Stock code：3013

Chenming Mold Ind. Corp.

CHENMING MOLD IND. CORP.

2016

Annual Report

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5. Name of overseas exchange where securities are listed, and method of inquiry: Not applicable

6. Company website:
   http://www.uneec.com/

Contents

One. Letter to Shareholders

Ladies and gentlemen:

We hereby express our deepest gratitude for shareholders' support to the management in the past year. Faced with the rapid changes in the information and communication industry, the Company has been exploring new opportunities by optimizing its product portfolio and bringing innovation into business transformation. While the Company adjusted strategies and diversified business approach, it remained focused on improving product competitiveness through refined procedures and optimized design, workflow and cost structure. These efforts have enabled us to weather through the changing environment.

I. 2016 business results:

(I) Financial performance

1. Business results

The Company delivered net consolidated revenues of NT$4,274,785,000 in 2016, up 31.86% from NT$3,241,910,000 in 2015. Net income was concluded at NT$197,801,000 for 2016, up 184.31% from NT$69,572,000 in 2015, which represented an EPS of NT$1.14.

2. Budget accomplishment: The Company did not produce financial forecast for 2016.

3. Revenues, expenses, and profitability analysis

Items		2016	2015
Return on assets		6.88%	2.29%
Return on shareholders' equity		10.59%	3.13%
As a percentage of paid-up capital (%)	Operating profit	15.37%	2.14%
	Pre-tax profit	17.56%	5.37%
Net profit margin		6.00%	2.15%
EPS		1.14	0.39

(II) Research and development progress

1. Successfully developed MPIF-compliant soft magnetic material Fe-3%Si, and made successful application on car battery module.

2. Completed the development of high fluidity, thermal-debinding MIM procedures using pure copper and Cu-18%Ni, and established pure copper and Cu-18%Ni parameters database for MIM process. These new developments have the potential to be used for applications such as heat sink and decorative parts (e.g. parts for musical instruments).
3. The Company developed a complete series of formulas and databases for different product requirements (e.g. fluidity, thickness, material strength), which enables greater flexibility in the Company's productions. The Company has filed patents for two MIM formulas and announced its research during APMA 2017 (an international academic conference).
4. Research is being performed to determine how special chemicals affect the MIM process, and how material characteristics can be utilized during the product design phase. In addition, the Company introduced a new process that enables the reuse of MIM waste, and hence reduced the cost of waste materials.
5. The Company has conducted a series of research and analysis on SUS 17-4PH to develop internal standards for the use of 17-4PH powder materials. Furthermore, the Company has developed 17-4 PH thermal-debinding material featuring the same shrinkage as BASF 17-4 PHX using its high fluidity adhesive formula. This new material has the potential to be applied on MIM products that are characterized by thin components
6. Developed PVD TiC adhesion-resistant vacuum coating technology and applied it to medical products, which are currently undergoing clinical test phase.
7. The Company has successfully developed MIM framework for next-generation connectors - the USB Type-C Receptacle - for desktop/notebook PCs.

II. Summary of 2017 business plan:

(1) Operational guidelines

1. Production aspect

The Company will continue to increase the weight of its automated production and refine manufacturing technology for greater efficiency. Additional investments will be made at appropriate timing to expand current facilities and incorporate new and enhanced processes for higher production yield.

2. Product aspect

   The Company will continue to promote its MIM products and actively explore new customers for wearable and handheld device components, and thereby increase revenue contribution of high-margin products. Furthermore, the Company will continue to enhance service to customers of the computer accessory and server chassis category as a means to increase purchase orders.

3. Management aspect

   The Company will be adopting a total quality management approach that emphasizes on improving operational performance through enhanced organization and personnel allocation, and maintaining consistent growth in business and profitability through reduced production cost and improved cost structure.

4. Market development aspect

   The Company will continue promoting use of existing products to create market demand, while at the same time explore new demands for wearable and handheld device components.

(II) Research and development plans

1. Develop a proprietary and patented nitric acid debinding agent for use in applications such as high material strength (before sintering) and machining (before sintering).
2. Based on ongoing research of interactions between special chemicals, lubricants will be added to increase the fluidity in MIM feeding. This method will be registered for patent once successfully developed, and has the potential to be applied to MIM products with small size and thin components.
3. Develop titanium and titanium alloy-based MIM procedures, which have the potential to be introduced to the healthcare market.
4. Continual development of other high-performance soft magnetic materials such as Fe-50%Co. These materials have the potential to be used in 3C and handheld devices such as: Wireless charging, applicant onto small sized high soft magnetic products.
5. Continual development of CIM (Ceramic Injection Molding) sintering and surface treatment.
6. Continual research and analysis on SUS 316L, and develop internal standards for the use of powder materials.
7. Continue development of MIM framework for next-generation connectors - the USB Type-C Receptacle - for handheld products.

8. Continual development and promotion of detachable server racks.

(III) Expected sales volume and basis

According to IDC, a market research institution, global shipment of smartphones reached 1.45 billion units in 2016, and is expected to grow by 5.5% to 1.53 billion units in 2017. IDC estimates smartphone shipments to reach 1.77 billion units by 2021, representing an average compound growth rate of 3.8% between 2017 and 2021. Meanwhile, statistics by DIGITIMES Research has shown an 8% increase in global server shipments to 11.86 million units in 2016. Server shipments are expected to grow further by 6% in 2017 to a total of 12.58 million units. Rapid growth of mobile and cloud computing services around the world will drive demands for servers, and shall contribute to a 6% growth in market size in 2017 over 2016. With regards to sales volume forecast, it is meaningless to predict sales volume of metal parts due to the different specifications, materials, and work methods used. Nevertheless, the Company will still aim to achieve growth above industry average.

III. Future development strategies

Here at Chenming Mold Ind. Corp., we have spared no effort to leveren and deeply culture cloud sever products. Other than the efforts to guide into production of automated machinery & equipment, we continually without interruption enhance quality and efficiency to dominate the competitive edge through comprehensive services toward customers to help them broaden market layouts. Amidst our continued expansion in production advantage in the MIM(metal power injection molding) , we have precisely aimed at handheld products and wearable parts & components at the key targets. It is our earnest hope that through our enhanced manufacturing process technology & know-how and differentiated products and services, our customers will expand their utilization onto their production lines.

IV. Impacts of the competitive environment, regulatory environment, and the overall business environment

(I) The external competitive environment:

The Company's product portfolio consists mainly of mobile device components, DT accessories, and server chassis. The PC industry has undergone extreme changes in the last few years, much of it was caused by the uprise of smartphones and tablet PC. Chenming has been responding to this challenge by creating differentiated competitive advantage through continual innovation, research, development, cost reduction, cost structure optimization, process enhancement and use of new materials, and expanding customer base by increasing product visibility, exploring new customers and maintaining relationship with existing customers.

(II) The regulatory environment:

The Company has complied with regulatory requirements and will be introducing supporting measures and policies such as: independent director system, corporate social responsibility policy, directors/supervisors liability insurance, manager on-job training etc to enhance corporate governance.

(III) The overall business environment:

Product and process innovation are critical to the Company's success. In recent years, Chenming has been exploring new product opportunities by discovering new possibilities in its existing technologies, incorporating environmental protection ideas into product design, and adopting more advanced production technologies to overcome the difficult business environment.

