |                   |                     |                   |
| Non-derivative financial assets                     |                   |                     |                   |
| Domestic listed shares                              |                   |                     |                   |
| Financial assets mandatorily classified as at FVTPL |                   |                     |                   |
| Non-derivative financial assets                     |                   |                     |                   |
| Domestic listed shares                              | \$ 26,219         | \$ 68,498           | \$ 46,504         |
| Mutual funds  | -                 | <u>124,078</u>      | <u>70,092</u>     |
|   | <u>26,219</u>     | <u>192,576</u>      | <u>116,596</u>    |
| Mixed financial assets                              |                   |                     |                   |
| Structured deposit                                  | 329,145           | -                   | 412,705           |
|   | <u>\$ 355,364</u> | <u>\$ 192,576</u>   | <u>\$ 529,301</u> |
| <u>Financial assets at FVTPL - non-current</u>      |                   |                     |                   |
| Financial assets mandatorily classified as at FVTPL |                   |                     |                   |
| Non-derivative financial assets                     |                   |                     |                   |
| Domestic emerging market shares                     | \$ 8,322          | \$ 13,696           | \$ 13,696         |
| Overseas unlisted shares                            | <u>46,120</u>     | <u>40,403</u>       | <u>40,403</u>     |
|   | <u>\$ 54,442</u>  | <u>\$ 54,099</u>    | <u>\$ 54,099</u>  |

The combined company successively signed a three-month structured time deposit contract with the bank on the six months ended **June 30**, 2018, and 2019. The structured time deposit includes an embedded derivative that is not closely related to the master contract, because of the main contract included in the hybrid contract is an asset within the scope of IFRS 9, therefore, the assessment of the overall hybrid contract should be mandatory to be measured at fair value through

profit or loss.

## 8. FINANCIAL ASSETS MEASURED BY AMORITIZED COST

|   | June 30<br>2019 | December<br>31, 2018 | June 30<br>2018 |
|---|-----------------|----------------------|-----------------|
| <u>Current</u>                              |                 |                      |                 |
| The original due date is more than 3 months |                 |                      |                 |
| Time deposit                                | \$ 46,569       | \$ -                 | \$ -            |

## 9. TRADE RECEIVABLES, NET

|                                     | June 30<br>2019     | December 31<br>2018 | June 30<br>2018     |
|-------------------------------------|---------------------|---------------------|---------------------|
| At amortized cost                   |                     |                     |                     |
| Gross carrying amount               | \$ 2,785,176        | \$ 3,052,623        | \$ 2,772,628        |
| Less: Allowance for impairment loss | ( 11,431)           | ( 13,253)           | ( 6,639)            |
|                                     | <u>\$ 2,773,745</u> | <u>\$ 3,039,370</u> | <u>\$ 2,765,989</u> |

The average credit period of sales of goods was 150 days. No interest was charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

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

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

### June 30, 2019

|                               | Not Past<br>Due     | Less than 30<br>Days | 31 to 90 Days    | 91 to 180<br>Days | Over 180<br>Days | Total               |
|-------------------------------|---------------------|----------------------|------------------|-------------------|------------------|---------------------|
| Expected credit loss rate     | -                   | 4.60%                | 19.52%           | 40.00%            | 96.48%           | -                   |
| Gross carrying amount         | \$ 2,684,237        | \$ 69,547            | \$ 25,043        | \$ 4,928          | \$ 1,421         | \$ 2,785,176        |
| Loss allowance (Lifetime ECL) | -                   | ( 3,201)             | ( 4,888)         | ( 1,971)          | ( 1,371)         | ( 11,431)           |
| Amortized cost                | <u>\$ 2,684,237</u> | <u>\$ 66,346</u>     | <u>\$ 20,155</u> | <u>\$ 2,957</u>   | <u>\$ 50</u>     | <u>\$ 2,773,745</u> |

### December 31, 2018

|                               | Not Past<br>Due     | Less than 30<br>Days | 31 to 90 Days    | 91 to 180<br>Days | Over 180<br>Days | Total               |
|-------------------------------|---------------------|----------------------|------------------|-------------------|------------------|---------------------|
| Expected credit loss rate     | -                   | 4.97%                | 19.95%           | 40.01%            | 96.83%           | -                   |
| Gross carrying amount         | \$ 2,879,382        | \$ 128,006           | \$ 23,447        | \$ 2,577          | \$ 1,231         | \$ 3,052,623        |
| Loss allowance (Lifetime ECL) | -                   | ( 6,360)             | ( 4,678)         | ( 1,023)          | ( 1,192)         | ( 13,253)           |
| Amortized cost                | <u>\$ 2,879,382</u> | <u>\$ 121,646</u>    | <u>\$ 18,769</u> | <u>\$ 1,543</u>   | <u>\$ 39</u>     | <u>\$ 3,039,370</u> |

### June 30, 2018

|                               | Not Past<br>Due     | Less than 30<br>Days | 31 to 90 Days   | 91 to 180<br>Days | Over 180<br>Days | Total               |
|-------------------------------|---------------------|----------------------|-----------------|-------------------|------------------|---------------------|
| Expected credit loss rate     | -                   | 6.15%                | 20.00%          | 41.01%            | 99.14%           | -                   |
| Gross carrying amount         | \$ 2,723,795        | \$ 34,644            | \$ 11,381       | \$ 946            | \$ 1,862         | \$ 2,772,628        |
| Loss allowance (Lifetime ECL) | -                   | ( 2,129)             | ( 2,276)        | ( 388)            | ( 1,846)         | ( 6,639)            |
| Amortized cost                | <u>\$ 2,723,795</u> | <u>\$ 32,515</u>     | <u>\$ 9,105</u> | <u>\$ 588</u>     | <u>\$ 16</u>     | <u>\$ 2,765,989</u> |

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

| For the Six<br>Months Ended<br>June 30 | For the Six<br>Months Ended<br>June 30 |
|--|--|
|--|--|

|   |                  |                 |
|---|------------------|-----------------|
|   | <b>2019</b>      | <b>2018</b>     |
| Balance beginning <b>January 1</b>                | \$ 13,253        | \$ 12,357       |
| Less: Turnaround impairment losses for the period | ( 2,052)         | ( 5,846)        |
| Foreign currency translation difference           | <u>230</u>       | <u>128</u>      |
| Balance at <b>June 30</b>                         | <u>\$ 11,431</u> | <u>\$ 6,639</u> |

## 10. INVENTORIES

|                  | <b>June 30<br/>2019</b> | <b>December 31<br/>2018</b> | <b>June 30<br/>2018</b> |
|------------------|-------------------------|-----------------------------|-------------------------|
| Finished goods   | \$ 181,673              | \$ 242,846                  | \$ 205,656              |
| Work in progress | 91,971                  | 120,010                     | 113,953                 |
| Raw materials    | <u>186,038</u>          | <u>209,407</u>              | <u>248,695</u>          |
|                  | <u>\$ 459,682</u>       | <u>\$ 572,263</u>           | <u>\$ 568,304</u>       |

The cost of goods sold included inventory write-downs for the three months and six months ended June 30, 2019 and 2018 was \$22,914 thousand, \$10,316 thousand, \$27,829 thousand and reversals of inventory write-downs of \$6,849 thousand. The reversals of previous write-downs for the three months ended June 30, 2018 resulted from the sale of inventory that was written down.

## 11. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

| Investor                             | Investee  | Nature of Activities  | Proportion of Ownership (%) |                      |                 | Remark       |
|--------------------------------------|---|---|-----------------------------|----------------------|-----------------|--------------|
|                                      |   |   | June 30<br>2019             | Decem<br>ber<br>2018 | June 30<br>2018 |              |
| Syncmold Enterprise Corp.            | Syncmold Enterprise (Samoa) Corp.                   | The commerce and commercial related practices of all metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China. | 100                         | 100                  | 100             | Note 1       |
|                                      | Grand Advnace Inc.                                  | The commerce, imports, exports and investments of electronic parts.   | 100                         | 100                  | 100             | Note 1       |
|                                      | Syncmold Enterprise (USA) Corp.                     | The commerce, imports and exports of electronic parts.  | 100                         | 100                  | 100             | Note 2       |
| Grand Advnace Inc.                   | Canford International Limited                       | Import and export trade and investment career.  | 100                         | 100                  | 100             | Note 2       |
|                                      | Fullking Development Limited                        | Import and export trade and investment career.  | 100                         | 100                  | 100             | Note 2       |
|                                      | Full Glary Holding Limited                          | Import and export trade and investment career.  | 100                         | 100                  | 100             | Note 2       |
| Syncmold Enterprise (Samoa) Corp.    | Full Big Limited                                    | Reinvesting subsidiaries of mainland China and international business career.   | 100                         | 100                  | 100             | Note 2       |
|                                      | Forever Business Development Limited                | Reinvesting subsidiaries of mainland China and international business career.   | 100                         | 100                  | 100             | Note 2       |
|                                      | Full Celebration Limited                            | Reinvesting subsidiaries of mainland China and international business career.   | 100                         | 100                  | 100             | Note 2       |
|                                      | Fuzhou Fulfil Tech Co., Ltd.                        | Electronic parts processing manufacturing, trading and related import and export business.  | 100                         | 100                  | 100             | Note 1       |
|                                      | Fujian Khuan Hua Precise Mold., Ltd.                | Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.      | 100                         | 100                  | 100             | Note 2       |
| Full Big Limited                     | Fuqing Foqun Electronic Hardware Tech Co., Ltd.     | Electronic parts processing manufacturing, trading and related import and export business.  | 100                         | 100                  | 100             | Note 2       |
|                                      | Shenzhen Fulfil Tech Co., Ltd.                      | The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.  | -                           | -                    | 100             | Note 2 and 3 |
| Forever Business Development Limited | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.      | 100                         | 100                  | 100             | Note 2       |
| Canford International Limited        | Suzhou Fulfil Electronics Co., Ltd.                 | Electronic parts processing manufacturing, trading and related import and export business.  | 100                         | 100                  | 100             | Note 1       |
| Fullking Development Limited         | Zhongshan Fulfil Tech Co., Ltd.                     | Electronic parts processing manufacturing, trading and related import and export business.  | 100                         | 100                  | 100             | Note 1       |
| Full Glary Holding Limited           | Kunshan Fulfil Tech Co., Ltd.                       | Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories.   | 100                         | 100                  | 100             | Note 2       |
| Full Celebration Limited             | Chongqing Fulfil Tech Co., Ltd.                     | The processing manufacturing, related imports and exports of all electronic, plastic and electronic parts.  | 100                         | 100                  | 100             | Note 2       |

Note 1: The financial statements of **June 30**, 2019 and 2018 are reviewed by accountants.

