

**Syncmold Enterprise Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2020 and 2019 and  
Independent Auditors' Report**

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

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Syncmold Enterprise Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYNCMOLD ENTERPRISE CORPORATION

March 16, 2021

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Syncmold Enterprise Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Syncmold Enterprise Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

#### Occurrence of Sales Revenue

The sales revenue of the Group is mainly generated from the sales of monitor hinge products. Most of the sales were highly concentrated on major customers, which revenue accounted for 51.20% of total sales revenue in 2020. Due to the high frequency and significant amounts of transactions with major customers, the occurrence of sales revenue was deemed as a key audit matter for the year ended December 31, 2020. Refer to Note 4 to the consolidated financial statements for the related revenue recognition policies.

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

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

#### **Other Matter**

We did not audit the financial statements of certain subsidiaries of the Group as of and for the year ended December 31, 2020 which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$742,781 thousand, which represented 6.31% of the Group's consolidated total assets. The operating revenue of such subsidiaries amounted to NT\$51,837 thousand, which represented 0.54% of the Group's consolidated total operating revenue. We did not audit the financial statements of associates accounted for using the equity method, these were instead audited by other auditors. Our opinion, insofar as it relates to the amounts included for associates accounted for using the equity method, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the amounts of investments accounted for using the equity method were NT\$164,556 thousand and NT\$168,252 thousand, respectively, which accounted for 1.40% and 1.68% of the Group's consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, share of other comprehensive income of associates accounted for using the equity method amounted to NT\$7,704 thousand and NT\$3,939 thousand, respectively, which accounted for 0.79% and 0.53% of the Group's consolidated total comprehensive income, respectively.

We have also audited the parent company only financial statements of Syncmold Enterprise Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2021

Notice to Readers

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

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

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,420,807	21	\$ 2,889,307	29
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	375,949	3	91,989	1
Financial assets at amortized cost - current (Notes 4, 8 and 30)	605,827	5	173,894	2
Notes receivable	392,958	3	401,766	4
Trade receivables, net (Notes 4 and 9)	3,616,529	31	3,088,959	31
Inventories (Notes 4 and 10)	967,154	8	747,098	7
Other current assets (Notes 4, 23 and 29)	<u>429,744</u>	<u>4</u>	<u>258,484</u>	<u>2</u>
Total current assets	<u>8,808,968</u>	<u>75</u>	<u>7,651,497</u>	<u>76</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	70,286	1	60,882	1
Investments accounted for using the equity method (Notes 4 and 12)	164,556	1	168,252	2
Property, plant and equipment (Notes 4, 13, 29 and 30)	1,686,017	14	1,225,581	12
Right-of-use assets (Notes 4, 14 and 29)	495,502	4	436,868	5
Goodwill (Notes 4 and 15)	324,597	3	324,597	3
Intangible assets (Notes 4 and 16)	34,250	-	26,637	-
Deferred tax assets (Notes 4 and 23)	79,720	1	70,538	1
Prepayments for land, property and equipment	66,967	1	22,455	-
Refundable deposits	37,202	-	31,272	-
Net defined benefit assets (Notes 4 and 20)	2,567	-	2,269	-
Other non-current assets (Notes 4 and 16)	<u>279</u>	<u>-</u>	<u>4,662</u>	<u>-</u>
Total non-current assets	<u>2,961,943</u>	<u>25</u>	<u>2,374,013</u>	<u>24</u>
<b>TOTAL</b>	<u>\$ 11,770,911</u>	<u>100</u>	<u>\$ 10,025,510</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 17 and 30)	\$ 1,867,695	16	\$ 1,006,982	10
Short-term bills payable (Notes 4 and 17)	29,981	-	-	-
Notes payable and trade payables	2,183,688	19	1,959,612	20
Other payables (Note 19)	498,717	4	417,290	4
Current tax liabilities (Notes 4 and 23)	181,357	2	113,470	1
Lease liabilities - current (Notes 4, 14 and 29)	133,785	1	123,884	1
Current portion of long-term borrowing and bonds payable (Notes 17, 18 and 30)	16,909	-	150,000	2
Other current liabilities	<u>17,314</u>	<u>-</u>	<u>15,199</u>	<u>-</u>
Total current liabilities	<u>4,929,446</u>	<u>42</u>	<u>3,786,437</u>	<u>38</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowing (Notes 4 and 17)	56,227	1	-	-
Deferred tax liabilities (Notes 4 and 23)	331,939	3	276,152	3
Lease liabilities - non-current (Notes 4, 14 and 29)	170,268	1	232,119	2
Net defined benefit liabilities (Notes 4 and 20)	20,763	-	10,956	-
Guarantee deposits received	1,308	-	215	-
Other non-current liabilities (Note 20)	<u>19,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>599,630</u>	<u>5</u>	<u>519,442</u>	<u>5</u>
Total liabilities	<u>5,529,076</u>	<u>47</u>	<u>4,305,879</u>	<u>43</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
Ordinary shares	<u>1,237,242</u>	<u>10</u>	<u>1,237,242</u>	<u>12</u>
Capital surplus	<u>2,592,857</u>	<u>22</u>	<u>2,591,280</u>	<u>26</u>
Retained earnings				
Legal reserve	904,665	8	810,515	8
Special reserve	634,020	5	431,506	4
Unappropriated earnings	<u>1,165,528</u>	<u>10</u>	<u>1,053,851</u>	<u>11</u>
Total retained earnings	<u>2,704,213</u>	<u>23</u>	<u>2,295,872</u>	<u>23</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(639,134)	(5)	(633,784)	(6)
Unrealized gain (loss) of financial assets at fair value through other comprehensive income	<u>3,519</u>	<u>-</u>	<u>(236)</u>	<u>-</u>
Total other equity	<u>(635,615)</u>	<u>(5)</u>	<u>(634,020)</u>	<u>(6)</u>
Total equity attributable to owners of the Corporation	5,898,697	50	5,490,374	55
<b>NON-CONTROLLING INTERESTS</b>				
	<u>343,138</u>	<u>3</u>	<u>229,257</u>	<u>2</u>
Total equity	<u>6,241,835</u>	<u>53</u>	<u>5,719,631</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 11,770,911</u>	<u>100</u>	<u>\$ 10,025,510</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2021)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	\$ 9,663,341	100	\$ 8,582,344	100
OPERATING COSTS (Notes 4, 10 and 22)	<u>7,122,648</u>	<u>74</u>	<u>6,317,305</u>	<u>74</u>
GROSS PROFIT	<u>2,540,693</u>	<u>26</u>	<u>2,265,039</u>	<u>26</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	254,095	2	289,010	3
General and administrative expenses	584,491	6	526,348	6
Research and development expenses	175,753	2	170,127	2
Expected credit loss (reversed) on trade receivables	<u>(5,338)</u>	<u>-</u>	<u>1,559</u>	<u>-</u>
Total operating expenses	<u>1,009,001</u>	<u>10</u>	<u>987,044</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>1,531,692</u>	<u>16</u>	<u>1,277,995</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 14 and 22)	42,663	-	44,191	1
Other gains and losses (Notes 14 and 22)	(9,764)	-	(8,720)	-
Interest income	35,901	-	26,755	-
Gain from bargain purchase - acquisition of subsidiaries (Notes 4 and 25)	19,323	-	63,669	1
Net foreign exchange (loss) gain (Notes 22 and 33)	(153,494)	(2)	59,115	1
Net gain on financial assets at fair value through profit or loss (Notes 4 and 7)	54,357	1	40,794	-
Share of profit of subsidiaries and associates (Notes 4 and 12)	4,185	-	3,939	-
Interest expenses (Note 29)	(27,342)	-	(20,568)	-
Impairment loss on goodwill (Notes 4 and 15)	<u>-</u>	<u>-</u>	<u>(42,180)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(34,171)</u>	<u>(1)</u>	<u>166,995</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,497,521	15	1,444,990	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>522,839</u>	<u>5</u>	<u>502,395</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>974,682</u>	<u>10</u>	<u>942,595</u>	<u>11</u>

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (572)	-	\$ (380)	-
Share of other comprehensive income of subsidiaries accounted for using the equity method	3,519	-	(2,577)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(57)	-	11	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(2,842)</u>	<u>-</u>	<u>(200,576)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year	<u>48</u>	<u>-</u>	<u>(203,522)</u>	<u>(2)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>				
	<u>\$ 974,730</u>	<u>10</u>	<u>\$ 739,073</u>	<u>9</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 965,738	10	\$ 941,542	11
Non-controlling interests	<u>8,944</u>	<u>-</u>	<u>1,053</u>	<u>-</u>
	<u>\$ 974,682</u>	<u>10</u>	<u>\$ 942,595</u>	<u>11</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 963,505	10	\$ 738,983	9
Non-controlling interests	<u>11,225</u>	<u>-</u>	<u>90</u>	<u>-</u>
	<u>\$ 974,730</u>	<u>10</u>	<u>\$ 739,073</u>	<u>9</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 7.81</u>		<u>\$ 7.61</u>	
Diluted	<u>\$ 7.73</u>		<u>\$ 7.55</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2021)

(Concluded)

**SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the corporation (Notes 4, 21 and 26)																
	Capital Surplus							Retained Earnings				Other Equity			Aggregate Amount	Non-controlling Interests (Notes 4, 21 and 26)	Total Equity
	Ordinary Shares	Issuance of Ordinary Shares	The Difference Between the Consideration Paid and the Carrying Amount of the Subsidiaries Net Assets During Actual Acquisition	Change in Percentage of Ownership Interest in Subsidiaries	Consolidation Excess	Other	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain (Loss) of Financial Assets at Fair Value Through Other Comprehensive Income	Total			
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)	\$ -	\$ (431,506)	\$ 5,555,598	\$ -	\$ 5,555,598
Appropriation of 2018 earnings																	
Legal reserve	-	-	-	-	-	-	-	88,996	-	(88,996)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	54,857	(54,857)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	(804,207)	(804,207)	-	-	-	(804,207)	-	(804,207)
	-	-	-	-	-	-	-	88,996	54,857	(948,060)	(804,207)	-	-	-	(804,207)	-	(804,207)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,542	941,542	-	-	-	941,542	1,053	942,595
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	(45)	(45)	(202,278)	(236)	(202,514)	(202,559)	(963)	(203,522)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	941,497	941,497	(202,278)	(236)	(202,514)	738,983	90	739,073
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229,167	229,167
BALANCE AT DECEMBER 31, 2019	<u>1,237,242</u>	<u>1,184,809</u>	<u>410,949</u>	<u>143,150</u>	<u>852,372</u>	<u>-</u>	<u>2,591,280</u>	<u>810,515</u>	<u>431,506</u>	<u>1,053,851</u>	<u>2,295,872</u>	<u>(633,784)</u>	<u>(236)</u>	<u>(634,020)</u>	<u>5,490,374</u>	<u>229,257</u>	<u>5,719,631</u>
Appropriation of 2019 earnings																	
Legal reserve	-	-	-	-	-	-	-	94,150	-	(94,150)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	202,514	(202,514)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	(556,759)	(556,759)	-	-	-	(556,759)	-	(556,759)
	-	-	-	-	-	-	-	94,150	202,514	(853,423)	(556,759)	-	-	-	(556,759)	-	(556,759)
Unclaimed dividends	-	-	-	-	-	56	56	-	-	-	-	-	-	-	56	-	56
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	965,738	965,738	-	-	-	965,738	8,944	974,682
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	(638)	(638)	(5,350)	3,755	(1,595)	(2,233)	2,281	48
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	965,100	965,100	(5,350)	3,755	(1,595)	963,505	11,225	974,730
Actual acquisition of interests in subsidiaries	-	-	1,521	-	-	-	1,521	-	-	-	-	-	-	-	1,521	102,656	104,177
BALANCE AT DECEMBER 31, 2020	<u>\$ 1,237,242</u>	<u>\$ 1,184,809</u>	<u>\$ 412,470</u>	<u>\$ 143,150</u>	<u>\$ 852,372</u>	<u>\$ 56</u>	<u>\$ 2,592,857</u>	<u>\$ 904,665</u>	<u>\$ 634,020</u>	<u>\$ 1,165,528</u>	<u>\$ 2,704,213</u>	<u>\$ (639,134)</u>	<u>\$ 3,519</u>	<u>\$ (635,615)</u>	<u>\$ 5,898,697</u>	<u>\$ 343,138</u>	<u>\$ 6,241,835</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2021)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,497,521	\$ 1,444,990
Adjustments for:		
Depreciation expenses	301,651	240,560
Amortization expenses	14,034	14,435
Expected credit loss (reversed) on trade receivables	(5,338)	1,559
Net gain on financial assets at fair value through profit or loss	(54,357)	(40,794)
Share of profit of associates	(4,185)	(3,939)
Interest expenses	27,342	20,568
Interest income	(35,901)	(26,755)
Dividend income	(6,229)	-
Loss on disposal of property, plant and equipment	1,038	6,870
Impairment loss on property, plant and equipment	2,528	-
(Reversal of) write-downs of inventories	(44,940)	37,854
Net loss on unrealized foreign currency exchange	19,139	23,718
Impairment loss on goodwill	-	42,180
Gain from bargain purchase	(19,323)	(63,669)
Gain on lease modification	(1,476)	-
Changes in operating assets and liabilities		
Notes receivable	(11,192)	29,998
Trade receivables	(478,209)	91,134
Inventories	(165,173)	(117,947)
Other current assets	(177,692)	(25,007)
Other non-current assets	(76,142)	712
Notes payable and trade payables	340,145	36,272
Other payables	(60,884)	(55,284)
Other current liabilities	1,405	(1,999)
Net defined benefit assets and liabilities	(2,086)	(280)
Cash generated from operations	1,061,676	1,655,176
Interest paid	(26,622)	(20,430)
Income tax paid	(472,288)	(508,623)
Net cash generated from operating activities	<u>562,766</u>	<u>1,126,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(431,933)	(173,801)
Purchase of financial assets at fair value through profit or loss	(2,427,595)	(1,021,306)
Proceeds from sale of financial assets at fair value through profit or loss	2,189,260	1,153,032
Acquisition of associates	-	(52,000)
Payment for property, plant and equipment	(141,301)	(92,991)
Proceeds from disposal of property, plant and equipment	19,210	11,387
(Increase) decrease in refundable deposits	(7,493)	4,835
Payments for intangible assets	(17,385)	(18,681)
Net cash outflow on business combinations	(107,113)	(246,525)

(Continued)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for right-of-use assets	\$ (100,651)	\$ -
Interest received	35,901	26,755
Dividends received	<u>17,629</u>	<u>11,400</u>
Net cash used in investing activities	<u>(971,471)</u>	<u>(397,895)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	651,539	447,468
Proceeds from short-term bills payable	29,981	-
Repayments of bond payables	(150,000)	-
Repayments of long-term borrowings	(1,130)	-
Refunds of guarantee deposits received	1,093	(152)
Repayment of the principal portion of lease liabilities	(145,801)	(128,057)
Cash dividends	(556,759)	(804,207)
Changes in non-controlling interests	<u>(3,815)</u>	<u>-</u>
Net cash used in financing activities	<u>(174,892)</u>	<u>(484,948)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>115,097</u>	<u>(35,284)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(468,500)	207,996
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,889,307</u>	<u>2,681,311</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,420,807</u>	<u>\$ 2,889,307</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2021)

(Concluded)

# SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 (OTC) market on January 11, 2007. In November 2009, the Corporation obtained approval to transfer listing of its shares to the Taiwan Stock Exchange (TWSE) and were officially listed and started trading its shares on December 17, 2009.

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 16, 2021.

### 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), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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 did not have any material impact on the Group’s accounting policies:

There was no significant impact from the application of the aforementioned amended standards and interpretations in 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

e. Business combinations

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

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

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

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

f. Foreign currencies

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Ordinary corporate bonds

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

Service income is recognized when services are provided.

3) Licensing revenue

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

o. Leasing

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

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

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

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 2,058	\$ 2,509
Checking accounts and demand deposits	2,188,915	2,427,533
Cash equivalents		
Time deposits (with original maturities of less than 3 months)	<u>229,834</u>	<u>459,265</u>
	<u>\$ 2,420,807</u>	<u>\$ 2,889,307</u>

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Bank balance	0.001%-0.38%	0.001%-2.5%

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Foreign exchange forward contract (a)	\$ 22,322	\$ -
Non-derivative financial assets		
Domestic listed shares	200,701	\$ 39,800
Hybrid financial assets		
Structured deposits(b)	<u>152,926</u>	<u>52,189</u>
	<u>\$ 375,949</u>	<u>\$ 91,989</u>

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	\$ 15,619	\$ 10,271
Overseas unlisted shares	51,579	50,611
Private funds	<u>3,088</u>	<u>-</u>
	<u>\$ 70,286</u>	<u>\$ 60,882</u>
		(Concluded)

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2020

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
Sell	US\$/RMB	2021.01	US\$1,000/RMB6,528
Sell	US\$/RMB	2021.02	US\$1,000/RMB6,973
Sell	US\$/RMB	2021.02	US\$1,000/RMB6,854
Sell	US\$/RMB	2021.02	US\$1,000/RMB6,890
Sell	US\$/RMB	2021.02	US\$1,000/RMB6,891
Sell	US\$/RMB	2021.03	US\$1,000/RMB6,987
Sell	US\$/RMB	2021.03	US\$2,000/RMB13,882
Sell	US\$/RMB	2021.03	US\$2,000/RMB13,842
Sell	US\$/RMB	2021.03	US\$2,000/RMB13,682
Sell	US\$/RMB	2021.04	US\$1,000/RMB6,760
Sell	US\$/RMB	2021.05	US\$1,000/RMB6,832
Sell	US\$/RMB	2021.06	US\$1,000/RMB6,670
Sell	US\$/RMB	2021.06	US\$1,000/RMB6,612
Sell	US\$/RMB	2021.06	US\$1,000/RMB6,597

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. The Group successively entered into a one to 1-6 months structured time deposit contracts with bank in 2020 and 2019. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 601,313	\$ 173,894
Time deposits pledged as collateral with original maturities of more than 3 months	3,964	-
Reserve account	<u>550</u>	<u>-</u>
	<u>\$ 605,827</u>	<u>\$ 173,894</u>

The interest rates for time deposits with original maturities of more than 3 months were 2.015% -3.8% and 3.5% -4.15% per annum as of December 31, 2020 and 2019, respectively.

The interest rate for time deposits pledged as collateral with original maturities of more than 3 months was 0.35% -0.75% per annum as of December 31, 2020.

See Note 30 for detailed information on financial assets at amortized cost pledged as collateral.

## 9. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
At amortized cost		
Gross carrying amount	\$ 3,627,405	\$ 3,103,403
Less: Allowance for impairment loss	<u>(10,876)</u>	<u>(14,444)</u>
	<u>\$ 3,616,529</u>	<u>\$ 3,088,959</u>

The average credit period of sales of goods was 130-160 days. No interest was charged on trade receivables.

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

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

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

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

December 31, 2020

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	-	5.51%	14.83%	42.93%	100%	
Gross carrying amount	\$ 3,542,654	\$ 41,942	\$ 38,235	\$ 2,944	\$ 1,630	\$ 3,627,405
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(2,313)</u>	<u>(5,669)</u>	<u>(1,264)</u>	<u>(1,630)</u>	<u>(10,876)</u>
Amortized cost	<u>\$ 3,542,654</u>	<u>\$ 39,629</u>	<u>\$ 32,566</u>	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ 3,616,529</u>

December 31, 2019

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

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

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 14,444	\$ 13,253
Add: Acquisitions through business combinations	1,466	17
Add: Net remeasurement of loss allowance (reversal of loss allowance)	(5,338)	1,559
Foreign exchange gains and losses	<u>304</u>	<u>(385)</u>
Balance at December 31	<u>\$ 10,876</u>	<u>\$ 14,444</u>

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Finished goods	\$ 327,374	\$ 301,455
Work in progress	234,759	197,681
Raw materials	<u>405,021</u>	<u>247,962</u>
	<u>\$ 967,154</u>	<u>\$ 747,098</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$7,122,599 thousand and \$6,317,305 thousand, respectively. The cost of goods sold included inventory write-downs reversed (recognized) of \$44,940 thousand and \$(37,854) thousand. The reversals of previous write-downs resulted from selling of slow moving inventories.