Amidst the harsh business ambiance throughout the world, the entire management teams of our Company cannot afford to any single easy or slack moment. Instead, in rigorously responsible attitude, we shall strive for optimized cost structure to serve our incumbent clients in secured pace on a reciprocal basis. In added sincerity and momentum, we shall broaden our customer bases to safeguard our current competitive edge toward added growth and profits. To ensure the sustainability and consistent growth of Chenming's business, we shall continue improving our management practices to meet shareholders' expectations and customers' satisfaction. With respect to corporate governance, the Company will devote greater efforts to maintaining corporate image, fulfilling corporate social responsibilities, and engaging in public affairs. It is our earnest hope that through our aforementioned endeavors, we may successfully win approval and support from our cherished shareholders.

Lastly, on behalf of all employees, I would like to extend my most sincere gratitude to all our shareholders, and look forward to more outstanding performance from the management team.

Chairman: Lin Mu-He

Two. Company Profile

I. Date of establishment: June 17, 1976

II. Corporate history:

1976	The Company was founded in June 1976 with the name "Chenming Industrial Co., Ltd." and a paid-up capital of NT$600,000. It specializes in the manufacturing and sale of stamped molds.
1983	The Company relocated to its Xizhi Site and made a cash issue totaling NT$4.4 million in June to purchase more advanced and higher precision machinery. The cash issue increased share capital to NT$5 million.
1985	Purchased production equipment for computer chassis, and officially commenced the production of computer chassis.
1987	Made a cash issue totaling NT$30 million in May to purchase additional equipment and improve financial position. The cash issue increased share capital to NT$35 million.
1991	Relocated to Dawulun Industrial Park in Keelung City, where the Company continued its production of computer chassis and began service to OEM/ODM customers.
1994	Officially became a qualified supplier of computer chassis for IBM.
1997	1. Made a cash issue totaling NT$60 million in November to expand working capital. The cash issue increased share capital to NT$95 million. 2. Passed ISO9001 certification.
1998	1. New shares were issued in November against capitalized earnings and capital reserve. Share capital was increased to NT$190 million as a result. 2. Ranked 485th (by China Credit Information Service Ltd) among the 500 largest private manufacturers. 3. Officially became a qualified supplier for HP and Acer.
1999	1. Acquired office building at Neihu Industrial Park, Taipei, and established Taipei Office as an R&D and operations headquarter. 2. New shares were issued in July against capitalized earnings and capital reserve totaling NT$152 million, followed by the initial public offering. Share capital was increased to NT$342 million as a result. 3. Officially became a qualified supplier of notebook barebone systems for Quanta Computer. 4. Ranked 263rd in CommonWealth Magazine's "Top-1000 Companies in Taiwan." 5. Received "Outstanding Contribution Award" from HP, "Outstanding Supplier" from First International Computer, and "Best Business Partner Award" from Acer Inc.

2000

1. In an attempt to establish strategic alliance and strengthen shareholder support, the Company welcomed Quanta Computer and Quanta Venture Capital as its new corporate shareholders.
2. Made a cash issue totaling NT$100 million in July to improve financial position and expand working capital, and capitalized NT$175 million of earnings. Share capital was increased to NT$617 million as a result.
3. Rated by IBM as the No. 1 global server OEM in terms of production output in the third quarter of year 2000.
4. Ranked 246th in CommonWealth Magazine's "Top-1000 Companies in Taiwan."
5. Received "Outstanding Quality Contribution Award" and "Long-term Partner Contribution Award" from HP.
6. Used "UNEEC" as the new corporate identity.

2001

1. Received "Best Supplier Award" from Asustek and Mitac.
2. Ranked 204th in CommonWealth Magazine's "Top-1000 Companies in Taiwan."
3. Founded Ding Du International Co., Ltd. as a holding company for the Company's overseas investments.
4. New shares were issued against capitalized earnings and capital reserve totaling NT$253 million. Share capital was increased to NT$870 million as a result.

2002

1. The Company's name was changed to "Chenming Mold Ind. Corp." following the shareholder meeting in May.
2. The Company was listed for trading in September. New shares were issued in September against capitalized earnings and capital reserve totaling NT$270 million that month, which increased share capital to NT$1.114 billion.
3. Received "Top-performing Supplier Award" from IBM Japan.
4. Received "Best Partner Award" from TECO Image Systems.
5. Founded Chueh Rong International Co., Ltd. through Ding Du International Co., Ltd.
6. Founded Ding Chih Co., Ltd. through Ding Du International Co., Ltd.

2003

1. New shares were issued in July against capitalized earnings and capital reserve totaling NT$183 million in July. Share capital was increased to NT$1.323 billion as a result.
2. Ranked 193rd in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
3. Ranked 24th in Wealth Magazine's "Top-100 Entrepreneurs" and 19th in Wealth Magazine's "Top-20 Electronic Manufacturers."
4. Founded Chenming Electronic (Hangzhou) Co.,Ltd. through Ding Chih Co., Ltd.

2004

1. New shares were issued in July against capitalized earnings and capital reserve, which increased share capital to NT$1,454,214,490.
2. Chenming Mold won the 5th Industrial Sustainable Excellence Award from Industrial Development Bureau, Ministry of Economic Affairs.
3. Named "Outstanding Supplier of the Year" by Gigabyte Technology.
4. Received "Outstanding Supplier Award" from TOSHIBA.

2005

1. New shares were issued in July against capitalized earnings and capital reserve, which increased share capital to NT$1,453,135,820.
2. As part of a strategic alliance, the Company made an investment in Kenmos, a manufacturer of NB backlighting module and display components, in December. Furthermore, the Company developed a series of proprietary components for clamshell phones.
3. Began collaboration with Fujitsu in December to develop LCD PCs.

2006

1. Taipei headquarter was relocated to UNEEC Building in July.
2. New shares were issued in August against capitalized earnings and capital reserve, which increased share capital to NT$1,559,317,870.
3. Celebrated UNEEC's 30th anniversary and the commissioning of headquarter building in September.

2007

1. Received "Best Partner Award" from Gigabyte Technology.
2. New shares were issued in August against capitalized earnings and capital reserve, which increased share capital to NT$1,699,488,870.
3. Hosted the "First UNEEC Applied Design Award."

2008

1. Ranked 510th (by China Credit Information Service Ltd.) in the manufacturing category of "Taiwan Large Corporation TOP 5000."
2. Ranked 531st in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
3. Hosted the "Second UNEEC Applied Design Award."
4. New shares were issued in August against capitalized earnings and capital reserve, which increased share capital to NT$2,160,810,180.

2009

1. Ranked 443rd (by China Credit Information Service Ltd.) in the manufacturing category of "Taiwan Large Corporation TOP 5000."
2. Ranked 491st in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
3. Received "Top-performing Supplier Award" from Fujitsu Japan.
4. Received "Gold Award for Outstanding Partner" from Gigabyte Technology.

3\. Hosted the "Third UNEEC Applied Design Award."

2010

1. Ranked 510th in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
2. Hosted the "Fourth UNEEC Applied Design Award."
3. Founded Dongguan Chenming Electronics Co., Ltd. through Chueh Rong International Co., Ltd.

2011

1. Ranked 583rd in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
2. Hosted the "Fifth UNEEC Applied Design Award."

2012

1. Ranked 732nd in CommonWealth Magazine's "Top-1000 Manufacturers in Taiwan."
2. Hosted the "Sixth UNEEC Applied Design Award."