Note 2: It is a non-significant subsidiary whose financial statements of **June 30**, 2019 and 2018 have not been reviewed by accountants.

Note 3: Shenzhen Fulfil Tech Co., Ltd. has been liquidated on November 6, 2018.

The information on the subsidiaries included in the consolidated financial statements for the six months ended June 30, 2019 and 2018 in the table above was not based on the asset, liability and statement of comprehensive income of the subsidiaries audited by the auditors for the same periods as the following information.

|   | <b>June 30</b><br>2019 | <b>June 30</b><br>2018 |
|---|------------------------|------------------------|
| Total assets not reviewed by accountants      | \$ 2,218,428           | \$ 2,248,152           |
| The percentage of consolidated total assets   | <u>25.56%</u>          | <u>24.96%</u>          |
|   | \$ 857,553             | \$ 853,589             |
| Total liabilities not reviewed by accountants | <u>24.72%</u>          | <u>24.88%</u>          |
| The percentage of total combined liabilities  |                        |                        |

|  | <b>For the Three</b><br><b>Months Ended</b><br><b>June 30</b><br>2019 | <b>For the Three</b><br><b>Months Ended</b><br><b>June 30</b><br>2018 | <b>For the Six</b><br><b>Months Ended</b><br><b>June 30</b><br>2019 | <b>For the Six</b><br><b>Months Ended</b><br><b>June 30</b><br>2018 |
|--|---|---|---|---|
| Total consolidated profit and loss not reviewed by accountants | \$ 16,875   | \$ 66,449   | \$ 19,667   | \$ 92,868   |
| the percentage of total combined profit and loss               | <u>9.01%</u>  | <u>20.80%</u>   | <u>4.3%</u>   | <u>20.90%</u>   |

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|   | <b>June 30</b><br>2019 | <b>December 31</b><br>2018 | <b>June 30</b><br>2018 |
|---|------------------------|----------------------------|------------------------|
| Associates that are not individually material |                        |                            |                        |
| High Grade Tech Co., Ltd.                     | \$ 123,330             | \$ 123,713                 | \$ 111,454             |
| CoreBio Technologies (CBT) Co., Ltd.          | <u>22,151</u>          | <u>22,151</u>              | <u>-</u>               |
|   | <u>\$ 145,481</u>      | <u>\$ 123,713</u>          | <u>\$ 111,454</u>      |

In the January 2019, the Group paid cash of \$25,000 thousand for 23.83% equity of CoreBio Technologies Co., Ltd. The Group had significant influence over CoreBio Technologies Co., Ltd.

The investment in the equity method and the share of profit or loss of the combined company for the period for the three months and six months ended September 30, 2019 and 2018 is calculated based on the financial statements which have not been reviewed.

## 13. PROPERTY, PLANT AND EQUIPMENT

|                          | June 30<br>2019   | December 31<br>2019 | June 30<br>2018   |
|--------------------------|-------------------|---------------------|-------------------|
| Own land                 | \$ 65,187         | \$ 65,187           | \$ 65,187         |
| Building                 | 138,010           | 142,198             | 140,519           |
| mechanical equipment     | 298,254           | 290,172             | 320,070           |
| Transportation Equipment | 8,856             | 9,281               | 10,424            |
| Wealth instrument        | 13,422            | 13,657              | 14,316            |
| other devices            | 21,848            | 23,363              | 21,044            |
|                          | <u>\$ 545,577</u> | <u>\$ 543,858</u>   | <u>\$ 571,560</u> |

Except for the recognition of depreciation expenses, the real estate, plant and equipment of the combined company did not have any significant additions, disposals and impairments for the six months ended June 30, 2019 and 2018. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

## 14. Lease Agreement

### a. Right to use assets - 2019

|                            | June 30<br>2019   |
|----------------------------|-------------------|
| Use right asset book value |                   |
| Lord                       | \$ 7,865          |
| Building                   | 386,133           |
| Transportation equipment   | 332               |
|                            | <u>\$ 394,330</u> |

|   |   |
|---|---|
| <b>For the Three</b><br><b>Months Ended</b><br><b>June 30</b> | <b>For the Six</b><br><b>Months Ended</b><br><b>June 30</b> |
|---|---|

|   | 2019  | 2019  |
|---|---|---|
| Increase in the right to use assets   |   | <u>\$ 54,083</u>                                |
|   | <b>For the Three<br/>Months Ended<br/>June 30</b> | <b>For the Six<br/>Months Ended<br/>June 30</b> |
| Depreciation expense of the right to use assets                             |   |   |
| Land  | \$ 56   | \$ 116  |
| Building  | 37,524  | 71,798  |
| Transportation Equipment  | 63  | 125   |
|   | <u>\$ 37,373</u>                                  | <u>\$ 72,039</u>                                |
| Use rights asset sublease income (accounting for other benefits and losses) | <u>(\$ 4,463)</u>                                 | <u>(\$ 8,923)</u>                               |

b. Lease liability - 2019

|                            | June 30<br>2019   |
|----------------------------|-------------------|
| lease liability book value |                   |
| Current                    | <u>\$ 117,293</u> |
| Non current                | <u>\$ 229,093</u> |

The discount rate range for lease liabilities is as follows:

|                          | June 30<br>2019 |
|--------------------------|-----------------|
| Building                 | 0.94~4.90%      |
| Transportation equipment | 0.94%           |

c. Sublease

Sublease of use rights assets of 2019

The combined company uses the operating lease to sublease the right to use the building, the lease period is 5 years, and there is a priority to lease. When the lessee exercises the right of renewal, the renter adjusts the rent according to the market rent.

The total amount of lease payments to be received in the future of operating lease sublease is as follows

|            | June 30<br>2019 |
|------------|-----------------|
| First year | \$ 13,886       |

Sublease the operating lease agreement of 2018

As of December 31, 2018 and June 30 2018, the total future sublease payments expected to be received by the combined company for non-cancellable sub-leasing contracts were RMB 22,755 thousand and RMB 24,873 thousand, respectively.

d. Other Lease Information

2019

|                                     | <b>For the Three<br/>Months Ended<br/>June 30<br/>2019</b> | <b>For the Six<br/>Months Ended<br/>June 30<br/>2019</b> |
|-------------------------------------|--|--|
| Short term lease fee                | <u>\$ 3,796</u>  | <u>\$ 7,191</u>  |
| Total cash (outflow) from the lease |  | <u>(\$ 80,704)</u>                                       |

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

For the six months ended June 30, 2019 expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases for which the recognition exemption is applied was \$5,462 thousand as of June 30, 2019.

2018

The total future minimum lease payments for non-cancellable operating leases are as follows

|                  | <b>December 31<br/>2018</b> | <b>June 30<br/>2018</b> |
|------------------|-----------------------------|-------------------------|
| Less one year    | \$ 149,256                  | \$ 121,491              |
| During 1~5 years | 264,058                     | 305,241                 |
| Over 5 years     | <u>18,030</u>               | <u>89,111</u>           |
|                  | <u>\$ 431,344</u>           | <u>\$ 515,843</u>       |

15. Intangible assets

|                        | June 30<br>2019  | December 31<br>2018 | June 30<br>2018  |
|------------------------|------------------|---------------------|------------------|
| Computer software cost | <u>\$ 28,851</u> | <u>\$ 22,308</u>    | <u>\$ 20,945</u> |

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of other intangible assets during the six months ended June 30, 2019 and 2018. Amortization expenses are based on a straight-line basis for a period of 1 to 5 years of durability.

16. PREPAYMENTS FOR LEASES

|  | June 30<br>2019 | December 31<br>2018 | June 30<br>2018  |
|--|-----------------|---------------------|------------------|
| Land-use rights                                | \$ -            | \$ 7,906            | \$ 8,260         |
| Prepayments for leases                         | <u>445</u>      | <u>48,309</u>       | <u>44,448</u>    |
|  | <u>\$ 445</u>   | <u>\$ 56,215</u>    | <u>\$ 52,708</u> |
| Current assets (included other current assets) | \$ 445          | \$ 33,415           | \$ 23,521        |
| Non-current assets                             | <u>-</u>        | <u>22,800</u>       | <u>29,187</u>    |
|  | \$ 445          | \$ 56,215           | \$ 52,708        |

17. BORROWINGS

|  | June 30<br>2019 | December 31<br>2018 | June 30<br>2018 |
|--|-----------------|---------------------|-----------------|
| <u>Short-term borrowings</u>                     |                 |                     |                 |
| Unsecured borrowings - line of credit borrowings | <u>\$ -</u>     | <u>\$ 230,000</u>   | <u>\$ -</u>     |

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

18. OTHER PAYABLES

|                                       | June 30<br>2019    | December 31<br>2018 | June 30<br>2018    |
|---------------------------------------|--------------------|---------------------|--------------------|
| Payables for salaries or bonuses      | \$ 263,377         | \$ 241,675          | \$ 225,915         |
| Payables for processing and mold fees | 11,850             | 32,626              | 11,943             |
| Dividends payable                     | 804,207            | -                   | 824,828            |
| Others                                | <u>106,519</u>     | <u>135,499</u>      | <u>110,445</u>     |
|                                       | <u>\$1,185,953</u> | <u>\$ 409,800</u>   | <u>\$1,173,131</u> |

19. RETIREMENT BENEFIT PLANS

The pension expenses (interests) for the defined benefit plan recognized for the three months and six months ended June 30, 2019 and 2018, are calculated based on the pension cost rate determined by actuarial calculations on December 31, 2017 and 2018, respectively. It is (6) thousand, 6 thousand, (12) thousand, and 11 thousand.