## 11. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2020	2019
Syncmold Enterprise Corp.	Syncmold Enterprise (Samoa) Corp.	The trading and commercial related practices of all metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China.	100	100
	Grand Advance Inc.	The trading, imports, exports and investments of electronic parts.	100	100
	Syncmold Enterprise (USA) Corp.	The trading, imports and exports of electronic parts.	100	100
	Gatech Technology Inc.	Precision molding and magnesium alloy die caster manufacturing and transaction business	73.43 (Note 2)	72.81 (Note 2)
	Syncmold Enterprise Vietnam Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100 (Note 3)	-
	Syncmold Enterprise (Malaysia) Sdn., Bhd.	The trading, imports and exports of electronic parts.	100 (Note 4)	-
	Syncmold Enterprise (Singapore) Pte., Ltd.	The trading, imports and exports of electronic parts.	100 (Note 5)	-
	Syncmold Enterprise (Thailand) Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100 (Note 6)	-
	Leohab Enterprise Co., Ltd.	Precision hardware components manufacturing	70 (Note 1)	-
	Grand Advance Inc.	Canford International Limited	Import and export trade and investment.	100
Fullking Development Limited		Import and export trade and investment.	100	100
Full Glary Holding Limited		Import and export trade and investment.	100	100
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Reinvesting subsidiaries of mainland China and international business.	100	100
	Forever Business Development Limited	Reinvesting subsidiaries of mainland China and international business.	100	100
	Full Celebration Limited	Reinvesting subsidiaries of mainland China and international business.	100	100
	Fuzhou Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
	Fujian Khuan Hua Precise Mold., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds.	100	100
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Gatech Technology Inc.	Gatech Holding Ltd.	General investment business	100	100
Leohab Enterprise Co., Ltd.	Sweet International Group Ltd.	General investment business	100 (Note 1)	-
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

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2020	2019
Canford International Limited	Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Fullking Development Limited	Zhongshan Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing, trading and related import and export business.	100	100
Full Glary Holding Limited	Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptop components such as precision bearing, hardware and related accessories.	100	100
Full Celebration Limited	Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and electronic parts.	100	100
Gatech Holding Ltd.	Gatech International Ltd.	General investment business	100	100
Gatech International Ltd.	Gatech (Suzhou) Inc,	Aluminum and magnesium alloy manufacturing and trading	100	100
Sweet International Group Ltd.	Lucky King Holdings Ltd.	General investment business	100 (Note 1)	-
Lucky King Holdings Ltd.	Suzou Leoho Electronics Co., Ltd.	Precision hardware components manufacturing	100 (Note 1)	-
	Commuwell Enterprise (Thailand) Co., Ltd.	Plastic shot and hardware components manufacturing	100 (Note 1)	-

(Concluded)

Note 1: On November 30, 2020, the Corporation completed the acquisition of Leohab Enterprise Co., Ltd. for a cash consideration of \$232,677 thousand after the acquisition, the Corporations percentage of ownership in Leohab Enterprise Co., Ltd. was 70% See Note 25 for detailed information on the acquisition of Leohab Enterprise Co., Ltd.

Note 2: On November 29, 2019, the Corporation completed the acquisition of Gatech Technology Inc. for a cash consideration of \$550,000 thousand; after the acquisition, the Corporation's percentage of ownership in Gatech Technology Inc. was 72.81%. On April 21, 2020 and July 27, 2020, the Corporation acquired additional 0.17% and 0.45% ownerships in Gatech Technology Inc. for a cash consideration of \$1,345 thousand and \$2,470 thousand, respectively, which increased the Corporation's percentage of ownership to 73.43%. Refer to Notes 25 and 26 for detailed information on the acquisition of Gatech Technology Inc. and non-controlling interests.

Note 3: The establishment of Syncmold Enterprise Vietnam Co., Ltd. was approved on December 24, 2019. As of March 19, 2020, the Corporation had invested \$302,344 thousand in exchange for 100% shareholding interest.

Note 4: The establishment of Syncmold Enterprise (Malaysia) Sdn., Bhd. was approved on February 10, 2020. As of June 10, 2020, the Corporation had invested \$3,639 thousand in exchange for 100% shareholding interest.

Note 5: The establishment of Syncmold Enterprise (Singapore) Pte., Ltd. was approved on February 27, 2020. As of June 29, 2020, the Corporation had invested \$1,100 thousand in exchange for 100% shareholding interest.

Note 6: The establishment of Syncmold Enterprise (Thailand) Co., Ltd. was approved on May 14, 2020. As of May 27, 2020, the Corporation had invested \$19,920 thousand in exchange for 100% shareholding interest.

Information on the subsidiaries included in the consolidated financial statements for the years ended December 31, 2020 and 2019 in the table above was based on the financial statements of the subsidiaries audited by the auditors for the same periods.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Associates that are not individually material		
Unlisted company		
High Grade Tech Co., Ltd.	\$ 128,639	\$ 121,500
Corebio technologies Co., Ltd.	<u>35,917</u>	<u>46,752</u>
	<u>\$ 164,556</u>	<u>\$ 168,252</u>

Aggregate information of associates that are not individually material

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
Net profit of the year	<u>\$ 4,185</u>	<u>\$ 3,939</u>
Other comprehensive income	<u>\$ 3,519</u>	<u>\$ -</u>

In January 2019, the Corporation subscribed for shares of Corebio Technologies Co., Ltd. for a cash consideration of \$25,000 thousand; after the subscription, the Corporation's percentage of ownership in Corebio Technologies Co., Ltd. was 23.83% and the Corporation was able to exercise significant influence over Corebio Technologies Co., Ltd., and as of December 31, 2019, the Corporation subscribed for additional new shares at a cash consideration of \$27,000 thousand, which increased the Corporation's percentage of ownership to 38.29%.

The shares of profit or loss of associates accounted for using the equity method in 2020 and 2019 were calculated based on the associates' financial statements which have been audited for the same periods.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 484,451	\$ 641,034	\$ 1,119,133	\$ 32,396	\$ 41,780	\$ 84,415	\$ 2,403,209
Additions	-	29,310	88,129	3,681	8,522	13,662	141,301
Disposals	-	(36,684)	(65,199)	(1,212)	(6,201)	(2,205)	(111,501)
Acquisitions through business combinations	218,709	237,954	301,736	4,832	6,769	162,098	932,098
Transfer from prepayments for equipments	-	-	35,998	-	-	1,592	37,590
Reclassifications	-	2,141	(1,984)	-	(2,113)	148	(2,160)
Effect of foreign currency exchange differences	<u>2</u>	<u>9,530</u>	<u>17,296</u>	<u>1,372</u>	<u>1,561</u>	<u>1,733</u>	<u>31,494</u>
Balance at December 31, 2020	<u>\$ 703,102</u>	<u>\$ 883,285</u>	<u>\$ 1,497,074</u>	<u>\$ 41,069</u>	<u>\$ 50,318</u>	<u>\$ 261,443</u>	<u>\$ 3,436,351</u>

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	\$ -	\$ 320,970	\$ 747,814	\$ 19,070	\$ 29,435	\$ 60,339	\$ 1,177,628
Disposals	-	(36,409)	(45,966)	(1,090)	(5,771)	(2,017)	(91,253)
Depreciation expenses	-	45,002	80,623	3,097	4,480	7,481	140,683
Impairment losses recognized	-	-	2,528	-	-	-	2,528
Acquisitions through business combinations	-	111,373	261,440	3,599	5,015	126,209	507,636
Reclassified as held for sale	-	1,494	2,425	-	(1,469)	-	2,450
Effect of foreign currency exchange differences	-	1,613	7,832	280	427	510	10,662
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 434,043</u>	<u>\$ 1,056,696</u>	<u>\$ 24,956</u>	<u>\$ 32,117</u>	<u>\$ 192,522</u>	<u>\$ 1,750,334</u>
Carrying amounts at December 31, 2020	<u>\$ -</u>	<u>\$ 439,242</u>	<u>\$ 440,378</u>	<u>\$ 16,113</u>	<u>\$ 18,201</u>	<u>\$ 68,921</u>	<u>\$ 1,686,017</u>
<u>Cost</u>							
Balance at January 1, 2019	\$ 65,187	\$ 330,490	\$ 650,462	\$ 24,862	\$ 42,371	\$ 58,119	\$ 1,171,491
Additions	-	6,028	74,784	2,970	4,781	4,428	92,991
Disposals	-	(37,294)	(109,417)	(3,243)	(5,308)	(9,051)	(164,313)
Acquisitions through business combinations	419,264	353,919	514,778	8,750	1,769	26,911	1,325,391
Reclassified as held for sale	-	(2,112)	8,431	-	(237)	(1,107)	4,975
Effect of foreign currency exchange differences	-	(9,997)	(19,905)	(943)	(1,596)	5,115	(27,326)
Balance at December 31, 2019	<u>\$ 484,451</u>	<u>\$ 641,034</u>	<u>\$ 1,119,133</u>	<u>\$ 32,396</u>	<u>\$ 41,780</u>	<u>\$ 84,415</u>	<u>\$ 2,403,209</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2019	\$ -	\$ 188,292	\$ 360,290	\$ 15,581	\$ 28,714	\$ 34,756	\$ 627,633
Disposals	-	(35,051)	(95,551)	(2,921)	(3,949)	(8,584)	(146,056)
Depreciation expenses	-	13,827	60,789	2,390	4,766	13,884	95,656
Acquisitions through business combinations	-	159,201	432,134	4,587	1,022	22,745	619,689
Reclassified as held for sale	-	-	3,089	-	(18)	(1,207)	1,864
Effect of foreign currency exchange differences	-	(5,299)	(12,937)	(567)	(1,100)	(1,255)	(21,158)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 320,970</u>	<u>\$ 747,814</u>	<u>\$ 19,070</u>	<u>\$ 29,435</u>	<u>\$ 60,339</u>	<u>\$ 1,177,628</u>
Carrying amounts at December 31, 2019	<u>\$ 484,451</u>	<u>\$ 320,064</u>	<u>\$ 371,319</u>	<u>\$ 13,326</u>	<u>\$ 12,345</u>	<u>\$ 24,076</u>	<u>\$ 1,225,581</u>

(Concluded)

The Group expects that future cash inflows of some machinery and equipment will decrease, resulting in recoverable amount lower than the carrying amount and, therefore, recognized an impairment loss of \$2,528 thousand in 2020. The impairment loss was recorded under other gains and losses in the consolidated statements of comprehensive income.

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

Buildings	
Main buildings	5-60 years
Electromechanical power equipment	4-5 years
Equipment	1-23 years
Transportation equipment	5-10 years
Office equipment	3-10 years
Other equipment	1-20 years

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Lands	\$ 174,905	\$ 53,158
Buildings	318,942	383,134
Transportation equipment	<u>1,655</u>	<u>576</u>
	<u>\$ 495,502</u>	<u>\$ 436,868</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 238,238</u>	<u>\$ 142,982</u>
Acquisition through business combinations	<u>\$ 27,123</u>	<u>\$ 45,918</u>
Depreciation charge for right-of-use assets		
Lands	\$ 3,025	\$ 268
Buildings	157,493	144,387
Transportation equipment	<u>450</u>	<u>249</u>
	<u>\$ 160,968</u>	<u>\$ 144,904</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (9,806)</u>	<u>\$ (17,485)</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Current	<u>\$ 133,785</u>	<u>\$ 123,884</u>
Non-current	<u>\$ 170,268</u>	<u>\$ 232,119</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Buildings	0.94%-4.90%	0.94%-4.90%
Transportation equipment	0.94%-1.69%	0.94%

c. Subleases

Sublease of right-of-use assets

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

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Year 1	<u>\$ -</u>	<u>\$ 8,386</u>

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ 22,469</u>	<u>\$ 14,696</u>
Total cash outflow for leases	<u>\$ (282,344)</u>	<u>\$ (158,201)</u>

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

**15. GOODWILL**

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Balance at January 1	<u>\$ 366,777</u>	<u>\$ 366,777</u>
Balance at December 31	<u>\$ 366,777</u>	<u>\$ 366,777</u>
Balance at January 1	\$ (42,180)	\$ -
Impairment losses recognized	<u>-</u>	<u>(42,180)</u>
Balance at December 31	<u>\$ (42,180)</u>	<u>\$ (42,180)</u>
Carrying amounts at December 31	<u>\$ 324,597</u>	<u>\$ 324,597</u>

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

As of December 31, 2019, the operations of some plastic molding departments ceased due to the expected increase in bargaining pressure, raw materials, and labor cost of molded plastic products, as well as intra-group rearrangements and adjustments. Since the estimated recoverable amount of plastic molding department was lower than its carrying amount, an impairment loss on goodwill of \$42,180 thousand was recognized in 2019.