2013

1. Ranked 730th in CommonWealth Magazine's "Top-2000 Manufacturers in Taiwan."
2. Hosted the "Seventh UNEEC Applied Design Award."
3. Received "2012 Outstanding Supplier Award" from ASUS.

2014

1. Ranked 803rd in CommonWealth Magazine's "Top-2000 Manufacturers in Taiwan."
2. Hosted the "Eighth UNEEC Applied Design Award."
3. Received "2013 Outstanding Supplier Award" from Quanta Computer.
4. Received "Best Partner Award" from Gigabyte Technology.
5. Dissolved Chenming Electronic (Hangzhou) Co.,Ltd. through Ding Chih Co., Ltd.

2015

1. Ranked 762nd in CommonWealth Magazine's "Top-2000 Manufacturers in Taiwan."
2. Hosted the "Ninth UNEEC Applied Design Award."
3. Received "Best Partner Award" from Gigabyte Technology.

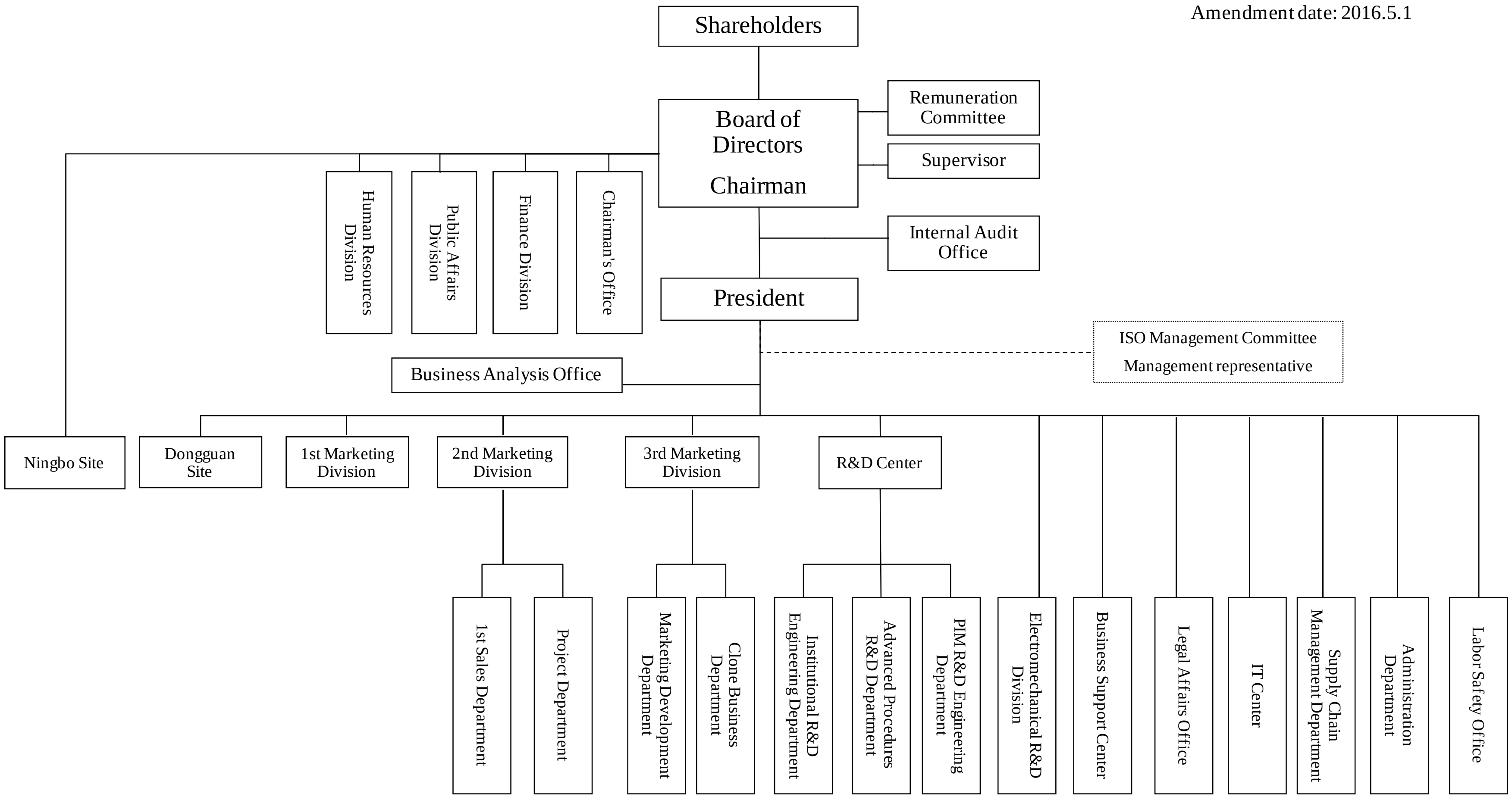
2016

1. Ranked 686th in CommonWealth Magazine's "Top-2000 Manufacturers in Taiwan."
2. Hosted the "Tenth UNEEC Applied Design Award."

Three. Corporate Governance Report

I. Organization

(I) Organization structure



(II) Responsibilities of main departments

Department	Responsibilities
President's Office	1. Implementation of management systems.
	2. Evaluation and analysis of business performance.
	3. Planning of major investment strategies.
Internal Audit Office	1. Annual audit planning, execution, and reporting and following up on audit findings.
	2. Establishment and amendment of internal audit system.
	3. Establishment and amendment of internal control system.
Finance Division	1. Responsible for the Company's finance and accounting tasks.
	2. Sourcing and allocation of working capital.
	3. Budget preparation, tracking and approval.
	4. Approves payment for purchases and payables.
	5. Monitors sales collection and reports abnormal findings.
Public Affairs Dept.	1. Design and application of corporate image and identity.
	2. Maintains public relations for the Company.
	3. Project design, management and execution.
Human Resources Division	1. Management of human resource in line with organization development.
	2. Planning and execution of human resource policy.
	3. Raises employees' loyalty and satisfaction.
Administration Department	1. Management of office equipment.
	2. Management of water, electricity and air-conditioning.
	3. Management of general affairs.
Labor Safety Office	1. Management of workplace health and safety.
	2. Disaster prevention and response.
IT Center	1. Planning for the Company's computer systems.
	2. Maintenance of computer-related software and hardware.
	3. Introduction of new technologies.
	4. Information security.
	5. Software development.
Legal Affairs Office	1. Review, drafting, and amendment of contractual terms.
	2. Assists in litigations and patent/trademark applications.
	3. Other compliance-related matters.
Supply Chain Management Department	1. Assists in the management of raw material inventory.
	2. Processes import and export sales.
	3. Monitors market supply/demand and price movements.
	4. Supply sourcing, quotation and procurement.
	5. Establishment, control and follow-up on material procurement plans.
Electromechanical R&D Division	1. Integrated research and development of optical and electromechanical systems and software.