20. EQUITY

a. Share capital

Ordinary shares

|   | June 30<br>2019     | December 31<br>2018 | June 30<br>2018     |
|---|---------------------|---------------------|---------------------|
| Number of shares authorized (in thousands)            | <u>200,000</u>      | <u>200,000</u>      | <u>200,000</u>      |
| Shares authorized                                     | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> |
| Number of shares issued and fully paid (in thousands) |                     |                     |                     |
| Shares issued   | <u>\$ 123,724</u>   | <u>\$ 123,724</u>   | <u>\$ 164,966</u>   |
| Advance receipts for ordinary shares                  | <u>\$ 1,237,242</u> | <u>\$ 1,237,242</u> | <u>\$ 1,649,656</u> |

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

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

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

For the six months ended June 30, 2018, 1,392 thousand ordinary shares were converted from the second domestic unsecured convertible bonds. On March 27, 2017, the record date of capital increase, the Corporation transferred 1,392 thousand shares from the advance receipts of share capital to ordinary shares.

b. Capital surplus

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

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

d. Special reserve

|                                   | For the Six Months Ended<br>June 30 |                   |
|-----------------------------------|-------------------------------------|-------------------|
|                                   | 2019                                | 2018              |
| Balance at Beginning              | \$ 376,649                          | \$ 230,916        |
| Mention special surplus reserve   |                                     |                   |
| Deductions for other equity items | <u>\$ 54,857</u>                    | <u>\$ 145,733</u> |
| Ending balance                    | <u>\$ 431,506</u>                   | <u>\$ 376,649</u> |

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

## 21. NET PROFIT

Net profit comprises:

a. Depreciation, amortization and employee benefits expense:

|                           | For the Three Months Ended<br>June 30, 2019 |                    |                   | For the Three Months Ended<br>June 30, 2018 |                    |                   |
|---------------------------|---|--------------------|-------------------|---|--------------------|-------------------|
|                           | Operating Costs                             | Operating Expenses | Total             | Operating Costs                             | Operating Expenses | Total             |
| Employee benefits expense |   |                    |                   |   |                    |                   |
| Defined contribution plan | \$ 8,207                                    | \$ 3,352           | \$ 11,559         | \$ 5,761                                    | \$ 3,228           | \$ 8,944          |
| Defined benefit plan      | -   | (6)                | (6)               | -   | 6                  | 6                 |
| Other employee benefits   | <u>273,971</u>                              | <u>97,164</u>      | <u>371,135</u>    | <u>264,644</u>                              | <u>98,191</u>      | <u>362,835</u>    |
|                           | <u>\$ 282,178</u>                           | <u>\$ 100,510</u>  | <u>\$ 382,688</u> | <u>\$ 270,360</u>                           | <u>\$ 101,425</u>  | <u>\$ 371,785</u> |
| Depreciation              | <u>\$ 40,550</u>                            | <u>\$ 21,542</u>   | <u>\$ 62,092</u>  | <u>\$ 19,199</u>                            | <u>\$ 6,467</u>    | <u>\$ 25,666</u>  |
| Amortization              | <u>\$ 11</u>                                | <u>\$ 3,435</u>    | <u>\$ 3,446</u>   | <u>\$ 67</u>                                | <u>\$ 2,891</u>    | <u>\$ 2,958</u>   |

|                           | For the Six Months Ended<br>June 30, 2019 |                    |           | For the Six Months Ended<br>June 30, 2018 |                    |           |
|---------------------------|---|--------------------|-----------|---|--------------------|-----------|
|                           | Operating Costs                           | Operating Expenses | Total     | Operating Costs                           | Operating Expenses | Total     |
| Employee benefits expense |   |                    |           |   |                    |           |
| Defined contribution plan | \$ 18,432                                 | \$ 7,194           | \$ 25,626 | \$ 19,402                                 | \$ 7,117           | \$ 26,519 |
| Defined benefit plan      | -   | (12)               | (12)      | -   | 11                 | 11        |

|                         |                   |                   |                   |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Other employee benefits | <u>509,781</u>    | <u>190,771</u>    | <u>700,552</u>    | <u>511,934</u>    | <u>175,030</u>    | <u>686,964</u>    |
|                         | <u>\$ 528,213</u> | <u>\$ 197,953</u> | <u>\$ 726,166</u> | <u>\$ 531,336</u> | <u>\$ 182,158</u> | <u>\$ 713,494</u> |
| Depreciation            | <u>\$ 76,749</u>  | <u>\$ 44,206</u>  | <u>\$ 120,955</u> | <u>\$ 38,333</u>  | <u>\$ 12,722</u>  | <u>\$ 51,055</u>  |
| Amortization            | <u>\$ 11</u>      | <u>\$ 6,359</u>   | <u>\$ 6,370</u>   | <u>\$ 134</u>     | <u>\$ 5,707</u>   | <u>\$ 5,841</u>   |

b. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2018 and 2019, which were approved by the Corporation's board of directors for the three months ended June 30, 2018 and 2019 and six months ended June 30, 2018 and 2019 respectively, are as follows:

Accrual rate

|   | For the Six Months Ended |       |
|---|--------------------------|-------|
|   | June 30                  |       |
|   | 2019                     | 2018  |
| Employees' compensation                   | 6.56%                    | 6.56% |
| Remuneration of directors and supervisors | 1.44%                    | 1.44% |

Amount

|   | For the Three Months Ended |              | For the Six Months Ended |              |
|---|----------------------------|--------------|--------------------------|--------------|
|   | June 30                    |              | June 30                  |              |
|   | 2019                       | 2018         | 2019                     | 2018         |
| Employees' compensation                   | \$ 19,077                  | \$ 23,803    | \$ 33,727                | \$ 32,684    |
| Remuneration of directors and supervisors | <u>4,188</u>               | <u>5,226</u> | <u>7,404</u>             | <u>7,175</u> |

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2018 and 2017 resolved by the board of directors on March 14, 2019 and March 2, 2018, respectively, were as below:

|   | For the Year Ended December 31 |                  |
|---|--------------------------------|------------------|
|   | 2018                           | 2017             |
|   | Cash                           | Cash             |
| Employees' compensation                   | <u>\$ 76,000</u>               | <u>\$ 70,000</u> |
| Remuneration of directors and supervisors | <u>\$ 17,000</u>               | <u>\$ 16,000</u> |

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

|  | For the Year Ended      |   | For the Year Ended      |   |
|--|-------------------------|---|-------------------------|---|
|  | December 31, 2018       |   | December 31, 2017       |   |
|  | Employees' Compensation | Remuneration of Directors and Supervisors | Employees' Compensation | Remuneration of Directors and Supervisors |
| Amounts approved in the board of directors' meeting                | <u>\$ 76,000</u>        | <u>\$ 17,000</u>                          | <u>\$ 70,000</u>        | <u>\$ 16,000</u>                          |
| Amounts recognized in the annual consolidated financial statements | <u>\$ 75,903</u>        | <u>\$ 16,662</u>                          | <u>\$ 70,096</u>        | <u>\$ 15,387</u>                          |

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

## 22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

|   | For the Three Months Ended |                   | For the Six Months Ended |                   |
|---|----------------------------|-------------------|--------------------------|-------------------|
|   | June 30                    |                   | June 30                  |                   |
|   | 2019                       | 2018              | 2019                     | 2018              |
| Current tax   |                            |                   |                          |                   |
| In respect of the current period  | \$ 200,953                 | \$ 85,436         | \$ 255,072               | \$ 115,484        |
| Adjustments for prior periods   | <u>( 999)</u>              | <u>3,859</u>      | <u>( 999)</u>            | <u>4,620</u>      |
|   | <u>199,954</u>             | <u>89,295</u>     | <u>254,073</u>           | <u>120,104</u>    |
| Deferred tax  |                            |                   |                          |                   |
| In respect of the current period  | ( 66,765)                  | 38,418            | ( 48,012)                | 57,802            |
| Adjustments to deferred tax attributable to changes in tax rates and laws | <u>-</u>                   | <u>6,772</u>      | <u>-</u>                 | <u>13,571</u>     |
|   | ( 66,765)                  | <u>45,190</u>     | ( 48,012)                | <u>71,373</u>     |
| Income tax expense recognized in profit or loss                           | <u>\$ 133,189</u>          | <u>\$ 134,485</u> | <u>\$ 206,061</u>        | <u>\$ 191,477</u> |

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. Deferred income tax losses recognized as profit or loss as a result of changes in tax rates was 27,115 thousand, as of June 30, 2018, the deferred income tax loss not yet recognized was 13,544 thousand. In addition, the tax rate applicable to the undistributed surplus for the year 2018 will be reduced from 10% to 5%.

b. Income tax assessments

The income tax returns of the Corporation through 2015 have been assessed by the tax authorities, and the income tax returns of its subsidiaries in mainland China through 2018 have been assessed by the tax authorities.

**23. EARNINGS PER SHARE**

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

**Current Net Profit**

|  | For the Three Months Ended<br>June 30 |                   | For the Six Months Ended<br>June 30 |                   |
|--|---------------------------------------|-------------------|-------------------------------------|-------------------|
|  | 2019                                  | 2018              | 2019                                | 2018              |
| Earnings used in the computation of diluted earnings per share | <u>\$ 228,578</u>                     | <u>\$ 282,905</u> | <u>\$ 407,975</u>                   | <u>\$ 382,146</u> |

**Shares**

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

|  | For the Three Months Ended<br>June 30 |                | For the Six Months Ended<br>June 30 |                |
|--|---------------------------------------|----------------|-------------------------------------|----------------|
|  | 2019                                  | 2018           | 2019                                | 2018           |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 123,724                               | 164,966        | 123,724                             | 164,966        |
| Effect of potentially dilutive ordinary shares<br>Employees' compensation                        | 402                                   | 523            | 783                                 | 984            |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>124,126</u>                        | <u>165,489</u> | <u>124,507</u>                      | <u>165,950</u> |

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

**24. FINANCIAL INSTRUMENTS**

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

June 30, 2019

None.