The recoverable amount of plastic molding department was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 13.20% and 12.96% in 2020 and 2019, respectively. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of future market development.

## 16. INTANGIBLE ASSETS

	Trademarks Cost	Computer Software Cost	Patents Cost	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ -	\$ 48,046	\$ -	\$ 48,046
Additions	-	17,385	-	17,385
Acquisitions through business combinations	181	2,289	5,887	22,890
Disposals	-	(9,446)	-	(9,446)
Reclassifications	-	(505)	505	-
Effect of foreign currency exchange differences	-	44	-	44
Balance at December 31, 2020	<u>\$ 181</u>	<u>\$ 72,346</u>	<u>\$ 6,392</u>	<u>\$ 78,919</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2020	\$ -	\$ 21,409	\$ -	\$ 21,409
Acquisitions through business combinations	113	14,655	3,606	18,374
Amortization expenses	2	13,991	41	14,034
Disposals	-	(9,446)	-	(9,446)
Effect of foreign currency exchange differences	-	192	106	298
Balance at December 31, 2020	<u>\$ 115</u>	<u>\$ 40,801</u>	<u>\$ 3,753</u>	<u>\$ 44,669</u>
Carrying amount at December 31, 2020	<u>\$ 66</u>	<u>\$ 31,545</u>	<u>\$ 2,639</u>	<u>\$ 34,250</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ -	\$ 46,394	\$ -	\$ 46,394
Additions	-	18,681	-	18,681
Disposals	-	570	-	570
Acquisitions through business combinations	-	(16,901)	-	(16,901)
Effect of foreign currency exchange differences	-	(698)	-	(698)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 48,046</u>	<u>\$ -</u>	<u>\$ 48,046</u>

(Continued)

	<b>Trademarks Cost</b>	<b>Computer Software Cost</b>	<b>Patents Cost</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2019	\$ -	\$ 24,086	\$ -	\$ 24,086
Acquisitions through business combinations	-	(16,090)	-	(16,090)
Amortization expenses	-	112	-	112
Disposals	-	14,435	-	14,435
Effect of foreign currency exchange differences	-	(323)	-	(323)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 21,409</u>	<u>\$ -</u>	<u>\$ 21,409</u>
Carrying amount at December 31, 2019	<u>\$ -</u>	<u>\$ 26,637</u>	<u>\$ -</u>	<u>\$ 26,637</u> (Concluded)

The above items of intangible assets are amortized on a straight-line basis their estimated useful lives as follows:

Trademarks	7-10 years
Computer software	1-5 years
Patents	1-19 years

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings</u>		
Mortgage loans	\$ 484,000	\$ 280,000
Bank loans	8,895	-
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,374,800</u>	<u>726,982</u>
	<u>\$ 1,867,695</u>	<u>\$ 1,006,982</u>

The weighted average effective interest rates on bank loans were ranging from 0.67%-3.75% and 0.88%-2.80% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Commercial paper	\$ 30,000	\$ -
Less: Unamortized discounts on bills payable	<u>(19)</u>	<u>-</u>
	<u>\$ 29,981</u>	<u>\$ -</u>

Outstanding short-term bills payable were as follows:

December 31, 2020

Issuer	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
Mega Bills Finance Co., Ltd.	\$ 30,000	\$ 19	\$ 29,981	1.05%	None	\$ -

c. Long-term borrowings

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings</u>		
Mortgage loans	\$ 59,500	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>13,636</u>	<u>-</u>
	73,136	-
Less: Current portions	<u>(16,909)</u>	<u>-</u>
	<u>\$ 56,227</u>	<u>\$ -</u>

The Group's property, plant and equipment and financial assets at amortized cost were provided as collateral for long-term borrowings (refer to Note 30). The effective interest rate on long-term borrowings was 1.70%-1.995% on December 31, 2020.

**18. BONDS PAYABLE**

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Secured domestic bonds	\$ -	\$ 150,000
Less: Current portions	<u>-</u>	<u>(150,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

## 19. OTHER PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Payables for salaries or bonuses	\$ 280,535	\$ 242,155
Others	<u>218,182</u>	<u>175,135</u>
	<u>\$ 498,717</u>	<u>\$ 417,290</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

### b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 60,291	\$ 42,157
Fair value of plan assets	<u>(42,095)</u>	<u>(33,470)</u>
Net defined benefit liabilities (assets)	<u>\$ 18,196</u>	<u>\$ 8,687</u>

The net defined benefit liabilities (assets) were \$20,763 thousand and \$(2,567) thousand recognized in the consolidated balance sheets for the year ended December 31, 2020.

Movements in net defined benefit assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Balance at January 1, 2019	<u>\$ 21,666</u>	<u>\$ (23,968)</u>	<u>\$ (2,302)</u>
Acquisition through business combinations	<u>21,241</u>	<u>(10,352)</u>	<u>10,889</u>
Service cost			
Current service cost	111	-	111
Net interest expense (income)	<u>462</u>	<u>(361)</u>	<u>101</u>
Recognized in profit or loss	<u>573</u>	<u>(361)</u>	<u>212</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,218)	(1,218)
Actuarial (gain) loss			
Changes in demographic assumptions	52	-	52
Changes in financial assumptions	985	-	985
Experience adjustments	<u>561</u>	<u>-</u>	<u>561</u>
Recognized in other comprehensive income	<u>1,598</u>	<u>(1,218)</u>	<u>380</u>
Contributions from the employer	<u>-</u>	<u>(492)</u>	<u>(492)</u>
Benefits paid	<u>(2,921)</u>	<u>2,921</u>	<u>-</u>
Balance at December 31, 2019	<u>42,157</u>	<u>(33,470)</u>	<u>8,687</u>
Acquisition through business combinations	<u>15,996</u>	<u>(4,973)</u>	<u>11,023</u>
Service cost			
Current service cost	62	-	62
Net interest expense (income)	<u>336</u>	<u>(244)</u>	<u>92</u>
Recognized in profit or loss	<u>398</u>	<u>(244)</u>	<u>154</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,168)	(1,168)
Actuarial (gain) loss			
Changes in demographic assumptions	4	-	4
Changes in financial assumptions	1,283	-	1,283
Experience adjustments	<u>453</u>	<u>-</u>	<u>453</u>
Recognized in other comprehensive income	<u>1,740</u>	<u>(1,168)</u>	<u>572</u>
Contributions from the employer	<u>-</u>	<u>(2,240)</u>	<u>(2,240)</u>
Balance at December 31, 2020	<u>\$ 60,291</u>	<u>\$ (42,095)</u>	<u>\$ 18,196</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.300%-0.800%	0.625%-1.000%
Expected rate(s) of salary increase	1.000%-2.000%	1.000%-1.500%
Mortality rate	According to the fifth experience life table of the insurance industry in Taiwan	According to the fifth experience life table of the insurance industry in Taiwan
Turnover rate	0%-8%	0%-10%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)		
25% increase	<u>\$ (1,206)</u>	<u>\$ (952)</u>
25% decrease	<u>\$ 1,253</u>	<u>\$ 991</u>
Expected rate(s) of salary increase		
25% increase	<u>\$ 1,239</u>	<u>\$ 986</u>
25% decrease	<u>\$ (1,198)</u>	<u>\$ (952)</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expected contributions to the plans for the next year	<u>\$ 659</u>	<u>\$ 493</u>
Average duration of the defined benefit obligation	7.6 - 13.3 years	8.3-14.1 years

- c. Commuwell Enterprise (Thailand) Co., Ltd. calculates the pension of Thai employees on the basis of seniority, in accordance with section 118/1 of the Labour Protection Act (No. 6).

## 21. EQUITY

- a. Share capital

### Ordinary shares

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>123,724</u>	<u>123,724</u>
Shares issued	<u>\$ 1,237,242</u>	<u>\$ 1,237,242</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.

- b. Capital surplus

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

Capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method and unclaimed dividends may be only use to offset a deficit.

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 22-d.

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 2019 and 2018 which were approved in the shareholders' meetings on June 18, 2020 and June 20, 2019, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Legal reserve	\$ 94,150	\$ 88,996		
Special reserve	202,514	54,857		
Cash dividends	556,759	804,207	\$4.50	\$6.50

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 16, 2021. The appropriation and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 96,150	
Special reserve	1,595	
Cash dividends	618,621	\$5.00

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 24, 2021.

d. Special reserve

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 431,506	\$ 376,649
Appropriated special reserve		
Exchange differences on translating the financial statements of foreign operations	<u>202,514</u>	<u>54,857</u>
Balance at December 31	<u>\$ 634,020</u>	<u>\$ 431,506</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 Corporation appropriated a special reserve at the amount of \$230,916 thousand. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter, distributed.

e. Non-controlling interests

	<b>For the Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 229,257	\$ -
Share in profit for the year	8,944	1,053
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign entities	2,508	(875)
Remeasurement of defined benefit plans	(227)	(88)
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	107,998	229,257
Changes in ownership interests in subsidiaries (Note 26)	<u>(5,342)</u>	<u>-</u>
Balance at December 31	<u>\$ 343,138</u>	<u>\$ 229,257</u>

## 22. NET PROFIT

Net profit comprises:

a. Other income

	<b>For the Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Dividends	\$ 6,229	\$ -
Rental income	9,896	17,485
Subsidy income	24,033	22,250
Others	<u>2,505</u>	<u>4,456</u>
	<u>\$ 42,663</u>	<u>\$ 44,191</u>

b. Other gains and losses

	<b>For the Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Loss on disposal of losses plant and equipment	\$ (1,038)	\$ (6,870)
Others	<u>(8,726)</u>	<u>(1,850)</u>
	<u>\$ (9,764)</u>	<u>\$ (8,720)</u>

c. Depreciation, amortization and employee benefits expense:

	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Defined contribution plan	\$ 31,836	\$ 12,443	\$ 44,279	\$ 54,134	\$ 15,794	\$ 69,928
Defined benefit plan	286	(132)	154	9	(13)	(4)
Other employee benefits	<u>1,398,941</u>	<u>467,048</u>	<u>1,865,989</u>	<u>1,126,802</u>	<u>405,235</u>	<u>1,532,037</u>
	<u>\$ 1,431,063</u>	<u>\$ 479,359</u>	<u>\$ 1,910,422</u>	<u>\$ 1,180,945</u>	<u>\$ 421,016</u>	<u>\$ 1,601,961</u>
Depreciation	<u>\$ 191,195</u>	<u>\$ 110,456</u>	<u>\$ 301,651</u>	<u>\$ 149,803</u>	<u>\$ 90,757</u>	<u>\$ 240,560</u>
Amortization	<u>\$ 396</u>	<u>\$ 13,638</u>	<u>\$ 14,034</u>	<u>\$ 1,401</u>	<u>\$ 13,034</u>	<u>\$ 14,435</u>

d. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 16, 2021 and March 13, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	6.58%	6.56%
Remuneration of directors and supervisors	1.44%	1.44%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation	\$ 80,847	\$ 79,339
Remuneration of directors and supervisors	17,747	17,416

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

The Corporation held board of directors' meetings on March 13, 2020 and March 14, 2019 and the meeting resulted in the actual amounts of the employees' compensation and remuneration of directors and supervisors paid for 2019 and 2018 to differ from the amounts recognized in the consolidated financial statements. The differences were adjusted to profit and loss for the years ended December 31, 2020 and December 31, 2019.