	2. Responsible for enhancing technological capabilities.
	3. Integration and innovation of industrial automation.
Business Support Center	1. Assists in the collection of accounts receivable and bookkeeping.
	2. Assists business units in processing documents and submission of forms required for various procedures.
	3. Assists in air freight procedures.
PIM R&D Engineering Department	1. Preparation of DFM and production flowcharts for new projects.
	2. Assists business units with quotation works during new project development.
	3. Engages customers in discussions about mold design, production procedures, and craftsmanship.
	4. Assists factory sites in all procedures associated with new projects, from mold creation, sample production, to acceptance.
	5. Assists factory sites in the preparation of acceptance documents for completed new projects.
	6. Assists factory sites in the enhancement of production efficiency and yield on all products that are currently in mass production.
	7. Assists factory sites in education, training, and enhancement of engineers' professional capacity.
	8. Assists factory sites and quality assurance teams in making improvements in response to defects or customers' complaints.
Advanced Procedures R&D Department	1. Establishment and operation of the Dongguan Material Laboratory.
	2. Development of special stainless steel material (MIM).
	3. Development and mass production of vacuum procedures for functional and decorative coating (PVD).
	4. Development of ceramic injection molding procedures.
	5. Development, mass production, and patent application for thermal desorption additives.
	6. Assists the 3rd Marketing Division in sample productions.
	7. Supports PIM R&D Engineering Department in the development and mass production of CL projects.
Integration Engineering Department	1. Assists business units in reviewing product design and development with customers.
	2. Controls and tracks product development progress.
	3. New product design, development and analysis.
	4. Serves as a contact window between customers and factory sites.
	5. Prepares, updates and approves engineering schematics, BOM, and acceptance documents.
1st Marketing Division	1. Explores new customers.
	2. Maintains existing customers.
	3. Project management, monitoring and execution.
	4. Overseas order acceptance, order placement, shipment follow-up, and internal coordination.
2nd Marketing Division	1. Explores new customers.
	2. Maintains existing customers.
	3. Project management, monitoring and execution.

	4. Development of exteriors for consumer electronics.
	5. New product planning, analysis and evaluation.
3rd Marketing Division	1. Project management for existing domestic customers and development of new customers.
	2. Resolves issues between domestic customers and factory sites.
	3. Overseas order acceptance, order placement, shipment follow-up, and internal coordination.
	4. Develops standard clone server.
	5. Preliminary development/market information gathering for new technologies.
	6. Feasibility assessment/patent proposal for new technologies.
	7. Product market information gathering and report.
	8. New product planning, analysis and evaluation.

II. Background information of directors, supervisors, President, Vice Presidents, Assistant Vice Presidents, and heads of various departments and branches:

(I) Directors and supervisors

1. Directors' and supervisors' background

April 18, 2017

Position title (Note 1)	Nationality or place of registration	Name	Gender	Date elected/appointed	Service term	Date first elected (Note 2)	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 3)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads		
							Number of shares (shares)	Shareholding percentage	Number of shares (shares)	Shareholding percentage	Number of shares (shares)	Shareholding percentage	Number of shares (shares)	Shareholding percentage			Position title	Name	Relationship
Chairman	The Republic of China	Lin Mu-He	Male	2014/06/13	3 years	1976/06/17	21,838,230	11.99%	25,000,230	14.71%	1,425,809	0.84%	0	0%	Career background: Chenming Mold Ind. Corp. - Chairman Academic background: MBA, Pacific Western University	The Company's person-in-charge Ding Du International Co., Ltd. - Representative Chueh Rong International Co., Ltd. - Representative Dongguan Chenming Electronics Co., Ltd. - Representative Ding Chih Co., Ltd. - Representative Chenming Electronic (Ningbo) Co., Ltd. - Representative	Supervisor	Lin Pei-Yu	Father and daughter
Director	The Republic of China	Hu Pao-Sheng	Male	2014/06/13	3 years	2014/06/13	10,000	0.01%	100,000	0.06%	0	0%	0	0%	Career background: Sea Sonic - President Academic background: Hsinpu Junior College	President of the Company (Departed on 2016.04.30)	None	None	None
Director	The Republic of China	Hsiao Kuang-Chih	Male	2014/06/13	3 years	2011/06/10	27,000	0.01%	52,000	0.03%	0	0%	0	0%	Career background: Heshan Jianhao Lighting - Manager of Business Division Academic background: Hsinpu Junior College	Assistant Vice President of the Company	None	None	None

Director	The Republic of China	Chen Hsiao-Chun	Female	2014/06/13	3 years	2000/05/24	259,456	0.14%	259,456	0.15%	0	0%	0	0%	Career background: Central Times Arts Column - Vice President Academic background: Shih Chien University	Xi Zhi Tang Co., Ltd. - Person-in-charge	None	None	None
Corporate Director	The Republic of China	Tsai Chin Investment Co., Ltd.	Corporate	2014/06/13	3 years	2014/06/13	20,000	0.01%	20,000	0.01%	0	0%	0	0%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		Representative (Ching Chi-Ben)	Male	2015/04/30	3 years	2014/06/13	0	0%	00	0%	0	0%	0	0%	Career background: Leader Construction Co., Ltd. - Chairman Academic background: Ph.D in Civil, Commercial and Economic Law, China University of Political Science and Law	Leader Construction Co., Ltd. - Chairman	None	None	None
Independent Director	The Republic of China	Lin Chiang-Feng	Male	2014/06/13	3 years	2005/06/10	0	0%	0	0%	0	0%	0	0%	Career background: Associate Professor of International Business, Tamkang University; CEO of EMBA Program, Tamkang university; consultant of Taiwan WTO and RTA Center, Chung Hua Institution for Economic Research Academic background: Ph.D of Law, University of Wisconsin–Madison	Associate Professor of International Business	None	None	None
Independent Director	The Republic of China	Chang Yi-Min	Male	2014/06/13	3 years	2002/05/20	0	0%	0	0%	0	0%	0	0%	Career background: Licensed Accountant at National Taxation Bureau of the Southern Area and Chu Cheng Accounting Firm Academic background: Department of Accounting, National Tamkang University	Chu Cheng Accounting Firm - Licensed Accountant	None	None	None

Supervisor	The Republic of China	Lin Po-Hsiang	Male	2014/06/13	3 years	2005/06/10	0	0%	0	0%	0	0%	0	0%	Career background: Lu Cheng International Law Office Academic background: Central Police University	Lu Cheng International Law Office - Licensed Attorney	None	None	None
Supervisor	The Republic of China	Lin Pei-Yu	Female	2014/06/13	3 years	2000/05/24	4,603,755	2.53%	4,512,755	2.66%	0	0%	0	0%	Career background: Chenming Mold Ind. Corp. - Officer Academic background: Chungyu Institute of Technology	None	Chairman	Lin Mu-He	Father and daughter

Note 1: For corporate shareholders, the names and representatives are stated individually (for representatives, the names of the respective corporate shareholders they represent are stated separately), and additional disclosures are made in Table 1.

Note 2: Any disruption of duty as a director or supervisor after the date first elected are addressed in a separate remark.

Note 3: The work experiences of anyone above relating to their current roles, e.g. previous employment in the CPA's firm or employment in a related company, are disclosed with detailed job titles and responsibilities.