December 31, 2018

None.

June 30, 2018

None.

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

1) Fair value hierarchy

June 30, 2019

|                                | Level 1           | Level 2     | Level 3          | Total             |
|--------------------------------|-------------------|-------------|------------------|-------------------|
| Financial assets at FVTPL      |                   |             |                  |                   |
| Domestic listed counter shares | \$ 26,219         | \$ -        | \$ -             | \$ 26,219         |
| Emerging market shares         | 3,168             | -           | 5,154            | 8,322             |
| Mutual funds                   | 329,145           | -           | -                | 329,145           |
| Overseas unlisted shares       | -                 | -           | 46,120           | 46,120            |
|                                | <u>\$ 358,532</u> | <u>\$ -</u> | <u>\$ 51,274</u> | <u>\$ 409,806</u> |

December 31, 2018

|                                | Level 1   | Level 2 | Level 3 | Total     |
|--------------------------------|-----------|---------|---------|-----------|
| Financial assets at FVTPL      |           |         |         |           |
| Domestic listed counter shares | \$ 68,498 | \$ -    | \$ -    | \$ 68,498 |
| Emerging market shares         | -         | -       | 13,696  | 13,696    |
| Mutual funds                   | 124,078   | -       | -       | 124,078   |
| Overseas unlisted shares       | -         | -       | 40,403  | 40,403    |

|                                |                   |                |                  |                   |
|--------------------------------|-------------------|----------------|------------------|-------------------|
|                                | <u>\$ 192,576</u> | <u>\$ -</u>    | <u>\$ 54,099</u> | <u>\$ 246,675</u> |
| <u>June 30, 2018</u>           |                   |                |                  |                   |
|                                | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b>   | <b>Total</b>      |
| Financial assets at FVTPL      |                   |                |                  |                   |
| Domestic listed counter shares | \$ 46,504         | \$ -           | \$ -             | \$ 46,504         |
| Emerging market shares         | -                 | -              | 13,696           | 13,696            |
| Mutual funds                   | 70,092            | -              | -                | 70,092            |
| Structured deposits            | 412,705           | -              | -                | 412,705           |
| Overseas unlisted shares       | <u>-</u>          | <u>-</u>       | <u>40,403</u>    | <u>40,403</u>     |
|                                | <u>\$ 529,301</u> | <u>\$ -</u>    | <u>\$ 54,099</u> | <u>\$ 583,400</u> |

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

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

For the six months ended June 30, 2019

|  |   |
|--|---|
|  | <b>Financial Assets<br/>at FVTPL<br/>Equity<br/>Instruments</b> |
| Balance at January 1, 2019   | \$ 54,099   |
| Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss) | 3,400   |
| Purchase   | 3,482   |
| Transfer to Level 3  | <u>( 9,707)</u>   |
| Balance at June 30, 2019   | <u>\$ 51,274</u>  |

For the six months ended June 30, 2018

|  |   |
|--|---|
|  | <b>Financial Assets<br/>at FVTPL<br/>Equity<br/>Instruments</b> |
| Balance at January 1, 2018   | \$ 51,585   |
| Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss) | \$ 2,514  |
| Balance at June 30, 2018   | <u>\$ 54,099</u>  |

3) Evaluation technology and input value for the third level fair value measurement

Appraisal of the domestic stock market using the market method  
Evaluation of foreign unlisted counter stocks using the asset method

c. Categories of financial instruments

|  |                         |                             |                         |
|--|-------------------------|-----------------------------|-------------------------|
|  | <b>June 30<br/>2019</b> | <b>December 31<br/>2018</b> | <b>June 30<br/>2018</b> |
| <u>Financial assets</u>                          |                         |                             |                         |
| Financial assets at FVTPL                        |                         |                             |                         |
| Mandatorily classified as at FVTPL               | \$ 409,806              | \$ 246,675                  | \$ 583,400              |
| Financial assets at amortized cost (Note 1)      | 6,124,603               | 6,239,300                   | 6,486,600               |
| <u>Financial liabilities</u>                     |                         |                             |                         |
| Financial liabilities at amortized cost (Note 2) | 2,490,179               | 2,172,413                   | 2,860,204               |

Note1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, and refundable deposits.

Note2 : The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable and trade payables, other payables, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets that are measured at fair value through profit or loss, measured at amortized cost, financial instruments held for trading, equity investments, trade receivables and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

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

a) Foreign currency risk

Several subsidiaries of the Corporation have foreign currency sales and purchases, which exposes the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 26.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

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

|                   | <b>For the six months ended June 30</b> |                    |
|-------------------|---|--------------------|
|                   | <b>2019</b>                             | <b>2018</b>        |
| <u>USD impact</u> |   |                    |
| USD:NTD           | <u>\$ 1,219</u>                         | <u>\$ (728)</u>    |
| USD:RMB           | <u>\$ (29,761)</u>                      | <u>\$ (24,836)</u> |
| <u>RMB impact</u> |   |                    |
| RMB:NTD           | <u>\$ (1,457)</u>                       | <u>\$ (1,461)</u>  |
| RMB:USD           | <u>\$ (1,002)</u>                       | <u>\$ (4,320)</u>  |

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

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

b) Interest rate risk

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

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

|                               | <b>June 30<br/>2019</b> | <b>December 31<br/>2018</b> | <b>June 30<br/>2018</b> |
|-------------------------------|-------------------------|-----------------------------|-------------------------|
| Fair value interest rate risk |                         |                             |                         |
| Financial assets              | \$ 806,206              | \$ 602,521                  | \$ 787,568              |
| Financial liabilities         | -                       | 230,000                     | -                       |
| Cash flow interest rate risk  |                         |                             |                         |
| Financial assets              | 2,332,248               | 2,071,375                   | 2,782,296               |

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2018 and 2019 would decrease/increase by \$ 11,611 thousand and \$ 13,911 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits.

c) Other price risk

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

## Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2018 and 2019 would have increased/decreased by \$ 807 thousand and \$ 1,707 thousand, as a result of the changes in fair value of financial assets at FVTPL.

### 2) Credit risk

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

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

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30 and December 31 2018 and June 30, 2019 the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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

#### June 30, 2019

|  | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b>  | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b>  |
|--|---|--------------------|-------------------------------|-------------------|
| Non-derivative<br><u>financial liabilities</u> |   |                    |                               |                   |
| Non-interest bearing<br>liabilities            | \$ 588,220                                    | \$1,374,798        | \$ 526,935                    | \$ -              |
| Lease liability                                | <u>11,739</u>                                 | <u>28,243</u>      | <u>90,744</u>                 | <u>249,862</u>    |
|  | <u>\$ 599,959</u>                             | <u>\$1,403,041</u> | <u>\$ 617,679</u>             | <u>\$ 249,862</u> |

#### December 31, 2018

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

#### June 30, 2018

|                                     | <b>On Demand or<br/>Less than<br/>1 Month</b> | <b>1-3 Months</b>  | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b> |
|-------------------------------------|---|--------------------|-------------------------------|------------------|
| Non-interest bearing<br>liabilities | <u>\$ 641,979</u>                             | <u>\$1,594,352</u> | <u>\$ 621,339</u>             | <u>\$ -</u>      |

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

#### b) Financing facilities

|   | June 30<br>2019     | December 31<br>2018 | June 30<br>2018     |
|---|---------------------|---------------------|---------------------|
| Unsecured bank overdraft facilities,<br>reviewed annually and payable on<br>demand: |                     |                     |                     |
| Amount used   | \$ -                | \$ 230,000          | \$ -                |
| Amount unused   | <u>1,700,000</u>    | <u>1,092,860</u>    | <u>1,197,990</u>    |
|   | <u>\$ 1,700,000</u> | <u>\$ 1,322,860</u> | <u>\$ 1,197,990</u> |

## 25. TRANSACTIONS WITH RELATED PARTIES

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

### a. Related party name and category

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

### b. Purchases of goods

| Related Party Category/Name | For the three months ended June 30 |      | For the six months ended June 30 |       |
|-----------------------------|------------------------------------|------|----------------------------------|-------|
|                             | 2019                               | 2018 | 2019                             | 2018  |
| Associate                   | \$ -                               | \$ - | \$ -                             | \$ 40 |

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

### c. Operating expenses

| Related Party Category/Name | For the three months ended June 30 |      | For the six months ended June 30 |       |
|-----------------------------|------------------------------------|------|----------------------------------|-------|
|                             | 2019                               | 2018 | 2019                             | 2018  |
| Associate                   | \$ -                               | \$ - | \$ -                             | \$ 20 |

### d. Lease Agreement

| Related Party Category/Name | For the three months ended June 30 |        | For the six months ended June 30 |          |
|-----------------------------|------------------------------------|--------|----------------------------------|----------|
|                             | 2019                               | 2018   | 2019                             | 2018     |
| Associate                   | \$ 799                             | \$ 789 | \$ 1,579                         | \$ 1,575 |

For the lease contracts with other related parties, the rental amounts are negotiated based on market prices and payment is made based on general terms and conditions.