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Employees’ Compensation</b>	<b>Remuneration of Directors and Supervisors</b>	<b>Employees’ Compensation</b>	<b>Remuneration of Directors and Supervisors</b>
Amounts approved in the board of directors’ meeting	<u>\$ 79,000</u>	<u>\$ 18,000</u>	<u>\$ 76,000</u>	<u>\$ 17,000</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 79,339</u>	<u>\$ 17,416</u>	<u>\$ 75,903</u>	<u>\$ 16,662</u>

Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Corporation’s board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current period	\$ 520,072	\$ 458,147
Income tax on unappropriated earnings	4,404	-
Adjustments for prior periods	<u>4,522</u>	<u>7,937</u>
	<u>528,998</u>	<u>466,084</u>
Deferred tax		
In respect of the current period	(6,702)	36,311
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>543</u>	<u>-</u>
	<u>(6,159)</u>	<u>36,311</u>
Income tax expense recognized in profit or loss	<u>\$ 522,839</u>	<u>\$ 502,395</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit before tax	<u>\$ 1,497,521</u>	<u>\$ 1,444,990</u>
Income tax expense calculated at the statutory rate	\$ 572,440	\$ 549,073
Permanent differences	(60,355)	(60,289)
Unrecognized deductible temporary differences	(6,205)	5,021
Unrecognized loss carry-forwards	7,490	653
Income tax on unappropriated earnings	4,404	-
Adjustments for prior years’ tax	<u>5,065</u>	<u>7,937</u>
Income tax expense recognized in profit or loss	<u>\$ 522,839</u>	<u>\$ 502,395</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable (included other current assets)	<u>\$ 8,474</u>	<u>\$ 3,309</u>
Current tax liabilities		
Income tax payable	<u>\$ 181,357</u>	<u>\$ 113,470</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Acquisitions through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences						
Allowance loss for exceeding limits	\$ 3,678	\$ 15	\$ (1,267)	\$ -	\$ (32)	\$ 2,394
Allowance for inventory valuation and obsolescence losses	18,680	7,992	(4,379)	-	45	22,338
Others	4,761	6,402	2,219	-	93	13,475
Loss carryforwards	<u>43,419</u>	<u>6,073</u>	<u>(7,992)</u>	<u>-</u>	<u>13</u>	<u>41,513</u>
	<u>\$ 70,538</u>	<u>\$ 20,482</u>	<u>\$ (11,419)</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 79,720</u>

Deferred Tax Liabilities	Opening Balance	Acquisitions through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences						
Gain on investments accounted for using the equity method	\$ 267,035	\$ 39,341	\$ (22,248)	\$ -	\$ -	\$ 284,128
Unrealized exchange gains	6,425	1,461	(387)	-	(13)	7,486
Land value income tax	-	22,171	-	-	-	22,171
Others	<u>2,692</u>	<u>10,345</u>	<u>5,057</u>	<u>57</u>	<u>3</u>	<u>18,154</u>
	<u>\$ 276,152</u>	<u>\$ 73,318</u>	<u>\$ (17,578)</u>	<u>\$ 57</u>	<u>\$ (10)</u>	<u>\$ 331,939</u>

For the year ended December 31, 2019

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

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deductible temporary differences	\$ 246,192	\$ 172,802
Loss carryforwards	<u>136,996</u>	<u>215,933</u>
	<u>\$ 383,188</u>	<u>\$ 388,735</u>

The unrecognized deductible temporary differences are goodwill amortization, excess loss allowance, impairment loss on financial assets measured at cost, and loss on investments accounted for using the equity method.

- e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 6,288	2022
40,892	2023
44,201	2024
21,082	2025
11,149	2026
<u>13,384</u>	2029
<u>\$ 136,996</u>	

- f. Income tax assessments

The income tax returns of Leohab Enterprise Co., Ltd. through 2017 have been assessed by the tax authorities.

The income tax returns of the Corporation and Gatech Technology Inc. through 2018 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Earnings used in the computation of diluted earnings per share	<u>\$ 965,738</u>	<u>\$ 941,542</u>

## Shares

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	123,724	123,724
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>1,133</u>	<u>1,061</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>124,857</u>	<u>124,785</u>

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

## 25. BUSINESS COMBINATIONS

### 2020

#### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Leohab Enterprise Co., Ltd. and subsidiaries	Precision hardware component manufacturing and plastic ejection	November 30, 2020	70	<u>\$ 232,677</u>

Leohab Enterprise Co., Ltd. and subsidiaries was acquired in order to further enhance the Group's supply chain integration.

#### b. Consideration transferred

	<b>Leohab Enterprise Co., Ltd. and Subsidiaries</b>
Cash	<u>\$ 232,677</u>

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

	<b>Leohab Enterprise Co., Ltd. and Subsidiaries</b>
Current assets	
Cash and cash equivalents	\$ 125,564
Trade and other receivables	227,318
Inventories	49,510
Other current assets	7,798
Non-current assets	
Property, plant and equipment	424,462
Right-of-use assets	27,123
Intangible assets	4,516
Deferred tax assets	20,482
Other non-current assets	752
Current liabilities	
Short-term borrowings	(209,174)
Trade and notes payables	(72,002)
Other payables	(63,057)
Current tax liabilities	(14,644)
Lease liabilities	(695)
Current Portions of long-term borrowings	(710)
Other current liabilities	(1,362)
Non-current liabilities	
Long-term borrowings	(73,556)
Deferred tax liabilities	(62,188)
Net defined benefit liabilities	(11,023)
Other non-current liabilities	<u>(19,116)</u>
	<u>\$ 359,998</u>

d. Gain from bargain purchase recognized on acquisitions

	<b>Leohab Enterprise Co., Ltd. and Subsidiaries</b>
Consideration transferred	\$ 232,677
Plus: Non-controlling interests (30% in Leohab Enterprise Co., Ltd.)	107,998
Less: Fair value of identifiable net assets acquired	<u>(359,998)</u>
Gain from bargain purchase recognized on acquisitions	<u>\$ 19,323</u>

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

e. Net cash outflow on the acquisition of subsidiaries

	<b>Leohab Enterprise Co., Ltd. and Subsidiaries</b>
Consideration paid in cash	\$ 232,677
Less: Cash and cash equivalent balances acquired	<u>(125,564)</u>
	<u>\$ 107,113</u>

f. Impact of acquisitions on the results of the Group

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

	<b>Leohab Enterprise Co., Ltd. and Subsidiaries</b>
Revenue	<u>\$ 51,837</u>
Profit	<u>\$ 3,689</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$10,239,213 thousand, and the profit would have been \$996,570 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

2019

a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Gatech Technology Inc. and subsidiaries	Metal casting and selling of aluminum alloy and magnesium alloy	November 29, 2019	72.81	<u>\$ 550,000</u>

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

b. Consideration transferred

**Gatech  
Technology Inc.  
and  
Subsidiaries**

Cash	<u>\$ 550,000</u>
------	-------------------

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

**Gatech  
Technology Inc.  
and  
Subsidiaries**

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

d. Gain from bargain purchase recognized on acquisitions

**Gatech  
Technology Inc.  
and  
Subsidiaries**

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

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

e. Net cash outflow on the acquisition of subsidiaries

	<b>Gatech Technology Inc. and Subsidiaries</b>
Consideration paid in cash	\$ 550,000
Less: Cash and cash equivalent balances acquired	<u>(303,475)</u>
	<u>\$ 246,525</u>

f. Impact of acquisitions on the results of the Group

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

	<b>Gatech Technology Inc. and Subsidiaries</b>
Revenue	<u>\$ 78,740</u>
Profit	<u>\$ 3,872</u>

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

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On April 21, 2020 and July 27, 2020, the Corporation subscribed for additional new shares of Gatech Technology Inc. at 0.17% and 0.45% from its existing ownership percentage for a cash consideration of \$1,345 thousand and \$2,470 thousand, respectively, and increased the Corporation's percentage of ownership from 72.81% to 73.43%.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over these subsidiaries.