Table 1: Major shareholders of corporate shareholders

April 18, 2017

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders
Tsai Chin Investment Co., Ltd.	Kuo Chien-Ting (99.997%), Wang Wei-Ching (0.003%)

2. Professionalism and independence

April 18, 2017

Criteria / Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 1)										Number of positions as independent director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
Lin Mu-He	No	No	Yes					∨		∨		∨	∨	None
Hu Pao-Sheng	No	No	Yes			∨	∨	∨	∨	∨	∨	∨	∨	None

Hsiao Kuang-Chih	No	No	Yes			∨	∨	∨	∨	∨	∨	∨	∨	None
Chen Hsiao-Chun	No	No	Yes	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨	None
Chang Yi-Min	No	Yes	Yes	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨	None
Lin Chiang-Feng	Yes	No	Yes	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨	None
Ching Chi-Ben (representative of corporate entity	No	No	Yes	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨	None
Lin Pei-Yu	No	No	Yes	∨	∨			∨	∨	∨		∨	∨	None
Lin Po-Hsiang	No	Yes	Yes	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨	1

Note 1: A "∨" is placed in the box if the director or supervisor met the following conditions during active duty and two years prior to the date elected.

(1) Not employed by the company or any of its affiliated companies.

(2) Not a director or supervisor of any of the company's related companies (this restriction does not apply to independent director positions in the company, its parent company or subsidiary, which have been appointed in accordance with local laws or laws of the registered country).

(3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.

(4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to any person listed in the three preceding criteria.

(5) Not a director, supervisor, or employee of any company that has 5% or higher ownership interest in the company; nor a director, supervisor, or employee of any of the top-5 corporate shareholders.

(6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.

(7) Not a professional who provides commercial, legal, financial, accounting, or consulting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, this excludes members of the Remuneration Committee who have been appointed to exercise duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8) Not a spouse or relative of second degree or closer to any other directors.

(9) Does not meet any of the conditions stated in Article 30 of The Company Act.

(10) Not elected as a government or corporate representative, as described in Article 27 of The Company Act.

(II) Background information of the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branch offices

April 18, 2017

Position title (Note 1)	Nationality	Name	Gender	Date onboard	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements (Note 2)	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position title	Name	Relationship
President (headed by the Chairman)	The Republic of China	Lin Mu-He	Male	2016.05.01	25,000,230	14.71%	1,425,809	0.84%	0	0%	Career background: Chenming Mold Ind. Corp. - Chairman Academic background: MBA, Pacific Western University	See "Directors' and supervisors' background"	None	None	None
President (Note 4)	The Republic of China	Hu Pao-Sheng	Male	2013.11.01	100,000	0.06%	0	0%	0	0%	Career background: Sea Sonic - President Academic background: Department of Mechanical Engineering, Hsinpu Junior College	None	None	None	None
Vice President	The Republic of China	Shen Tian-Hung	Male	2014.03.03	0	0	0	0%	0	0%	Career background: National Laboratory (USA) - Researcher Academic background: Department of Material Engineering, New York Institute of Technology	None	None	None	None
Vice President	The Republic of China	Fan Yu-Hsiang	Male	2015.11.13	21,130	0.01%	9	0%	0	0%	Career background: Manager of Chun Yu Plastics Co., Ltd., and Sunrise Technology Co., Ltd. Academic background: St. Aloysius Technical School	Dongguan Chenming Electronics Co., Ltd. - Vice President	None	None	None
Vice President	The Republic of China	Chung Fu-Chuan	Male	2013.07.16	0	0	20,000	0.01%	0	0%	Career background: Chia Chang Co., Ltd. - President Academic background: Postgraduate Study of Business Administration, Chung Yuan Christian University	Chenming Electronic (Ningbo) Co., Ltd. - President	None	None	None

Vice President (Note 3)	The Republic of China	Huang Chung-Hsin	Male	2012.02.01	100,000	0.06%	0	0%	0	0%	Career background: ESON Precision Engineering Co. Ltd. - Assistant Vice President Academic background: Department of Mechanical Engineering, Lunghwa University of Science and Technology	Dongguan Chenming Electronics Co., Ltd. - President	None	None	None
Assistant Vice President	The Republic of China	Wu Ruei-Chuan	Female	1998.06.15	39,494	0.02%	0	0%	0	0%	Career background: Lun Kuang Co., Ltd., IBM Academic background: EMBA, National Taipei University	None	None	None	None
Assistant Vice President	The Republic of China	Rome Lo	Male	1997.09.01	573,958	0.34%	208,446	0.12%	0	0%	Career background: Chenming Mold Ind. Corp. - Assistant Vice President of Finance Division Academic background: Postgraduate Study of Finance, Tamkang University	None	None	None	None
Assistant Vice President (Note 5)	The Republic of China	Su Zun-Yao	Male	2011.12.01	20,000	0.01%	0	0%	0	0%	Career background: Great Computer Corp. - Assistant Vice President of Research and Development Academic background: Postgraduate study of Mechanical Engineering, National Taiwan University	None	None	None	None
Assistant Vice President	The Republic of China	Chang Chin-Hsing	Female	2012.10.08	64,357	0.04%	24	0.00%	0	0%	Career background: Lead Year Enterprises Co., Ltd. - Sales Representative Academic background: EMBA, Sun Yat-sen University	None	None	None	None
Assistant Vice President	The Republic of China	Hsiao Kuang-Chih	Male	2015.11.13	52,000	0.03%	0	0%	0	0%	Career background: Heshan Jianhao Lighting - Manager of Business Division Academic background: Hsinpu Junior College	None	None	None	None

Note 1: Includes background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and anyone of equivalent authority to the above, regardless of their job titles.
Note 2: The work experiences of anyone above relating to their current roles, e.g. previous employment in the CPA's firm or employment in a related company, are disclosed with detailed job titles and responsibilities.
Note 3: Huang Chung-Hsin departed on January 21, 2016.
Note 4: Hu Pao-Sheng departed on April 30, 2016.
Note 5: Su Zun-Yao departed on April 1, 2017.

III. Remuneration paid to directors, supervisors, the President, and Vice Presidents in the last year

(I) Remuneration paid to directors, supervisors, the President, and Vice Presidents in the last year

1. Directors' remuneration (including independent directors) Unit: NTD

Position title	Name:	Director's remuneration								The sum of A, B, C and D as a percentage of net income		Compensation as company employee												The sum of A, B, C, D, E, F, and G as a percentage of net income		Compensation from investments other than subsidiaries
		Compensation (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)	Employee remuneration (G)	Total shares exercisable through employee stock options (H)				Number of new restricted shares acquired as an employee (I)						
																The Company		All companies included in the financial statements								
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Chairman/ President	Lin Mu-He	0	0	0	0	1,000,000	1,000,000	73,500	73,500	0.54%	0.54%	3,401,410	3,401,410	108,000	108,000	180,000	0	180,000	0	0	0	0	0	2.41%	2.41%	None
Director	Hu Pao-Sheng																									
Director	Hsiao Kuang-Chih																									
Director	Chen Hsiao-Chun																									
Corporate Director	Tsai Chin Investment (Representative: Ching Chi-Ben																									
Director	Chang Yi-Min																									
Director	Lin Chiang-Feng																									
*Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None																										

Note: Hu Pao-Sheng departed from the role of President on 2016.04.30.