### e. Prepayments

| Line Item  | Related Party<br>Category/Name | June 30<br>2019 | December 31<br>2018 | June 30<br>2018 |
|--|--------------------------------|-----------------|---------------------|-----------------|
| Prepaid expense<br>(including other<br>current assets) | Related party in<br>substance  | \$ 79           | \$ 78               | \$ 78           |

### f. Receivables from related parties (excluding loans to related parties)

| Line Item  | Related Party<br>Category/Name | June 30<br>2019 | December 31<br>2018 | June 30<br>2018 |
|--|--------------------------------|-----------------|---------------------|-----------------|
| Dividends<br>receivable<br>(Included in other<br>current assets) | Associate                      | \$ -            | \$ -                | \$ 6,840        |

g. Loans Related Parties (Not Included borrowing from related parties)

| Line Item       | Related Party Category/Name | June 30 2019 | December 31 2018 | June 30 2018 |
|-----------------|-----------------------------|--------------|------------------|--------------|
| Others Payables | Associate                   | \$ _____ -   | \$ _____ -       | \$ _____ 4   |

The amount of payables that are in circulation is not guaranteed and will be paid in cash.

h. Compensation of key management personnel

|                              | April 1 ~ June 30 2019 | April 1 ~ June 30 2018 | January 1~ June 30 2019 | January 1~ June 30 2018 |
|------------------------------|------------------------|------------------------|-------------------------|-------------------------|
| Short-term employee benefits | \$ 10,814              | \$ 10,162              | \$ 21,628               | \$ 20,323               |
| Post-employment benefits     | _____ 57               | _____ 56               | _____ 114               | _____ 112               |
|                              | <u>\$ 10,871</u>       | <u>\$ 10,218</u>       | <u>\$ 21,742</u>        | <u>\$ 20,435</u>        |

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

**26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

June 30, 2019

|  | Foreign Currency | Exchange Rate    | Carrying Amount |
|--|------------------|------------------|-----------------|
| <u>Financial assets</u>                |                  |                  |                 |
| Monetary items                         |                  |                  |                 |
| USD                                    | \$ 40,691        | 31.06 (USD:NTD)  | \$ 1,263,862    |
| USD                                    | 110,292          | 6.8747 (USD:RMB) | 3,425,670       |
| RMB                                    | 32,224           | 4.521 (RMB:NTD)  | 145,685         |
| RMB                                    | 22,153           | 0.1455 (RMB:USD) | 100,154         |
| Non-monetary items                     |                  |                  |                 |
| Financial assets at FVTPL- current     |                  |                  |                 |
| RMB                                    | 7,500            | 4.521 (RMB:NTD)  | 34,014          |
| Non-monetary items                     |                  |                  |                 |
| Financial assets at FVTPL- non-current |                  |                  |                 |
| USD                                    | 1,500            | 31.06 (USD:NTD)  | 46,120          |
| <u>Financial liabilities</u>           |                  |                  |                 |
| Monetary items                         |                  |                  |                 |
| USD                                    | 44,616           | 31.06 (USD:NTD)  | 1,385,773       |
| USD                                    | 14,473           | 6.8747 (USD:RMB) | 449,531         |

December 31, 2018

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

June 30, 2018

|  | Foreign<br>Currency | Exchange Rate    | Carrying<br>Amount |
|--|---------------------|------------------|--------------------|
| <u>Financial assets</u>                |                     |                  |                    |
| Monetary items                         |                     |                  |                    |
| USD                                    | \$ 45,552           | 30.46 (USD:NTD)  | \$ 1,387,514       |
| USD                                    | 101,229             | 6.6166 (USD:RMB) | 3,083,435          |
| RMB                                    | 31,814              | 4.5930 (RMB:NTD) | 146,122            |
| RMB                                    | 94,052              | 0.1511 (RMB:USD) | 431,981            |
| Non-monetary items                     |                     |                  |                    |
| Financial assets at FVTPL- non-current |                     |                  |                    |
| USD                                    | 1,500               | 30.46 (USD:NTD)  | 40,403             |
| <u>Financial liabilities</u>           |                     |                  |                    |
| Monetary items                         |                     |                  |                    |
| USD                                    | 43,163              | 30.46 (USD:NTD)  | 1,314,745          |
| USD                                    | 19,691              | 6.6166 (USD:RMB) | 599,788            |

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

| <b>For the three months ended June 30</b> |                      |  |                      |  |
|---|----------------------|--|----------------------|--|
| <b>2019</b>                               |                      |  | <b>2018</b>          |  |
| <b>Foreign<br/>Currency</b>               | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gains<br/>(Losses)</b> | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gains<br/>(Losses)</b> |
| NTD                                       | 1 (NTD:NTD)          | (\$ 4,655)   | 1 (NTD:NTD)          | \$ 8,600   |
| USD                                       | 31.06 (USD:NTD)      | ( 8,857)   | 29.537 (USD:NTD)     | ( 8,741)   |
| RMB                                       | 4.521 (RMB:NTD)      | <u>65,065</u>                                      | 4.639 (RMB:NTD)      | <u>106,225</u>                                     |
|   |                      | <u>\$ 51,553</u>                                   |                      | <u>\$ 106,084</u>                                  |
| <b>For the six months ended June 30</b>   |                      |  |                      |  |
| <b>2019</b>                               |                      |  | <b>2018</b>          |  |
| <b>Foreign<br/>Currency</b>               | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gains<br/>(Losses)</b> | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gains<br/>(Losses)</b> |
| NTD                                       | 1 (NTD:NTD)          | \$ 1,389   | 1 (NTD:NTD)          | (\$ 6,088)   |
| USD                                       | 31.06 (USD:NTD)      | 2,251  | 29.537 (USD:NTD)     | 9,897  |
| RMB                                       | 4.521 (RMB:NTD)      | <u>1,737</u>                                       | 4.639 (RMB:NTD)      | <u>33,150</u>                                      |
|   |                      | <u>\$ 5,341</u>                                    |                      | <u>\$ 36,959</u>                                   |

## 27. SEPARATELY DISCLOSED ITEMS

### a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Table 7)
- 10) Information on investees (Table 9)
- 11) Intercompany relationships and significant intercompany transactions (Table 7)

### b. Information on investments in mainland China

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

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 5, 6 and 9):
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - The amount of property transactions and the amount of the resultant gains or losses.
  - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

## 28. SEGMENT INFORMATION

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

No operating segments were closed during the year.

### a. Segment revenue and results

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

|  | <b>Income</b>                               |                     | <b>Loss</b>                                 |                   |
|--|---|---------------------|---|-------------------|
|  | <b>For the six months ended<br/>June 30</b> |                     | <b>For the six months ended<br/>June 30</b> |                   |
|  | <b>2019</b>                                 | <b>2018</b>         | <b>2019</b>                                 | <b>2018</b>       |
| Equipment - electronic parts   | \$ 3,867,491                                | \$ 3,846,827        | \$ 771,487                                  | \$ 657,149        |
| - plastic  | <u>265,253</u>                              | <u>320,400</u>      | <u>26,644</u>                               | <u>33,807</u>     |
| Revenue from continuing operations                                     | <u>\$ 4,132,744</u>                         | <u>\$ 4,167,227</u> | 798,131                                     | 690,956           |
| Management costs   |   |                     | ( 244,915)                                  | ( 226,180)        |
| Other gains and losses   |   |                     | 11,515                                      | 3,324             |
| Interest income  |   |                     | 14,940                                      | 33,508            |
| Net foreign exchange gain (loss)                                       |   |                     | 5,341                                       | 36,959            |
| Net gain on financial assets at fair value through profit or loss      |   |                     | 28,357                                      | 19,426            |
| Interest expenses  |   |                     | (7,501)                                     | -                 |
| Shares of benefits of related companies recognized using equity method |   |                     | 8,168                                       | 15,630            |
| Income before tax  |   |                     | <u>\$ 614,036</u>                           | <u>\$ 573,623</u> |

The above segment revenues and results were generated from the transactions with external customers. There were no inter-segment transactions for the six months ended June 30, 2019 and 2018.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, interest income, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

### b. Segment total assets

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
 FOR THE SIX MONTHS ENDED JUNE 30, 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                | \$ -                          | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% 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                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 1   | Syncmold Enterprise (Samoa) Corp. | Full Celebration Limited                            | Other receivables from related parties | Yes           | 93,180                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Grand Advance Inc.                                  | Other receivables from related parties | Yes           | 93,180                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Full Big Limited                                    | Other receivables from related parties | Yes           | 93,180                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Fujian Khuan Hua Precise Mold., Ltd.                | Other receivables from related parties | Yes           | 62,120                         | 62,120         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Forever Business Development Limited                | Other receivables from related parties | Yes           | 93,180                         | 93,180         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Syncmold Enterprise Corporation                     | Other receivables from related parties | Yes           | 155,300                        | 155,300        | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes           | 93,180                         | 93,180         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 2   | Grand Advance Inc.                | Full Big Limited                                    | Other receivables from related parties | Yes           | 93,180                         | 93,180         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Syncmold Enterprise (USA) Corp.                     | Other receivables from related parties | Yes           | 155,300                        | 155,300        | 12,424                 | 0                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Syncmold Enterprise (Samoa) Corp.                   | Other receivables from related parties | Yes           | 93,180                         | 93,180         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Kunshan Fulfil Tech Co., Ltd.                       | Other receivables from related parties | Yes           | 93,180                         | 93,180         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Syncmold Enterprise Corporation                     | Other receivables from related parties | Yes           | 403,780                        | 403,780        | 357,190                | 0                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                   | Fullking Development Limited                        | Other receivables from related parties | Yes           | 139,770                        | 139,770        | 46,590                 | 0                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |

|   |                               |   |  |     |         |         |        |   |                      |    |                   |    |   |   |  |  |
|---|-------------------------------|---|--|-----|---------|---------|--------|---|----------------------|----|-------------------|----|---|---|--|--|
|   |                               |   |  |     |         |         |        |   |                      |    |                   |    |   |   | Corporation)   | Corporation)   |
|   |                               | Chongqing Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes | 217,420 | 217,420 | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Suzhou Fulfil Electronics Co., Ltd.                 | Other receivables from related parties | Yes | 217,420 | 217,420 | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Zhongshan Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes | 217,420 | 217,420 | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Fuzhou Fulfil Tech Co., Ltd.                        | Other receivables from related parties | Yes | 217,420 | 217,420 | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 3 | Fuzhou Fulfil Tech. Co., Ltd. | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes | 72,288  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Chongqing Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes | 72,288  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Fuqing Foqun Electronic Hardware Tech Co., Ltd.     | Other receivables from related parties | Yes | 72,288  | 72,288  | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Suzhou Fulfil Electronics Co., Ltd.                 | Other receivables from related parties | Yes | 72,288  | 72,288  | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Fujian Khuan Hua Precise Mold., Ltd.                | Other receivables from related parties | Yes | 72,288  | 72,288  | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Kunshan Fulfil Tech Co., Ltd.                       | Other receivables from related parties | Yes | 72,288  | -       | \$     | - | Short-term financing | \$ | Operating capital | \$ | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 4 | Full Big Limited              | Forever Business Development Limited                | Other receivables from related parties | Yes | 18,636  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Grand Advance Inc.                                  | Other receivables from related parties | Yes | 18,636  | 18,636  | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Syncmold Enterprise (Samoa) Corp.                   | Other receivables from related parties | Yes | 18,636  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Fullking Development Limited                        | Other receivables from related parties | Yes | 43,484  | 43,484  | 24,848 | 0 | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 5 | Fullking Development Limited  | Zhongshan Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes | 37,272  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Forever Business Development Limited                | Other receivables from related parties | Yes | 37,272  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Syncmold Enterprise (Samoa) Corp.                   | Other receivables from related parties | Yes | 37,272  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|   |                               | Full Big Limited                                    | Other receivables from related parties | Yes | 37,272  | -       | -      | - | Short-term financing | -  | Operating capital | -  | - | - | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |

| 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                                | No.  |
|-----|-------------------------------------|---|--|---------------|--------------------------------|----------------|------------------------|-------------------|----------------------|-----------------------------|----------------------------------|-------------------------------|------------|-----------------------------------|--|--|
| 6   | Zhongshan Fulfil Tech Co., Ltd.     | Dongguan Khuan Huang Precise Mold Plastic Co., Ltd. | Other receivables from related parties | Yes           | 36,144                         | 36,144         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Chongqing Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes           | 36,144                         | 36,144         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Suzhou Fulfil Electronics Co., Ltd.                 | Other receivables from related parties | Yes           | 36,144                         | 36,144         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Fujian Khuan Hua Precise Mold., Ltd.                | Other receivables from related parties | Yes           | 36,144                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Kunshan Fulfil Tech Co., Ltd.                       | Other receivables from related parties | Yes           | 36,144                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
| 7   | Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd.                       | Other receivables from related parties | Yes           | 40,622                         | 40,622         | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Chongqing Fulfil Tech Co., Ltd.                     | Other receivables from related parties | Yes           | 40,622                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                     | Fujian Khuan Hua Precise Mold., Ltd.                | Other receivables from related parties | Yes           | 40,622                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -                                 | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(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 |  |  |
| 8   | Forever Business Development Limited | Full Big Limited                  | Other receivables from related parties | Yes           | 13,977                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                      | Fulking Development Limited       | Other receivables from related parties | Yes           | 13,977                         | -              | -                      | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(50% of the net worth of the Corporation) |
|     |                                      | Syncmold Enterprise (Samoa) Corp. | Other receivables from related parties | Yes           | 13,977                         | -              | -                      | -                 | Short-term financing | \$ -                        | Operating capital                | \$ -                          | -          | -     | \$1,041,739<br>(20% of the net worth of the Corporation) | \$2,604,347<br>(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 2018.

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor              | Endorsee/Guarantee                   |              | Limit on Endorsement/<br>Guarantee Given<br>on Behalf of<br>Each Party | Maximum<br>Amount<br>Endorsed/<br>Guaranteed<br>During the<br>Period | Outstanding<br>Endorsement/<br>Guarantee at the<br>End of the Period | Actual<br>Borrowing<br>Amount | Amount<br>Endorsed/<br>Guaranteed by<br>Collateral | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity in Latest<br>Financial<br>Statements<br>(%) | Aggregate<br>Endorsement/<br>Guarantee Limit      | Endorsement/<br>Guarantee Given<br>by Parent on<br>Behalf of<br>Subsidiaries | Endorsement/<br>Guarantee Given<br>by Subsidiaries<br>on Behalf of<br>Parent | Endorsement/<br>Guarantee Given<br>on Behalf of<br>Companies in<br>Mainland China |
|-----|---------------------------------|--------------------------------------|--------------|--|--|--|-------------------------------|--|---|---|--|--|---|
|     |                                 | Name                                 | Relationship |  |  |  |                               |  |   |   |  |  |   |
| 0   | Syncmold Enterprise Corporation | Syncmold Enterprise (Samoa) Corp.    | Subsidiary   | \$1,562,608<br>(Net worth of the corporation 30%)                      | \$ 62,120<br>(US\$ 2,000 thousand)                                   | \$ 62,120<br>(US\$ 2,000 thousand)<br>(Notes 1 and 5)                | \$ -                          | \$ -   | 1.19  | \$2,604,347<br>(Net worth of the corporation 50%) | Y  | -  | -   |
|     |                                 | Full Big Limited                     | Subsidiary   | \$1,562,608<br>(Net worth of the corporation 30%)                      | 823,090<br>(US\$ 26,500 thousand)                                    | 760,970<br>(US\$ 26,500 thousand)<br>(Notes 2, 3, 4 and 5)           | -                             | -  | 14.61   | \$2,604,347<br>(Net worth of the corporation 50%) | Y  | -  | -   |
|     |                                 | Forever Business Development Limited | Subsidiary   | \$1,562,608<br>(Net worth of the corporation 30%)                      | 745,440<br>(US\$ 24,000 thousand)                                    | 683,320<br>(US\$ 22,000 thousand)<br>(Notes 3, 4 and 5)              | -                             | -  | 13.12   | \$2,604,347<br>(Net worth of the corporation 50%) | Y  | -  | -   |
|     |                                 | Fullking Development Limited         | Subsidiary   | \$1,562,608<br>(Net worth of the corporation 30%)                      | 823,090<br>(US\$ 26,500 thousand)                                    | 760,970<br>(US\$ 24,500 thousand)<br>(Notes 2, 3, 4 and 5)           | -                             | -  | 14.61   | \$2,604,347<br>(Net worth of the corporation 50%) | Y  | -  | -   |
|     |                                 | Full Celebration Limited             | Subsidiary   | \$1,562,608<br>(Net worth of the corporation 30%)                      | 77,650<br>(US\$ 2,500 thousand)                                      | 77,650<br>(US\$ 2,500 thousand)<br>(Notes 2 and 5)                   | -                             | -  | 1.49  | \$2,604,347<br>(Net worth of the corporation 50%) | Y  | -  | -   |

Note 1: The co-financing amount of endorsement and guarantees by Syncmold Enterprise (Samoa) Corp. to bank A is \$62,120 thousand.

Note 2: The co-financing amount of endorsement and guarantees by Full Big Limited, Fullking Development Limited and Full Celebration Limited to bank B is \$77,650 thousand.

Note 3: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank C is \$ 724,240 thousand.

Note 4: The co-financing amount of endorsement and guarantees by Full Big Limited, Forever Business Development Limited and Fullking Development Limited to bank D is \$310,600 thousand.

Note 5: The Corporation co-financed most of the endorsement and guarantee amounts; the Corporation's total balance for endorsements and guarantees is \$ 1,174,610 thousand, and the Group's total amount for endorsements and guarantees is \$ 1,174,610 thousand.

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2019

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

| Holding Company Name                 | Type and Name of Marketable Securities                                 | Relationship with the Holding Company | Financial Statement Account             | December 31, 2018 |                 |                             |            | Note            |
|--------------------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|-----------------|
|                                      |  |                                       |   | Number of Shares  | Carrying Amount | Percentage of Ownership (%) | Fair Value |                 |
| Syncmold Enterprise Corporation      | <u>Stock</u>   |                                       |   |                   |                 |                             |            |                 |
|                                      | Gigastone Corporation  | -                                     | Financial assets at FVTPL - non-current | 847,011           | \$ 3,168        | 1.66                        | \$ 3,168   | (Note 2,4)      |
|                                      | Tiga Gaming Inc.   | -                                     | Financial assets at FVTPL - non-current | 1,332,132         | 5,154           | 5.06                        | 5,154      | (Note 4)        |
|                                      | Foxfortune Technology Limited  | -                                     | Financial assets at FVTPL - non-current | -                 | 30,109          | 5.80                        | 30,109     | (Note 4)        |
|                                      | Hercules BioVenture, L.P.  | -                                     | Financial assets at FVTPL - non-current | -                 | 16,011          | 2.25                        | 16,011     | (Note 4)        |
|                                      | SINBON ELECTRONICS   | -                                     | Financial assets at FVTPL - current     | 231,000           | 26,219          | 0.10                        | 26,219     | (Note 2 and 4)  |
|                                      | <u>Structured commodity</u>  |                                       |   |                   |                 |                             |            |                 |
|                                      | Yuanta interest rate links NT \$ capital-protected structured products | -                                     | Financial assets at FVTPL - current     | 295,000           | 295,131         | -                           | 295,131    | (Notes 3 and 4) |
| Fujian Khuan Hua Precise Mold., Ltd. | <u>Structured commodity</u>  |                                       |   |                   |                 |                             |            |                 |
|                                      | Xiamen Bank Structured deposit commodity                               |                                       | Financial assets at FVTPL - current     | 7,500             | 34,014          | -                           | 34,014     | (Notes 3 and 4) |

Note 1: The negotiable securities in the table above are the shares, bonds and mutual funds recognized under IFRS 9 - financial instruments.

Note 2: The share is calculated at the strike price as of June 30, 2019.

Note 3: The mutual fund is calculated at its net worth as of June 30, 2019.