	<b>Gatech Technology Inc.</b>
Consideration paid	\$ (3,815)
The proportionate share of carrying amount of the net assets of the subsidiary transferred to non-controlling interests	5,342
Exchange differences on translating the financial statements of foreign operations	<u>(6)</u>
Difference recognized from equity transactions	<u>\$ 1,521</u>
<u>Adjustment of difference recognized from equity transactions</u>	
Capital surplus-difference between actual acquisition of subsidiary's equity prices and carrying amount	<u>\$ 1,521</u>

## 27. CAPITAL MANAGEMENT

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

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

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

## 28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 22,322	\$ -	\$ 22,322
Listed shares	200,701	-	-	200,701
Structured deposits	152,926	-	-	152,926
Emerging market shares	6,708	-	8,911	15,619
Overseas unlisted shares	-	-	51,579	51,579
Private funds	<u>-</u>	<u>-</u>	<u>3,088</u>	<u>3,088</u>
	<u>\$ 360,335</u>	<u>\$ 22,322</u>	<u>\$ 63,578</u>	<u>\$ 446,235</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 39,800	\$ -	\$ -	\$ 39,800
Emerging market shares	3,473	-	6,798	10,271
Structured deposits	52,189	-	-	52,189
Overseas unlisted shares	<u>-</u>	<u>-</u>	<u>50,611</u>	<u>50,611</u>
	<u>\$ 95,462</u>	<u>\$ -</u>	<u>\$ 57,409</u>	<u>\$ 152,871</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 year ended December 31, 2020

	<b>Financial Assets at FVTPL Equity Instruments</b>
Balance at January 1, 2020	\$ 57,409
Recognized in profit or loss (included in net gain on fair value changes of financial assets at fair value through profit or loss)	5,588
Purchases	5,018
Refund of capital reduction	<u>(4,437)</u>
Balance at December 31, 2020	<u>\$ 63,578</u>

For the year ended December 31, 2019

	<b>Financial Assets at FVTPL Equity 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)	3,301
Purchases	3,482
Transfers out of Level 3	<u>(3,473)</u>
Balance at December 31, 2019	<u>\$ 57,409</u>

3) Valuation techniques and inputs applied for level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Foreign exchange forward contracts	Discounted cash flows Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 446,235	\$ 152,871
Financial assets at amortized cost (1)	7,124,038	6,621,835
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,373,990	3,291,944

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized costs, notes receivable, trade receivables, other receivables, and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable and trade payables, other payables, bonds payable, long-term borrowings, and guarantee deposits received.

c. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

### Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

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

	<b>2020</b>	<b>2019</b>
<u>USD impact</u>		
USD:NTD	<u>\$ 6,816</u>	<u>\$ 3,367</u>
USD:RMB	<u>\$ (24,354)</u>	<u>\$ (30,719)</u>
USD:VND	<u>\$ (1,335)</u>	<u>\$ -</u>
<u>RMB impact</u>		
RMB:NTD	<u>\$ (2,477)</u>	<u>\$ (1,953)</u>
RMB:USD	<u>\$ (445)</u>	<u>\$ (950)</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>December 31</b>	
	<b>2020</b>	<b>2019</b>
Fair value interest rate risk		
Financial assets	\$ 988,587	\$ 685,348
Financial liabilities	2,274,865	1,512,984
Cash flow interest rate risk		
Financial assets	2,185,789	2,424,021

### Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by \$21,858 thousand and \$24,240 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits.

#### c) Other price risk

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

### Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$2,679 thousand and \$1,007 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

#### 2) Credit risk

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

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

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in below.

#### Financing facilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,388,436	\$ 1,006,982
Amount unused	<u>1,930,200</u>	<u>1,443,018</u>
	<u>\$ 3,318,636</u>	<u>\$ 2,450,000</u>
Secured bank overdraft facilities, review annually and payable on demand:		
Amount used	\$ 552,395	\$ -
Amount unused	<u>169,493</u>	<u>-</u>
	<u>\$ 721,888</u>	<u>\$ -</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
High Grade Tech Co., Ltd.	Associate
Chen Chien Hung	Related party in substance (first-degree relative of the Corporation's director)
Chen Chien Yuan	The legal representative of the Corporation's director (Note)
Kuan Chen Investment Co., Inc.	Related party in substance (director is the first-degree relative of the Corporation's director)

Note: Since June 2020, related party in substance has been changed to the legal representative of the Corporation's director.

b. Operating expense

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Associate	\$ <u>7</u>	\$ <u>-</u>

c. Property, plant and equipment

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Related party in substance	\$ <u>550</u>	\$ <u>-</u>

d. Lease agreements

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Lease assets acquired</u>		
Related party in substance	\$ 2,879	\$ -
The legal representative of the Corporation's director	<u>1,574</u>	<u>-</u>
	\$ <u>4,453</u>	\$ <u>-</u>

<b>Line Item</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Lease liabilities</u>		
Related party in substance	\$ 1,685	\$ 374
The legal representative of the Corporation's director	<u>921</u>	<u>-</u>
	\$ <u>2,606</u>	\$ <u>374</u>

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Interest expense</u>		
Related party in substance	\$ 19	\$ 13
The legal representative of the Corporation's director	<u>6</u>	<u>-</u>
	\$ <u>25</u>	\$ <u>13</u>

<u>Lease expense</u>		
Related party in substance	\$ 458	\$ 946
The legal representative of the Corporation's director	<u>297</u>	<u>-</u>
	\$ <u>755</u>	\$ <u>946</u>

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

e. Prepayments

Line Item	Related Party Category/Name	December 31	
		2020	2019
Prepaid expense (including other current assets)	Related party in substance	\$ <u>-</u>	\$ <u>76</u>

f. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 59,549	\$ 48,408
Post-employment benefits	<u>279</u>	<u>253</u>
	<u>\$ 59,828</u>	<u>\$ 48,661</u>

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Financial assets at amortized cost - current	\$ 4,514	\$ -
Investments accounted for using the equity method	-	317,694
Property, plant and equipment	<u>706,058</u>	<u>529,385</u>
	<u>\$ 710,572</u>	<u>\$ 847,079</u>

### 31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A fire broke out in the premises of Suzhou Fuhongqi Electronics Co., Ltd. on January 20, 2021, which caused damage to some of the plant, machinery, equipment and inventories. The Corporation has property and public liability insurance for the plant, machinery, equipment and inventory, but the cause of the accident is still under investigation. As of March 16, 2021, the Corporation had negotiated with insurance companies to settle the claim and assessed the damage.

### 32. OTHER ITEMS

Except for the extension of Lunar New Year holiday in accordance with the epidemic prevention regulations of mainland China, the Group's operations have not been affected by the COVID-19 pandemic.

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

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

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,597	28.480 (USD:NTD)	\$ 1,298,603
USD	89,596	6.5423 (USD:RMB)	2,551,694
USD	4,686	25,689 (USD:VND)	133,457
RMB	64,678	4.3770 (RMB:NTD)	283,096
RMB	10,167	0.1537 (RMB:USD)	44,501
THB	5,874	0.9556 (THB:NTD)	5,613
Non-monetary items			
Financial assets at FVTPL - non-current			
USD	1,342	28.480 (USD:NTD)	51,579

#### Financial liabilities

Monetary items			
USD	69,530	28.480 (USD:NTD)	1,980,214
USD	4,083	6.5423 (USD:RMB)	116,284
RMB	8,095	6.5423 (RMB:NTD)	35,432

December 31, 2019

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,587	29.980 (USD:NTD)	\$ 1,246,778
USD	106,932	6.9762 (USD:RMB)	3,205,821
RMB	45,357	4.305 (RMB:NTD)	195,262
RMB	22,072	4.143 (RMB:USD)	95,020
Non-monetary items			
Financial assets at FVTPL - non-current			
USD	1,500	29.980 (USD:NTD)	50,611

#### Financial liabilities

Monetary items			
USD	52,819	29.980 (USD:NTD)	1,583,514
USD	4,468	6.9762 (USD:RMB)	133,951

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

Foreign Currency	For the Year Ended December 31			
	2020		2019	
Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	\$ 27,444	1 (NTD:NTD)	\$ 8,740
USD	28.480 (USD:NTD)	(9,026)	29.980 (USD:NTD)	733
RMB	4.3770 (RMB:NTD)	(169,930)	4.305 (RMB:NTD)	49,642
VND	0.00111 (VND:NTD)	(1,967)	- (VND:NTD)	-
THB	0.9556 (THB:NTD)	(1)	- (THB:NTD)	-
SGD	21.56 (SGD:NTD)	(14)	- (SGD:NTD)	-
		<u>\$ (153,494)</u>		<u>\$ 59,115</u>

#### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 5, 6 and 9):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders with ownership of 5% or greater showing the name of shareholders, the number of shares owned and percentage of ownership of each shareholder (None)

### 35. SEGMENT INFORMATION

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

No operating segments were closed during the year.

a. Segment revenue and results

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

	Income		Loss	
	2020	2019	2020	2019
Equipment - electronic parts	\$ 9,222,383	\$ 8,058,052	\$ 1,985,317	\$ 1,723,443
- plastic molding	440,958	524,292	130,866	80,900
Revenue from continuing operations	\$ 9,663,341	\$ 8,582,344	2,116,183	1,804,343
Interest income			35,901	26,755
Gain from bargain purchase - acquisitions of subsidiaries			19,323	63,669
Other income			42,663	44,191
Other gains and losses			(9,764)	(8,720)
Net foreign exchange (loss) gain			(153,494)	59,115
Net gain on financial assets at fair value through profit or loss			54,357	40,794
Share of profit of associates			4,185	3,939
Interest expenses			(27,342)	(20,568)
Impairment loss on goodwill			-	(42,180)
General and administrative expenses			(584,491)	(526,348)
Income before tax			\$ 1,497,521	\$ 1,444,990

The above segment revenue and results were generated from the transactions with external customers. There were no inter-segment transactions in 2020 and 2019.

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

b. Segment total assets

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

c. Other segment information

	Depreciation and Amortization	
	2020	2019
Plastic molding department	\$ 54,331	\$ 56,768
Electronic parts department	261,354	198,227
	\$ 315,685	\$ 254,995

d. Revenue from major products and services

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Display hinges	\$ 9,222,383	\$ 8,058,052
Molding equipment	<u>440,958</u>	<u>524,292</u>
	<u>\$ 9,663,341</u>	<u>\$ 8,582,344</u>

e. Geographical information

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

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
China	\$ 5,676,649	\$ 5,154,081
Taiwan	3,943,924	3,386,230
Other	<u>42,768</u>	<u>42,033</u>
	<u>\$ 9,663,341</u>	<u>\$ 8,582,344</u>

f. Information about major customers

Revenue in 2020 and 2019 were \$9,663,341 thousand and \$8,582,344 thousand, respectively and each single customer contributing 10% or more to the Group's revenue was as follows:

<b>Client Code</b>	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Sales</b>	<b>% of Revenue</b>	<b>Sales</b>	<b>% of Revenue</b>
A	\$ 2,497,956	25.85	\$ 2,315,820	26.98
B	1,393,966	14.43	1,299,662	15.14
C	1,055,015	10.92	1,135,567	13.23