1-1. Remuneration bracket table

Range of remuneration paid to directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements I	The Company	All companies included in the financial statements J
Below NT$ 2,000,000	Lin Mu-He, Hu Pao-Sheng, Chen Hsiao-Chun, Chang Yi-Min, Lin Chiang-Feng, Ching Chi-Ben, Hsiao Kuang-Chi	Same as described on the left.	Lin Mu-He, Hu Pao-Sheng, Chen Hsiao-Chun, Chang Yi-Min, Lin Chiang-Feng, Ching Chi-Ben, Hsiao Kuang-Chi	Same as described on the left.
NT$2,000,000 (inclusive) ~ NT$5,000,000 (non-inclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive)				
NT$10,000,000 (inclusive) ~ NT$15,000,000 (non-inclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (non-inclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (non-inclusive)				
NT$ 100,000,000 and above				
Total	7	7	7	7

2. Supervisors' remuneration

Unit: NTD

Position title	Name:	Supervisor's remuneration						The sum of A, B and C as a percentage of net income		Compensation from investments other than subsidiaries
		Compensation (A)		Remuneration (B)		Fees for services rendered (C)				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Supervisor	Lin Pei-Yu	-	-	500,000	500,000	26,120	26,120	0.27%	0.27%	None
Supervisor	Lin Po-Hsiang									

2-1. Remuneration brackets table

Supervisor's remuneration bracket	Name of supervisor	
	Sum of the first 3 items (A+B+C)	
	The Company	All companies included in the financial statements D
Below NT$ 2,000,000	Lin Pei-Yu, Lin Po-Hsiang	Same as described on the left.
NT$2,000,000 (inclusive) ~ NT$5,000,000 (non-inclusive)		
NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive)		
NT$10,000,000 (inclusive) ~ NT$15,000,000 (non-inclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (non-inclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (non-inclusive)		
NT$ 100,000,000 and above		
Total	2	2

3. Remuneration to the President and Vice Presidents

Unit: NTD

<table>
<tr><th rowspan="3">Position title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonus and special allowances (C)</th><th colspan="4">Employee remuneration (D)</th><th colspan="2">Sum of A, B, C and D as a percentage of net income (%)</th><th colspan="2">Employee stock options received</th><th colspan="2">Number of new restricted shares acquired as an employee</th><th rowspan="3">Compensation from investments other than subsidiaries</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th></tr>
<tr><th>Amount paid in cash</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Amount paid in shares</th></tr>
<tr><td>President (headed by the Chairman)</td><td>Lin Mu-He</td><td rowspan="5">5,008,560</td><td rowspan="5">9,055,999</td><td rowspan="5">108,000</td><td rowspan="5">305,424</td><td rowspan="5">150,000</td><td rowspan="5">750,000</td><td rowspan="5">150,000</td><td rowspan="5">0</td><td rowspan="5">750,000</td><td rowspan="5">0</td><td rowspan="5">2.74%</td><td rowspan="5">5.49%</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">None</td></tr>
<tr><td>President (Note)</td><td>Hu Pao-Sheng</td></tr>
<tr><td>Vice President</td><td>Shen Tian-Hung</td></tr>
<tr><td>Vice President</td><td>Fan Yu-Hsiang</td></tr>
<tr><td>Vice President</td><td>Chung Fu-Chuan</td></tr>
</table>

Note: Hu Pao-Sheng departed on 2016.04.30

3-1. Remuneration brackets table

Range of remuneration to the President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies included in the financial statements E
Below NT$ 2,000,000	Lin Mu-He, Hu Pao-Sheng	Lin Mu-He, Hu Pao-Sheng
NT$2,000,000 (inclusive) ~ NT$5,000,000 (non-inclusive)	Shen Tian-Hung	Shen Tian-Hung, Fan Yu-Hsiang, Chung Fu-Chuan
NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive)		
NT$10,000,000 (inclusive) ~ NT$15,000,000 (non-inclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (non-inclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (non-inclusive)		
NT$ 100,000,000 and above		
Total	2	3

4. Names of managers who received employee remuneration

April 18, 2017

	Position title (Note 1)	Name: (Note 1)	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income (%)
Managers	President	Hu Pao-Sheng	-	1,020,000	1,020,000	0.52%
	Vice President	Huang Chung-Hsin				
	Vice President	Shen Tian-Hung				
	Vice President	Fan Yu-Hsiang				
	Assistant Vice President	Chang Chin-Hsing				
	Assistant Vice President	Wu Ruei-Chuan				
	Assistant Vice President	Rome Lo				
	Assistant Vice President	Su Zun-Yao				
	Assistant Vice President	Hsiao Kuang-Chih				

Note 1: Names and titles have been disclosed separately, whereas the amount of remuneration has been disclosed in aggregate.

Note 2: Refers to the amount of employee remuneration provided for managers (in cash or in shares), which the board of directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-3-0920001301 dated March 27, 2003, the role of manager covers the following positions:

(1) President or other position of equivalent grade.

(2) Vice President or other position of equivalent grade.

(3) Assistant Vice President or other position of equivalent grade.

(4) Head of Finance Department

(5) Head of Accounting Department

(6) Any other signatories involved in the Company's administrative affairs.

Note 4: For directors, President and Vice Presidents who receive employee remuneration (in cash or in shares), details have been disclosed in this table in addition to Table 1-2.

(II) Amount of remuneration paid in the last 2 years by the company and all companies included in the consolidated financial statements to the company's directors, supervisors, President, and Vice Presidents, and their respective proportions to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks.

Year		2015			2016		
Position title		Director	Supervisor	President and Vice President	Director	Supervisor	President and Vice President
The Company	Total remuneration	3,079,980	512,654	8,333,450	3,186,110	526,120	5,416,560
	As a percentage of net income	4.43%	0.74%	11.98%	1.61%	0.27%	2.74%
All companies included in the consolidated statements	Total remuneration	3,079,980	512,654	14,398,101	3,186,110	526,120	10,861,423
	As a percentage of net income	4.43%	0.74%	20.70%	1.61%	0.27%	5.49%

Note: 1. Directors' and supervisors' remuneration include travel allowance and share of the Company's profits, which were allocated according to the Articles of Incorporation. President's and Vice Presidents' remuneration include salary, bonus, and share of profit as employees; salaries were paid according to the Company's grade-based compensation principles, whereas bonus and employee profit sharing were allocated based on current year's performance.

2. The Company has a robust performance evaluation system that takes full account of employees' participation in the Company's operations and individual responsibilities. Compensation is approved in a manner that reduces future risks to the Company.

IV. Corporate governance

(I) Functionality of board of directors

1. A total of 9 board of directors meetings (A) were held in the current and most recent year; below are directors' and supervisors' attendance records:

Position title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (B/A)	Remarks
Chairman	Lin Mu-He	9	0	100%	
Director	Hu Pao-Sheng	0	0	0%	
Corporate Director	Tsai Chin Investment Representative: Ching Chi-Ben	7	2	78%	
Director	Hsiao Kuang-Chih	0	9	0%	
Director	Chen Hsiao-Chun	0	3	0%	
Independent Director	Chang Yi-Min	9	0	100%	
Independent Director	Lin Chiang-Feng	9	0	100%	
Supervisor	Lin Pei-Yu	0	0	0%	
Supervisor	Lin Po-Hsiang	5	0	56%	

2. Other information
   (1) For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:
      (i) Conditions described in Article 14-3 of the Securities and Exchange Act.
      (ii) Any documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above.