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

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

**SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES**

**Table4**

**Cumulative purchase or sale of the same securities amounted to NT \$ 300 million or more than 20% of paid-in capital  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Buying and selling companies    | Type and Name of Marketable Securities   | Financial Statement Account         | Trading partners | Relationship | April 1        |        | Buying         |         | Selling        |       |           | June 30                 |                |                  |
|---------------------------------|--|-------------------------------------|------------------|--------------|----------------|--------|----------------|---------|----------------|-------|-----------|-------------------------|----------------|------------------|
|                                 |  |                                     |                  |              | Thousand units | Amount | Thousand units | Amount  | Thousand units | Price | Book Cost | Disposition of interest | Thousand units | Amount           |
| Syncmold Enterprise Corporation | Structured commodity<br>Yuanta interest rate links NT \$ capital-protected structured products | Financial assets at FVTPL - current | -                | -            | -              | -      | 354,000        | 354,000 | 59,000         | -     | \$ 59,000 | \$ 48 (Note 1)          | 295,000        | 295,131 (Note 2) |

Note1: Disciplinary benefits are interest income negotiated for the contract

Note2: Including the end of the period according to the fair value evaluation of 131,000 thousand

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30 2019

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

| Buyer                               | Related Party                       | Relationship        | Transaction Details |            |               |                  | Abnormal Transaction |               | Notes/Accounts Receivable (Payable) |               | Note |
|-------------------------------------|-------------------------------------|---------------------|---------------------|------------|---------------|------------------|----------------------|---------------|-------------------------------------|---------------|------|
|                                     |                                     |                     | Purchase/<br>Sale   | Amount     | % of<br>Total | Payment<br>Terms | Unit Price           | Payment Terms | Ending Balance                      | % of<br>Total |      |
| Syncmold Enterprise Corporation     | Zhongshan Fulfil Tech Co., Ltd.     | Subsidiary          | Purchase            | \$ 599,159 | 42            | Note 1           | \$ -                 | -             | \$ (427,873)                        | (43)          |      |
|                                     | Suzhou Fulfil Electronics Co., Ltd. | Subsidiary          | Purchase            | 492,291    | 35            | Note 1           | -                    | -             | (349,854)                           | (35)          |      |
|                                     | Fuzhou Fulfil Tech. Co., Ltd.       | Subsidiary          | Purchase            | 164,622    | 12            | Note 1           | -                    | -             | (117,950)                           | (12)          |      |
|                                     | Chongqing Fulfil Tech. Co., Ltd.    | Subsidiary          | Purchase            | 186,389    | 13            | Note 1           | -                    | -             | (84,887)                            | (14)          |      |
| Fuzhou Fulfil Tech. Co., Ltd.       | Fuqing Foqun Electronic Co., Ltd.   | Indirect subsidiary | Purchase            | 174,362    | 26            | Note 1           | -                    | -             | (38,337)                            | (11)          |      |
| Suzhou Fulfil Electronics Co., Ltd. | Kunshan Fulfil Tech Co., Ltd.       | Indirect subsidiary | Purchase            | 221,481    | 16            | Note 1           | -                    | -             | (75,748)                            | (15)          |      |
| Zhongshan Fulfil Tech Co., Ltd.     | Syncmold Enterprise Corporation     | Parent company      | Sales               | (599,159)  | (77)          | Note 1           | -                    | -             | 427,873                             | 72            |      |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation     | Parent company      | Sales               | (492,291)  | (30)          | Note 1           | -                    | -             | 349,854                             | 26            |      |
| Fuzhou Fulfil Tech. Co., Ltd.       | Syncmold Enterprise Corporation     | Parent company      | Sales               | (164,622)  | (18)          | Note 1           | -                    | -             | 117,950                             | 23            |      |
| Chongqing Fulfil Tech. Co., Ltd.    | Syncmold Enterprise Corporation     | Parent company      | Sales               | (186,389)  | 40            | Note 1           | -                    | -             | 84,887                              | 38            |      |
| Fuqing Foqun Electronic Co., Ltd.   | Fuzhou Fulfil Tech. Co., Ltd.       | Indirect subsidiary | Sales               | (174,362)  | (60)          | Note 1           | -                    | -             | 38,337                              | 45            |      |
| Kunshan Fulfil Tech Co., Ltd.       | Suzhou Fulfil Electronics Co., Ltd. | Indirect subsidiary | Sales               | (221,481)  | (100)         | Note 1           | -                    | -             | 75,748                              | 99            |      |

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

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 JUNE 30, 2019

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

| Company Name                        | Related Party                   | Relationship   | Ending Balance<br>(Note 1) | Turnover<br>Rate | Overdue |               | Amount<br>Received in<br>Subsequent<br>Period | Allowance for<br>Impairment<br>Loss |
|-------------------------------------|---------------------------------|----------------|----------------------------|------------------|---------|---------------|---|-------------------------------------|
|                                     |                                 |                |                            |                  | Amount  | Actions Taken |   |                                     |
| Grand Advance Inc.                  | Syncmold Enterprise Corporation | Parent company | \$ 357,190<br>(Note 1)     | -                | \$ -    | -             | \$ 122,200                                    | \$ -                                |
| Zhongshan Fufil Tech Co., Ltd.      | Syncmold Enterprise Corporation | Parent company | 117,950                    | -                | -       | -             | 19,683  | -                                   |
| Fuzhou Fulfil Tech Co., Ltd.        | Syncmold Enterprise Corporation | Parent company | 427,873                    | -                | -       | -             | 89,658  | -                                   |
| Suzhou Fulfil Electronics Co., Ltd. | Syncmold Enterprise Corporation | Parent company | 349,854                    | -                | -       | -             | 72,836  | -                                   |

Note 1: Financing.

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2019

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

| Investor Company                  | Investee Company                     | Location  | Main Businesses and Products  | Original Investment Amount |                   | As of December 31, 2018 |     |                 | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note     |
|-----------------------------------|--------------------------------------|-----------|---|----------------------------|-------------------|-------------------------|-----|-----------------|-----------------------------------|------------------------|----------|
|                                   |                                      |           |   | December 31, 2019          | December 31, 2018 | Number of Shares        | %   | Carrying Amount |                                   |                        |          |
| Syncmold Enterprise Corporation   | Syncmold Enterprise (Samoa) Corp.    | Samoa     | Trading and related import and export businesses of metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China | \$ 110,598                 | \$ 110,598        | 3,545,584               | 100 | \$ 2,514,708    | \$ 183,373                        | \$ 183,373             | (Note 1) |
|                                   | Grand Advance Inc.                   | Samoa     | Trading, import and export and investment in electronic parts   | 506,240                    | 506,240           | -                       | 100 | 2,551,965       | 197,325                           | 197,325                | (Note 1) |
|                                   | Syncmold Enterprise (USA) Corp.      | USA       | Trading and import and export of electronic parts   | 32                         | 32                | -                       | 100 | (2,332)         | (264)                             | (264)                  | (Note 2) |
|                                   | High Grade Tech Co., Ltd.            | Taipei    | The design and sale of television hangers and related import and export businesses  | 36,075                     | 36,075            | 2,280,000               | 38  | 123,330         | 28,992                            | 11,017                 | (Note 2) |
|                                   | CoreBio Technologies Co., Ltd.       | Taipei    | Medical equipment and precision instrument manufacturing, wholesale and retail  | 25,000                     | -                 | 2,500,000               | 24  | 22,151          | (13,524)                          | (2,849)                | (Note 2) |
| Grand Advance Inc.                | Canford International Limited        | Samoa     | Import and export trade and investment business   | 119,342                    | 119,342           | -                       | 100 | 1,158,262       | 127,252                           | 127,252                | (Note 2) |
|                                   | Fullking Development Limited         | Hong Kong | Import and export trade and investment business   | 160,175                    | 160,175           | -                       | 100 | 707,566         | 115,890                           | 115,890                | (Note 2) |
|                                   | Full Glary Holding Limited           | Hong Kong | Import and export trade and investment business   | 259,720                    | 259,720           | -                       | 100 | 243,474         | (13,934)                          | (13,934)               | (Note 2) |
| Syncmold Enterprise (Samoa) Corp. | Full Big Limited                     | Samoa     | Reinvestment in subsidiaries in mainland China and international trade  | 16,643                     | 16,643            | -                       | 100 | 249,880         | 3,207                             | 3,207                  | (Note 2) |
|                                   | Forever Business Development Limited | Samoa     | Reinvestment in subsidiaries in mainland China and international trade  | 125,957                    | 125,957           | -                       | 100 | 287,388         | 385                               | 385                    | (Note 2) |
|                                   | Full Celebration Limited             | Samoa     | Reinvestment in subsidiaries in mainland China and international trade  | 147,710                    | 147,710           | -                       | 100 | 358,479         | 27,519                            | 27,519                 | (Note 2) |

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

Note 2: Calculated based on the non-audited financial statements of the investee company and the Group's shareholding ratio.

Note 3: Please refer to Table 8 for related information of investees from mainland China.

Note 4: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the net equity of investee companies were all eliminated during the preparation of the consolidated financial statements, except for High Grade Tech Co., Ltd.