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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	\$ -	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,359,479 (40% of the net worth of the Corporation)
		Grand Advance Inc.	Other receivables from related parties	Yes	100,000	100,000	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,359,479 (40% of the net worth of the Corporation)
		Syncmold Enterprise Vietnam Co., Ltd.	Other receivables from related parties	Yes	250,000	250,000	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,359,479 (40% of the net worth of the Corporation)
		Gatech Technology Inc.	Other receivables from related parties	Yes	200,000	200,000	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,359,479 (40% of the net worth of the Corporation)
		Leohab Enterprise Co., Ltd.	Other receivables from related parties	Yes	300,000	300,000	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,359,479 (40% of the net worth of the Corporation)
1	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	56,960	56,960	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Forever Business Development Limited	Other receivables from related parties	Yes	85,440	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	85,440	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	213,600	213,600	42,720	0.00	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
2	Grand Advance Inc.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	\$ 85,440	\$ 85,440	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Syncmold Enterprise (Samoa) Corp.	Other receivables from related parties	Yes	85,440	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Full Big Limited	Other receivables from related parties	Yes	85,440	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Zhongshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	199,360	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	199,360	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Fuzhou Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	199,360	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	199,360	85,440	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Syncmold Enterprise (USA) Corp.	Other receivables from related parties	Yes	25,632	25,632	11,392	0.00	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	128,160	128,160	42,720	0.00	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Syncmold Enterprise Corporation	Other receivables from related parties	Yes	412,960	412,960	284,800	0.00	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
3	Fuzhou Fulfil Tech Co., Ltd.	Fujian Khuan Hua Precise Mold., Ltd.	Other receivables from related parties	Yes	69,837	69,837	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Other receivables from related parties	Yes	69,837	69,837	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	69,837	69,837	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (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		
4	Full Big Limited	Grand Advance Inc.	Other receivables from related parties	Yes	\$ 17,088	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Fullking Development Limited	Other receivables from related parties	Yes	39,872	22,784	22,784	0.00	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
5	Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	39,283	39,283	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
6	Zhongshan Fulfil Tech Co., Ltd.	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Other receivables from related parties	Yes	34,918	34,918	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Chongqing Fulfil Tech Co., Ltd.	Other receivables from related parties	Yes	34,918	34,918	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (50% of the net worth of the Corporation)
		Suzhou Fulfil Electronics Co., Ltd.	Other receivables from related parties	Yes	34,918	34,918	-	-	Short-term financing	-	Operating capital	-	-	-	\$1,179,739 (20% of the net worth of the Corporation)	\$2,949,349 (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 2020.

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Subsidiary	\$1,769,609 (30% of the net worth of the Corporation)	\$ 56,960 (US\$ 2,000 thousand)	\$ 56,960 (US\$ 2,000 thousand) (Notes 1 and 5)	\$ -	\$ -	0.97	\$2,949,349 (50% of the net worth of the Corporation)	Y	-	-
		Full Big Limited	Subsidiary	\$1,769,609 (30% of the net worth of the Corporation)	626,560 (US\$ 22,000 thousand)	-	-	-	-	\$2,949,349 (50% of the net worth of the Corporation)	Y	-	-
		Forever Business Development Limited	Subsidiary	\$1,769,609 (30% of the net worth of the Corporation)	626,560 (US\$ 22,000 thousand)	626,560 (US\$ 22,000 thousand) (Notes 2, 3 and 5)	570	-	10.62	\$2,949,349 (50% of the net worth of the Corporation)	Y	-	-
		Fullking Development Limited	Subsidiary	\$1,769,609 (30% of the net worth of the Corporation)	626,560 (US\$ 22,000 thousand)	284,800 (US\$ 10,000 thousand) (Notes 3 and 5)	-	-	4.83	\$2,949,349 (50% of the net worth of the Corporation)	Y	-	-
		Full Celebration Limited	Subsidiary	\$1,769,609 (Net worth of the corporation 30%)	-	-	-	-	-	\$2,949,349 (Net worth of the corporation 50%)	Y	-	-
1	Leohab Enterprise Co., Ltd.	Commuwell Enterprise (Thailand) Co., Ltd.	Subsidiary	\$128,399 (50% of the net worth of Leohab Enterprise Co., Ltd.)	102,249 (THB 107,000 thousand)	64,025 (THB 67,000 thousand) (Notes 4 and 5)	3,822	-	1.09	\$256,797 (100% of the net worth of Leohab Enterprise Co., Ltd.)	N	-	-

Note 1: The co-financing amount of endorsement and guarantees by Syncmold Enterprise (Samoa) Corp. to bank A is \$56,960 thousand.

Note 2: The co-financing amount of endorsement and guarantees by Forever Business Development Limited to bank D is \$341,760 thousand.

Note 3: The co-financing amount of endorsement and guarantees by Forever Business Development Limited and Fullking Development Limited to bank E is \$284,800 thousand.

Note 4: The co-financing amount of endorsement and guarantees by Commuwell Enterprise (Thailand) Corporation Limited to bank A is \$64,025 thousand.

Note 5: The Corporation co-financed most of the endorsement and guarantee amounts, and the Corporation's total balance for endorsements and guarantees is \$683,520 thousand. The Corporation and its subsidiaries' total amount for endorsements and guarantees is \$747,545 thousand.

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(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, 2020				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	\$ 6,708	1.66	\$ 6,708	(Notes 2 and 6)
	Tiga Gaming Inc.	-	Financial assets at FVTPL - non-current	1,332,132	8,911	5.06	8,911	(Notes 3 and 6)
	Foxfortune Technology Limited	-	Financial assets at FVTPL - non-current	1,000,000	39,425	5.80	39,425	(Notes 4 and 6)
	Hercules BioVenture, L.P.	-	Financial assets at FVTPL - non-current	184,210	12,154	2.63	12,154	(Notes 4 and 6)
	Largan Precision Co., Ltd.	-	Financial assets at FVTPL - current	9,000	28,755	0.01	28,755	(Notes 2 and 6)
	Winmate Inc.	-	Financial assets at FVTPL - current	1,038,000	77,954	1.44	77,954	(Notes 2 and 6)
	Advanced Wireless Semiconductor Company	-	Financial assets at FVTPL - current	379,198	51,192	0.25	51,192	(Notes 2 and 6)
	Auras Technology Co., Ltd.	-	Financial assets at FVTPL - current	200,000	42,800	0.23	42,800	(Notes 2 and 6)
		<u>Private funds</u>						
	China Development of Healthcare Venture of Limited Partnership	-	Financial assets at FVTPL - non-current	5,017,715	3,088	0.96	3,088	(Notes 4 and 6)
	<u>Structured deposit</u>							
Dongguan Khuan Huang Precise Mold Plastic Co.,	Peoples' profit 140 and 146 from E.SUN Bank	-	Financial assets at FVTPL - current	-	65,508	-	65,508	(Notes 5 and 6)
Kunshan Fulfil Tech Co., Ltd.	Monthly profit 20120390 from Fubon Bank	-	Financial assets at FVTPL - current	-	43,648	-	43,648	(Notes 5 and 6)
Gatech (Suzhou) Inc.	Monthly profit 20120398 from Fubon Bank	-	Financial assets at FVTPL - current	-	43,770	-	43,770	(Notes 5 and 6)

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 shares are calculated at the strike price as of December 31, 2020.

Note 3: The shares are measured using the market approach.

Note 4: The shares are measured using the asset approach.

Note 5: The structured commodity is calculated at its contract worth as of December 31, 2020.

Note 6: No guarantees, pledged collateral or other restricted situations.

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Shares	Amount
Syncmold Enterprise Corporation	Stock Syncmold Enterprise Vietnam Co., Ltd.	Investments accounted for using the equity method	Syncmold Enterprise Vietnam Co., Ltd.	Subsidiary	-	\$ -	-	\$ 302,444	-	\$ -	\$ -	\$ -	-	\$ 242,441 (Note)

Note: The amount in the end of period includes the adjustments using the equity method, which are original investment for \$302,444 thousand, and adjustment to investment losses recognized by ownership percentage of \$(15,941) thousand and other comprehensive income of \$(44,062) 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 YEAR ENDED DECEMBER 31, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Syncmold Enterprise Corporation	Zhongshan Fufil Tech Co., Ltd.	Subsidiary	Purchase	\$ 1,505,534	44	Note 1	\$ -	-	\$ (518,441)	53	
	Suzhou Fulfil Electronics Co., Ltd.	Subsidiary	Purchase	1,365,186	40	Note 1	-	-	(560,484)	45	
	Fuzhou Fulfil Tech Co., Ltd.	Subsidiary	Purchase	340,741	10	Note 1	-	-	(79,865)	6	
Suzhou Fulfil Electronics Co., Ltd.	Kunshan Fulfil Tech Co., Ltd.	Indirect subsidiary	Purchase	587,473	20	Note 1	-	-	(138,333)	17	
	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	213,733	7	Note 1	-	-	(53,508)	6	
	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiary	Purchase	157,004	5	Note 1	-	-	(42,885)	5	
Fuzhou Fulfil Tech Co., Ltd.	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Indirect subsidiary	Purchase	360,996	29	Note 1	-	-	(68,497)	15	
Zhongshan Fufil Tech Co., Ltd.	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Indirect subsidiary	Purchase	307,287	18	Note 1	-	-	(64,510)	11	
	Syncmold Enterprise Corporation	Parent company	Sales	(1,505,534)	64	Note 1	-	-	518,441	53	
Kunshan Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(587,473)	100	Note 1	-	-	138,333	100	
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fulfil Tech Co., Ltd.	Indirect subsidiary	Sales	(360,996)	54	Note 1	-	-	68,497	44	
	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(213,733)	32	Note 1	-	-	53,508	34	
Suzhou Fulfil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(1,365,186)	36	Note 1	-	-	560,484	32	
Fuzhou Fulfil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	Sales	(340,741)	21	Note 1	-	-	79,865	17	
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	Indirect subsidiary	Sales	(157,004)	27	Note 1	-	-	42,885	34	
	Zhongshan Fufil Tech Co., Ltd.	Indirect subsidiary	Sales	(307,287)	53	Note 1	-	-	64,510	51	

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

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

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2020

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Grand Advance Inc.	Syncmold Enterprise Corporation	Parent company	\$ 284,800 (Note 1)	-	\$ -	-	\$ 284,800	\$ -
Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation	Parent company	518,441	-	-	-	258,320	-
Suzhou Fufil Electronics Co., Ltd.	Syncmold Enterprise Corporation	Parent company	560,484	-	-	-	287,414	-
Kunshan Fufil Tech Co., Ltd.	Suzhou Fufil Electronics Co., Ltd.	Indirect subsidiary	138,333	-	-	-	132,077	-
Suzhou Leoho Electronics Co., Ltd.	Leohab Enterprise Co., Ltd.	Indirect subsidiary	166,545	-	-	-	23,667	-