Board meeting	Agenda and subsequent actions	Conditions described in Article 14-3 of the Securities and Exchange Act	Objections or qualified opinions from independent directors
2016/03/23 Agenda #5	Agenda: Proposal to have 2nd-tier subsidiary Ding Chih Co., Ltd. increase existing holding of Chenming Electronic (Ningbo) Co., Ltd. to 52%.	V	None
2016/08/10 Agenda #3	Agenda: Proposal to renew the loan extended by Ding Du International Co., Ltd. to Chueh Rong International Co., Ltd.	V	None
2016/08/10 Agenda #4	Agenda: Proposal to have Chenming Electronic (Ningbo) Co., Ltd. lend capital to Dongguan Chenming Electronics Co., Ltd.	V	None

2016/11/07 Agenda #2	Agenda: Reappointment of financial statement auditor to accommodate job rotation within the accounting form, and regular assessment of independence on new financial statement auditors.	V	None

Independent directors' opinions: None.
Company's response to independent directors' opinions: None.
Resolution: This agenda was passed unanimously without objection from attending directors.

(2) Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process:
Board of directors meeting dated 2016/03/23, Agenda #5

Agenda: Proposal to have 2nd-tier subsidiary Ding Chih Co., Ltd. increase existing holding of Chenming Electronic (Ningbo) Co., Ltd. to 52%.

Reason for recusal: This agenda concerned the Chairman's personal interest, and hence the concerned party had avoided voting of this decision.

Resolution: Chairman Lin agreed to the amendment of contract terms, and the agenda was passed unanimously without objection from attending directors.

(3) Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc), and the progress of such enhancements: None.

(II) Supervisors' involvements in board of directors meetings:

1. A total of 9 (A) board of directors meetings were in the last year; below are the attendance records:

Position title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Supervisor	Lin Pei-Yu	0	0%	
Supervisor	Lin Po-Hsiang	5	56%	

2. Other information

(1) Constitution and obligations of supervisors:

(i) Supervisors' communication with employees and shareholders (e.g. communication channels and methods):
The Company's supervisors attend annual shareholder meetings to communicate with shareholders face-to-face. They communicate with employees each month to discuss about the Company's policies and benefits, and are in regular contact with the Chief Internal Auditor via telephone and email to discuss

execution of internal control system.

(ii) Communication between supervisors and internal/external auditors; state the matters discussed (e.g. the company's financial and business affairs), the methods and outcome of communication:

The Chief Internal Auditor presents audit reports to supervisors on a monthly basis, which provides supervisors with greater understanding over the Company's internal control. Meetings between CPAs and supervisors are arranged at least once a year to communicate the result of financial statement audit, as well as any recommendations to the Company's internal control and compliance practices.

(2) Opinions expressed by supervisors in board meetings; state the date and term of the meeting held, the agenda, the board's resolution, and how the company has responded to supervisors' opinions:

(i) Board meeting dated 2016/03/23, Agenda #5: Proposal to have 2nd-tier subsidiary Ding Chih Co., Ltd. increase existing holding of Chenming Electronic (Ningbo) Co., Ltd. to 52%.

Supervisors' opinions**:** This investment has been structured in a manner where the Company will pay the full sum only if certain inputs are received from the seller; this transaction term favors the Company, and the legal consultant holds the same opinion. Article 5 of the contract places restrictions on seller's ability to pledge and transfer its remaining shareholding. Simply put, the Company is given the priority to purchase seller's remaining shares, which also works in the Company's favor.

However, from the perspective of default risk control, the existing contract has no limitation regarding the earliest time by which the seller is able to transfer or pledge remaining shares to a third party. My opinions are:

1. From a default risk perspective, having the seller retain its remaining shares and keeping them free of encumbrance also provides us with some form of assurance. However, the new contract terms may put the Company in a difficult position if the seller decides to disposal all remaining shares immediately after the new contract is signed.
   It is recommendable to negotiate with the seller and prohibit transfer or pledge of remaining shares to a third party other than the buyer before April 30, 2017.
2. Although the contract prohibits the seller from transferring or pledging shares before a certain date, but from an operational perspective, Chenming Electronic

(Ningbo) (the investee) is the party that processes such instructions, and given the fact that Chenming Electronic (Ningbo) is not a principal of this contract, it can not reject the seller's request to sell or pledge shares. Should the seller decide to breach the agreed terms, the Company would have no control and will only be able to seek remedy through lengthy legal proceedings. It is recommendable to revise the contract so that the buyer may instruct the investee to reject seller's request if it presents a violation to the contract, which prevents default from an operational perspective.

3. According to Section 5.3 of the contract, the buyer is entitled to claim remedy if the seller violates the transfer or pledge restrictions. However, it would require the Company to undergo legal procedures before it realizes its claim, and the penalty applies only if the seller has transferred the remaining shareholding in a non-compliant manner. It seems reasonable to use seller's remaining shareholding as security for all forms of default. Perhaps we can revise the contract so that the buyer may claim against the remaining shareholding for any breach of contract committed by the seller.

The three suggestions above are still subject to the seller's consent, but they are a good way of examining the seller's motive and commitment with respect to this deal.

Company's response to supervisor's opinions: To revise contract as suggested.

Resolution: Chairman Lin agreed to the amendment of contract terms, and the agenda was passed unanimously without objection from attending directors.

(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
1. Has the company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established its own corporate governance code of conduct and disclosed it on the Company's website.	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
2. Shareholding structure and shareholders' interests (1) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations? (2) Is the company constantly informed of the identities of its major shareholders and the ultimate controller? (3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with? (4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	 V V V V		 (1) The Company has a spokesperson system and a legal department in place to handle the above issues. (2) Such information is being provided by the share administration agency. (3) The Company has established and implemented relevant procedures as required by law; an internal audit unit exists to perform unscheduled audits in this regard. (4) The Company has internal policies in place to prohibit insiders from trading securities against non-public information. These policies provide the basis for the Company's practices on material information handling and disclosure, and are reviewed and revised from time to time to ensure conformity with current	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			regulations and practical needs. These policies may be found at the Company's website.	
3. Assembly and obligations of the board of directors				Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(1) Has the board devised and implemented policies to ensure diversity of its members?	V		(1) The board of directors consists entirely of persons of adequate professional background and independence.	
(2) Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?		V	(2) The Company has a Remuneration Committee in place, but no other functional committee has been established.	
(3) Has the company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis?	V		(3) The board of directors operates according to the Company's board of directors conference rules.	
(4) Are external auditors' independence assessed on a regular basis?	V		(4) Independence of financial statement auditors is evaluated on a yearly basis. Financial statement auditors are required to issue a "Declaration of Independence" and undergo a series of checks to determine whether they are directors, shareholders, paid employees or stakeholders of the Company. Financial statement auditors have been instructed to disassociate themselves from tasks that pose direct or indirect conflicts with their own interests. Rotation of auditors within the accounting firm is also subject to comply with certain rules.	