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company                                    | Main Businesses and Products  | Paid-in Capital | Method of Investment                                | Accumulated<br>Outward<br>Remittance for<br>Investment from<br>Taiwan as of<br>December 31,<br>2018 | Remittance of Funds |        | Accumulated<br>Outward<br>Remittance for<br>Investment from<br>Taiwan as of<br>December 31,<br>2018 | Net Income (Loss)<br>of the Investee | % Ownership of<br>Direct or<br>Indirect<br>Investment | Investment<br>Gain (Loss) | Carrying Amount<br>as of<br>December 31,<br>2018 | Accumulated<br>Repatriation of<br>Investment<br>Income as of<br>December 31,<br>2018 |
|---|---|-----------------|---|---|---------------------|--------|---|--------------------------------------|---|---------------------------|--|--|
|   |   |                 |   |   | Outward             | Inward |   |                                      |   |                           |  |  |
| Fuzhou Fulfil Tech. Co., Ltd.                       | Electronic parts processing manufacturing. Trading and related import and export business   | \$ 43,785       | Invest through Syncmold Enterprise (Samoa) Corp.    | \$ 64,698<br>(US\$ 2,083<br>thousand)   | \$ -                | \$ -   | \$ 64,698<br>(US\$ 2,083<br>thousand)   | \$ 146,816                           | 100   | \$ 146,791<br>(Note1)     | \$ 1,009,366                                     | \$ 1,832,416<br>(US\$ 58,996<br>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 | 112,113         | Invest through Syncmold Enterprise (Samoa) Corp.    | 42,117<br>(US\$ 1,356<br>thousand)  | -                   | -      | 42,117<br>(US\$ 1,356<br>thousand)  | ( 1,823)                             | 100   | (1,750)<br>(Note2)        | 310,495  | -  |
| Fuqing Foqun Electronic Hardware Tech Co., Ltd.     | Electronic parts processing manufacturing. Trading and related import and export business   | 59,749          | Invest through Syncmold Enterprise (Samoa) Corp.    | -   | -                   | -      | -   | 6,708                                | 100   | 6,708<br>(Note2)          | 206,927  | 24,910<br>(US\$ 802<br>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 | 126,687         | Invest through Forever Business Development Limited | -   | -                   | -      | -   | ( 397)                               | 100   | ( 397)<br>(Note2)         | 197,194  | -  |
| Suzhou Fulfil Electronics Co., Ltd.                 | Electronic parts processing manufacturing. Trading and related import and export business   | 18,698          | Invest through Canford International Limited        | -   | -                   | -      | -   | 127,678                              | 100   | 127,678<br>(Note1)        | 1,104,028  | 1, 104,928<br>(US\$ 35,574<br>thousand)  |
| Zhongshan Fulfil Tech Co., Ltd.                     | Electronic parts processing manufacturing. Trading and related import and export business   | 154,188         | Invest through Fullking Development Limited         | -   | -                   | -      | -   | 112,674                              | 100   | 112,674<br>(Note1)        | 777,915  | 1,099,710<br>(US\$ 35,406<br>thousand)   |
| Kunshan Fulfil Tech Co., Ltd.                       | Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories  | 236,768         | Invest through Full Glary Holding Limited           | 186,360<br>(US\$ 6,000<br>thousand)   | -                   | -      | 186,360<br>(US\$ 6,000<br>thousand)   | ( 13,938)                            | 100   | (13,938)<br>(Note2)       | 243,474  | -  |
| Chongqing Fulfil Tech Co., Ltd.                     | The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts                                    | 140,756         | Invest through Full Celebration Limited             | -   | -                   | -      | -   | 28,138                               | 100   | 28,138<br>(Note2)         | 358,467  | 456,799<br>(US\$ 14,707<br>thousand)   |

(Continued)

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA |
|---|---|---|
| \$422,633<br>(US\$13,607 thousand)  | \$1,330,362<br>(US\$42,832 thousand)                            | \$3,125,216   |

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

Note 2: Calculated based on the non-audited financial statements of the investee company and the Corporation's shareholding ratio.

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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

| No.<br>(Note 1) | Investee Company  | Counterparty   | Relationship<br>(Note 2) | Transaction Details                       |           | Payment Terms                                      | % of Total<br>Sales or Asset<br>(Note 3) |
|-----------------|---|--|--------------------------|---|-----------|--|--|
|                 |   |  |                          | Financial Statement Account               | Price     |  |  |
| 0               | Syncmold Enterprise Corporation                         | Fuzhou Fulfil Tech Co., Ltd.                           | 1                        | Trade receivables from related parties    | \$ 36,061 | Based on the contract between both parties         | -  |
|                 |   | Fuzhou Fulfil Tech Co., Ltd.                           | 1                        | Other operating revenue - royalty revenue | 36,433    | Based on the contract between both parties         | 1  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 1                        | Trade receivables from related parties    | 58,982    | Based on the contract between both parties         | 1  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 1                        | Other operating revenue - royalty revenue | 59,565    | Based on the contract between both parties         | 1  |
|                 |   | Zhongshan Fufil Tech Co., Ltd.                         | 1                        | Trade receivables from related parties    | 30,534    | Based on the contract between both parties         | -  |
|                 |   | Zhongshan Fufil Tech Co., Ltd.                         | 1                        | Other operating revenue - royalty revenue | 30,308    | Based on the contract between both parties         | 1  |
|                 |   | Fujian Khuan Hua Precise Mold., Ltd.                   | 1                        | Other receivables from related parties    | 15,916    | Based on the contract between both parties         | -  |
|                 |   | Chongqing Fulfil Tech Co., Ltd.                        | 1                        | Other operating revenue - royalty revenue | 18,302    | Based on the contract between both parties         | -  |
|                 |   | Chongqing Fulfil Tech Co., Ltd.                        | 1                        | Trade receivables from related parties    | 18,158    | Based on the contract between both parties         | -  |
|                 |   |  |                          |   |           |  | -  |
| 1               | Syncmold Enterprise (Samoa) Corp.                       | Fujian Khuan Hua Precise Mold., Ltd.                   | 3                        | Other receivables from related parties    | 45,390    | Based on the contract between both parties         | 1  |
| 2               | Zhongshan Fufil Tech Co., Ltd.                          | Syncmold Enterprise Corporation                        | 2                        | Trade receivables from related parties    | 599,159   | No significant difference with non-related parties | 15                                       |
|                 |   | Syncmold Enterprise Corporation                        | 2                        | Sales                                     | 427,873   | No significant difference with non-related parties | 5  |
| 3               | Full Big Limited  | Fullking Development Limited                           | 3                        | Other receivables from related parties    | 24,848    | Based on the contract between both parties         | -  |
| 4               | Dongguan Kwan Huang Precision Mold<br>Plastic Co., Ltd. | Zhongshan Fufil Tech Co., Ltd.                         | 3                        | Sales                                     | 35,218    | No significant difference with non-related parties | 1  |
|                 |   | Zhongshan Fufil Tech Co., Ltd.                         | 3                        | Trade receivables from related parties    | 17,891    | No significant difference with non-related parties | -  |
|                 |   | Fuzhou Fulfil Tech Co., Ltd.                           | 3                        | Trade receivables from related parties    | 18,760    | No significant difference with non-related parties | -  |
|                 |   | Fuzhou Fulfil Tech Co., Ltd.                           | 3                        | Sales                                     | 40,864    | No significant difference with non-related parties | 1  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Trade receivables from related parties    | 70,233    | No significant difference with non-related parties | 2  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Sales                                     | 24,472    | No significant difference with non-related parties | -  |
|                 |   |  |                          |   |           |  |  |
| 5               | Fuzhou Fulfil Tech Co., Ltd.                            | Syncmold Enterprise Corporation                        | 2                        | Account receivables from related parties  | 117,950   | No significant difference with non-related parties | 1  |
|                 |   | Syncmold Enterprise Corporation                        | 2                        | Sales                                     | 164,622   | No significant difference with non-related parties | 4  |
| 6               | Fuqing Foqun Electronic Hardware Tech<br>Co., Ltd.      | Fuzhou Fulfil Tech Co., Ltd.                           | 3                        | Trade receivables from related parties    | 38,337    | No significant difference with non-related parties | -  |
|                 |   | Fuzhou Fulfil Tech Co., Ltd.                           | 3                        | Sales                                     | 174,362   | No significant difference with non-related parties | 4  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Trade receivables from related parties    | 32,365    | No significant difference with non-related parties | -  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Sales                                     | 91,768    | No significant difference with non-related parties | 2  |
|                 |   | Zhongshan Fufil Tech Co., Ltd.                         | 3                        | Trade receivables from related parties    | 11,375    | No significant difference with non-related parties | -  |
| 7               | Fujian Khuan Hua Precise Mold., Ltd                     | Fuzhou Fulfil Tech Co., Ltd.                           | 3                        | Trade receivables from related parties    | 17,300    | No significant difference with non-related parties | -  |
| 8               | Chongqing Fulfil Tech Co., Ltd.                         | Syncmold Enterprise Corporation                        | 2                        | Trade receivables from related parties    | 84,877    | No significant difference with non-related parties | 2  |
|                 |   | Syncmold Enterprise Corporation                        | 2                        | Sales                                     | 186,389   | No significant difference with non-related parties | 5  |
| 9               | Kunshan Fulfil Tech Co., Ltd.                           | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Trade receivables from related parties    | 75,748    | No significant difference with non-related parties | 1  |
|                 |   | Suzhou Fulfil Electronics Co., Ltd.                    | 3                        | Sales                                     | 221,481   | No significant difference with non-related parties | 5  |
| 10              | Forever Business Development Limited                    | Dongguan Khuan Huang Precise Mold Plastic<br>Co., Ltd. | 3                        | Trade receivables from related parties    | 44,160    | No significant difference with non-related parties | 1  |
| 11              | Suzhou Fulfil Electronics Co., Ltd.                     | Syncmold Enterprise Corporation                        | 2                        | Trade receivables from related parties    | 492,291   | No significant difference with non-related parties | 12                                       |
|                 |   | Syncmold Enterprise Corporation                        | 2                        | Sales                                     | 349,854   | No significant difference with non-related parties | 4  |

(Continued)

| No.<br>(Note 1) | Investee Company              | Counterparty  | Relationship<br>(Note 2) | Transaction Details                    |         | Payment Terms                              | % of Total<br>Sales or Asset<br>(Note 3) |
|-----------------|-------------------------------|---|--------------------------|--|---------|--|--|
|                 |                               |   |                          | Financial Statement Account            | Price   |  |  |
| 12              | Grand Advance Inc.            | Syncmold Enterprise Corporation<br>Fullking Development Limited | 3                        | Other receivables from related parties | 357,190 | Based on the contract between both parties | 4  |
|                 |                               |   |                          | Other receivables from related parties | 46,590  | Based on the contract between both parties | 1  |
| 13              | Canford International Limited | Suzhou Fulfil Electronics Co., Ltd.                             | 3                        | Other receivables from related parties | 54,216  | Based on the contract between both parties | 1  |

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

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

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

Note 4: The above table reveals that the standard is 10% of the subject of the trader and the transaction amount reaches 10,000 thousand.

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