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 YEAR ENDED DECEMBER 31, 2020  
(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Syncmold Enterprise Corporation	Syncmold Enterprise (Samoa) Corp.	Samoa	Trading and related import and export businesses of metal molds and plastic molds as well as the reinvestment of subsidiaries in mainland China	\$ 110,598	\$ 110,598	3,546	100.00	\$ 2,537,652	\$ 276,919	\$ 274,294	(Note 1)
	Grand Advance Inc.	Samoa	Trading, import and export and investment in electronic parts	506,240	506,240	-	100.00	3,023,481	649,350	647,505	(Note 1)
	Syncmold Enterprise (USA) Corp.	USA	Trading, import and export in electronic parts	32	32	-	100.00	(2,522)	(218)	(218)	(Note 1)
	High Grade Tech Co., Ltd.	Taiwan	The design and sale of television hangers and related import and export businesses	36,075	36,075	2,280	38.00	128,639	39,527	15,020	(Note 1)
	Corebio Technologies Co., Ltd.	Taiwan	Medical technology and precision instrument wholesale and retail	52,000	52,000	5,200	38.29	35,917	(28,296)	(10,835)	(Note 1)
	Leohab Enterprise Co., Ltd.	Taiwan	Precision hardware components manufacturing	232,677	-	16,620	70.00	253,967	3,689	2,464	(Note 1)
	Gatech Technology Inc.	Taiwan	Precise molding and magnesium alloy die caster manufacturing and transaction business	553,815	550,000	42,207	73.43	645,537	25,545	19,155	
	Syncmold Enterprise Vietnam Co., Ltd.	Vietnam	Trading, import and export and investment in electronic parts	302,444	-	-	100.00	242,441	(15,941)	(15,941)	
	Syncmold Enterprise (Malaysia) Sdn., Ltd.	Malaysia	Trading, import and export in electronic parts, customer support and service center	3,639	-	-	100.00	1,882	(1,501)	(1,501)	
	Syncmold Enterprise (Singapore) Pte., Ltd.	Singapore	Trading, import and export in electronic parts, electronic components and parts design	1,100	-	-	100.00	593	(477)	(477)	
Syncmold Enterprise (Thailand) Co., Ltd.	Thailand	Trading, import and export and investment in electronic parts	19,920	-	-	100.00	15,243	(4,757)	(4,757)		
Grand Advance Inc.	Canford International Limited	Samoa	Import and export trade and investment business	119,342	119,342	-	100.00	1,415,412	338,527	338,527	(Note 1)
	Fullking Development Limited	Hong Kong	Import and export trade and investment business	160,175	160,175	-	100.00	982,035	317,168	317,163	(Note 1)
	Full Glary Holding Limited	Hong Kong	Import and export trade and investment business	259,720	259,720	-	100.00	310,456	54,807	53,198	(Note 1)
Syncmold Enterprise (Samoa) Corp.	Full Big Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	16,643	16,643	-	100.00	235,578	2,886	2,886	(Note 1)
	Forever Business Development Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	125,957	125,957	-	100.00	335,845	51,037	48,271	(Note 1)
	Full Celebration Limited	Samoa	Reinvestment in subsidiaries in mainland China and international trade	147,710	147,710	-	100.00	248,069	(24,570)	(24,570)	(Note 1)
Gatech Technology Inc.	Gatech Holding Ltd.	Samoa	General investment business	647,041	647,041	20,130	100.00	626,918	17,027	17,027	(Note 1)
Gatech Holdings Ltd.	Gatech International	Samoa	General investment business	657,284	657,284	20,268	100.00	626,894	17,028	17,028	(Note 1)
Leohab Enterprise Co., Ltd.	Sweet International Group Ltd.	British Virgin Islands	General investment business	280,368	280,368	-	100.00	505,170	4,199	4,199	
Sweet International Group Ltd.	Lucky King Holdings Ltd.	Merisis	General investment business	280,368	280,368	-	100.00	505,170	4,199	4,199	
Lucky King Holdings Ltd.	Commuwell Enterprise (Thailand) Co., Ltd.	Thailand	Plastic shot and hardware components manufacturing	113,236	113,236	-	100.00	177,504	4,092	4,092	

(Continued)

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

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

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Fuzhou Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	\$ 42,300	Invested through Syncmold Enterprise (Samoa) Corp.	\$ 59,324 (US\$ 2,083 thousand)	\$ -	\$ -	\$ 59,324 (US\$ 2,083 thousand)	\$ 221,651	100.00	\$ 223,215	\$ 1,078,503	\$ 1,929,919 (US\$ 67,764 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	108,311	Invested through Syncmold Enterprise (Samoa) Corp.	38,619 (US\$ 1,356 thousand)	-	-	38,619 (US\$ 1,356 thousand)	(854)	100.00	3,471	310,018	-
Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	57,723	Invested through Syncmold Enterprise (Samoa) Corp.	-	-	-	-	27,308	100.00	27,308	244,654	22,841 (US\$ 802 thousand)
Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	Processing, manufacturing, trading and related import and export business of various metal molds, plastic molds and plastic injection molds	122,391	Invested through Forever Business Development Limited	-	-	-	-	46,472	100.00	48,011	252,270	-
Suzhou Fulfil Electronics Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	18,064	Invested through Canford International Limited	-	-	-	-	341,807	100.00	341,807	1,415,674	1,214,102 (US\$ 42,630 thousand)
Zhongshan Fulfil Tech Co., Ltd.	Electronic parts processing manufacturing. Trading and related import and export business	148,959	Invested through Fullking Development Limited	-	-	-	-	315,671	100.00	321,412	1,046,542	1,192,059 (US\$ 41,856 thousand)
Kunshan Fulfil Tech Co., Ltd.	Manufacturing and assembling of laptops uses precise bearing, hardware and related accessories	228,740	Invested through Full Glary Holding Limited	170,880 (US\$ 6,000 thousand)	-	-	170,880 (US\$ 6,000 thousand)	54,834	100.00	54,809	312,017	-
Chongqing Fulfil Tech Co., Ltd.	The processing, manufacturing, related imports and exports of all electronic, plastic and hardware parts	135,983	Invested through Full Celebration Limited	-	-	-	-	(23,822)	100.00	(23,822)	248,058	516,172 (US\$ 18,124 thousand)
Gatech (Suzhou) Inc.	Aluminum and magnesium alloy die caster	692,064	Invested through Gatech International	692,064 (US\$ 24,300 thousand)	-	-	692,064 (US\$ 24,300 thousand)	8,909	73.43	12,521	625,602	-
Suzhou Leoho Electronics Co., Ltd.	Precision hardware components manufacturing	201,755	Invested through Lucky King Holdings Ltd.	127,533 (US\$ 4,478 thousand)	-	-	127,533 (US\$ 4,478 thousand)	110	70.00	77	327,666	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$1,300,824 (US\$45,675 thousand)	\$2,205,577 (US\$77,443 thousand)	\$3,745,101

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

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

(Concluded)

## SYNCMOLD ENTERPRISE CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		Payment Terms	% of Total Sales or Asset (Note 3)
				Financial Statement Account	Price		
0	Syncmold Enterprise Corporation	Gatech (Suzhou) Inc. Fujian Khuan Hua Precise Mold., Ltd.	1 1	Other receivables from related parties	\$ 14,518	Based on the contract between both parties	-
				Other receivables from related parties	12,582	Based on the contract between both parties	-
1	Zhongshan Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation Syncmold Enterprise Corporation	2 2	Sales	1,505,534	No significant difference with non-related parties	15
				Trade receivables from related parties	518,441	No significant difference with non-related parties	4
2	Dongguan Kwan Huang Precision Mold Plastic Co., Ltd.	Zhongshan Fufil Tech Co., Ltd. Zhongshan Fufil Tech Co., Ltd. Fuzhou Fufil Tech Co., Ltd. Suzhou Fufil Electronics Co., Ltd. Suzhou Fufil Electronics Co., Ltd.	3 3 3 3 3	Sales	307,287	No significant difference with non-related parties	3
				Trade receivables from related parties	64,510	No significant difference with non-related parties	1
				Sales	80,401	No significant difference with non-related parties	1
				Sales	157,004	No significant difference with non-related parties	2
				Trade receivables from related parties	42,885	No significant difference with non-related parties	-
3	Fuzhou Fufil Tech Co., Ltd.	Syncmold Enterprise Corporation Syncmold Enterprise Corporation	2 2	Accounts receivable from related parties	79,865	No significant difference with non-related parties	1
				Sales	340,741	No significant difference with non-related parties	4
4	Fuqing Foqun Electronic Hardware Tech Co., Ltd.	Fuzhou Fufil Tech Co., Ltd. Fuzhou Fufil Tech Co., Ltd. Suzhou Fufil Electronics Co., Ltd. Suzhou Fufil Electronics Co., Ltd. Zhongshan Fufil Tech Co., Ltd. Zhongshan Fufil Tech Co., Ltd.	3 3 3 3 3 3	Sales	360,996	No significant difference with non-related parties	4
				Trade receivables from related parties	68,497	No significant difference with non-related parties	1
				Sales	213,733	No significant difference with non-related parties	2
				Trade receivables from related parties	53,508	No significant difference with non-related parties	-
				Sales	98,747	No significant difference with non-related parties	1
				Trade receivables from related parties	34,448	No significant difference with non-related parties	1
5	Grand Advance Inc.	Syncmold Enterprise Corporation Fullking Development Limited	2 3	Other receivables from related parties	284,800	Based on the contract between both parties	2
				Other receivables from related parties	42,720	Based on the contract between both parties	-
6	Suzhou Fufil Electronics Co., Ltd.	Syncmold Enterprise Corporation Syncmold Enterprise Corporation	2 2	Trade receivables from related parties	560,484	No significant difference with non-related parties	5
				Sales	1,365,186	No significant difference with non-related parties	14
7	Full Big Limited	Fullking Development Limited	3	Other receivables from related parties	22,784	Based on the contract between both parties	-
8	Forever Business Development Limited	Dongguan Khuan Huang Precise Mold Plastic Co., Ltd.	3	Other receivables from related parties	17,158	No significant difference with non-related parties	-
9	Kunshan Fufil Tech Co., Ltd.	Suzhou Fufil Electronics Co., Ltd. Suzhou Fufil Electronics Co., Ltd.	3 3	Trade receivables from related parties	138,333	No significant difference with non-related parties	1
				Sales	587,473	No significant difference with non-related parties	6

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		Payment Terms	% of Total Sales or Asset (Note 3)
				Financial Statement Account	Price		
10	Chongqing Fulfil Tech Co., Ltd.	Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	\$ 29,397	No significant difference with non-related parties	-
		Syncmold Enterprise Corporation	2	Sales	60,036	No significant difference with non-related parties	-
		Syncmold Enterprise Corporation	2	Trade receivables from related parties	134,057	No significant difference with non-related parties	1
11	Syncmold Enterprise (Samoa) Corp.	Fujian Khuan Hua Precise Mold., Ltd.	3	Other receivables from related parties	43,851	Based on the contract between both parties	-
		Syncmold Enterprise Corporation	3	Other receivables from related parties	42,720	Based on the contract between both parties	-
12	Fujian Khuan Hua Precise Mold Ltd.	Suzhou Fulfil Electronics Co., Ltd.	3	Trade receivables from related parties	22,134	No significant difference with non-related parties	-
13	Suzhou Leoho Electronics Co., Ltd.	Leoho Electronics Co., Ltd.	3	Trade receivables from related parties	166,545	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 disclosure standard of the table above was 10% of the specified account and reached to \$10,000 thousand.

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

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