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
4. Where the company is a TWSE/TPEx Listed company, has the company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes etc)?	V		The Company has a spokesperson system in place to serve as communication channel with shareholders. The Company has a stakeholders section created on its website to serve as a communication channel. The Company has finance, human resource, and administration departments available to oversee execution of corporate governance affairs and compliance with relevant laws. Their responsibilities include: 1. Establishment of a suitable corporate governance framework that promotes board independence, information transparency, compliance, and internal audit/control. 2. Consulting directors and outlining meeting proceedings prior to board meetings, issuing meeting advice to all directors at least 7 days in advance, and providing them with adequate information about the agendas being discussed. Where the agenda concerns the personal interest of a particular director, the concerned party will be reminded to avoid involvement in advance. 3. Setting the date for annual shareholder meetings in accordance with law; preparing meeting advice, conference manual and minutes before the statutory due date; and making proper registrations after director/supervisor election or after amendments are made to the Articles of Incorporation.	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
5. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		A stakeholders section has been created on the Company's website. Shareholders, employees, customers, suppliers and anyone in need to discuss corporate responsibility issues may have their queries addressed in a proper manner by the spokesperson, human resource department, business unit, or procurement unit.	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
6. Does the company engage a share administration agency to handle shareholder meeting affairs?	V		The Company has commissioned Chinatrust Bank as the share administration agency, which is responsible for handling shareholder meeting affairs.	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
7. Information disclosure (1) Has the company established a website that discloses financial, business, and corporate governance-related information? (2) Has the company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation	 V V		 (1) The Company has created a website to disclose financial, business and corporate governance-related information. (2) The Company has a spokesperson system in place; documents and recordings of every investor seminar are uploaded onto the website.	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
of a spokesperson system, broadcasting of investor conferences via the company website)?				
8. Does the company have other information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	V		1. Employee rights and care: The Company has a retirement policy and a profit-sharing system designed for employees. Employees who provide service over a certain number of years, or reach a certain age, or reach a state no longer deemed capable for the tasks assigned may apply for (or be notified for) retirement. Earnings concluded from year-end closing are partially allocated to employees as bonus according to the Company Act and the terms of the Articles of Incorporation. 2. Investor relations: The Company has a spokesperson system in place; investors may obtain information for whatever queries they may have through the spokesperson. 3. Supplier relations: The Company's suppliers are evaluated on a regular basis. They are assessed based on product delivery, quality and price, and the best supplier is chosen through elimination. As for payments, which is an issue of great concern to suppliers, the Company has measures in place to ensure that payments are made in strict accordance with the agreed terms. 4. Stakeholders' interests: The Company's directors are highly disciplined, and refrain from voting on any agenda that concern their own interests. 5. Directors' and supervisors' ongoing education: The Company actively encourages all directors and supervisors to continue education. Progress of their training has been updated to the Market Observation	Consistent with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Compliance (Note 1)</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Post System.
<table>
<tr><th>Position title</th><th>Name:</th><th>Course date</th><th>Organizer</th><th>Course name</th><th>Training hours</th></tr>
<tr><td>Independent Director</td><td>Lin Chiang-Feng</td><td>2016/06/03</td><td>Department of International Business, Tamkang University</td><td>2016 Cross-strait Corporate and Commercial Conference</td><td>8.0</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">Chang Yi-Min</td><td>2016/06/28</td><td rowspan="2">Taiwan CPA Association, ROC</td><td>Regulations and Case Studies of Limited Partnership and Closely Held Companies</td><td>3.0</td></tr>
<tr><td>2016/11/30</td><td>Prevention of Insider Trading -- Patterns of Insider Trading in Corporate M&A and Business Activities</td><td>3.0</td></tr>
</table></td><td></td></tr>
</table>

Assessment criteria	Compliance (Note 1)									Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary							
					2016/12/14	Kaohsiung Certified Public Accountant Association	Notes on First-time IFRS Adoption and Examples of Financial Statement Preparation	4.0		
			Supervisor	Lin Pei-Yu	2016/01/26	Securities & Futures Institute	2016 Corporate Governance Forum - Insider Trading and Corporate Social Responsibilities Conference	3.0		
					2016/08/02		2016 Compliance Seminar on Share Transfers by Insiders of Public-listed Companies	3.0		
			Supervisor	Lin Po-Hsiang	2016/03/03	Corporate Operation	Latest Company Act	3.0		

<table>
<tr><th rowspan="2"><u>Assessment criteria</u></th><th colspan="3">Compliance <u>(Note 1)</u></th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th><u>Yes</u></th><th><u>No</u></th><th><u>Summary</u></th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td>Association of the Republic of China</td><td>Amendments and Corporate Governance Practices</td><td></td></tr>
<tr><td></td><td></td><td>2016/03/23</td><td></td><td>Shareholder Meeting Practices and Special Case Studies</td><td>3.0</td></tr>
<tr><td></td><td></td><td>2016/03/24</td><td></td><td>Insider Shareholding Management and Exercising of Shareholders' Rights</td><td>3.0</td></tr>
</table>
6. Risk management policies and risk assessment standards:
The Company has internal control systems in place for various activities, and an internal audit unit that conducts strict audits on a monthly basis. Any defects found during audit will be followed up closely for improvement. Both the procurement and business functions choose their suppliers and customers in a stringent manner, and carry out the Company's business activities in the utmost integrity and fairness.
7. Customer policy:
The Company grants its customers more favorable credit terms as relationship progresses. Accounts receivables are monitored regularly, while collection</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Compliance (Note 1)</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>experience is shared with peers to obtain up-to-date information on customers' financial position.

<table><tr><th>Insured parties</th><th>Insurance company</th><th>Sum assured (NTD: $)</th><th>Period of coverage (start/end)</th><th>Status of coverage</th><th>Remarks</th></tr><tr><td>All directors and supervisors</td><td>Fubon Insurance Co., Ltd.</td><td>645,000,000</td><td>Start: June 10, 2016
End: June 10, 2017</td><td>Renewal coverage</td><td>Exchange rate: 32.25</td></tr></table></td><td></td></tr>
<tr><td colspan="5">9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: With respect to the results of the 2016 Corporate Governance Evaluation, the Company has made improvements to 7 indicators (No. 3.7/4.2/4.12/5.1/5.3/5.6/5.7), and will prioritize its efforts to protecting shareholders' interests, improving information transparency, and fulfilling corporate social responsibilities in the future.</td></tr>
</table>

(IV) Disclose the composition, responsibilities, and functioning of remuneration committee, if available.

1. Remuneration Committee members

Identity (Note 1)	Criteria / Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)								Number of positions as Remuneration Committee member in other public companies	Remarks (Note 3)
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the company’s operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	Lin Chiang-Feng	Yes	No	Yes	∨		∨	∨	∨	∨	∨	∨	None	Yes
Independent Director	Chang Yi-Min	No	Yes	Yes	∨		∨	∨	∨	∨	∨	∨	None	Yes
Others	Chen Hung-Chang	No	Yes	Yes	∨	∨	∨	∨	∨	∨	∨	∨	None	No

Note 1: Position is specified as director, independent director, or others.

Note 2: Members who meet the following conditions at any time during active duty and two years prior to the date of appointment will have a “✓” placed in the corresponding boxes.

(1) Not employed by the company or any of its affiliated companies.

(2) Not a director or supervisor of the company or any of its affiliates. This restriction does not apply to independent director positions in the company, its parent company or subsidiary, which have been appointed in accordance with local laws or laws of the registered country.

(3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.

(4) Not a spouse, a family member of second degree or closer, or a direct blood relative of third degree or closer to anyone listed in the three preceding clauses.

(5) Not a director, supervisor, or employee of any company that has 5% or higher ownership interest in the company; nor a director, supervisor, or employee of any of the top-5 corporate shareholders.

(6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.

(7) Not a professional who provides commercial, legal, financial, accounting, or consulting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates.

(8) Does not meet any of the conditions stated in Article 30 of The Company Act.

Note 3: For members who have been identified as directors, please state whether they are subject to Paragraph 5, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter."

2. Responsibilities of the Remuneration Committee are to inspire and retain talents, as well as establish, evaluate and review directors'/supervisors'/managers' performance appraisal and compensation systems.

3. Functionality of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Duration of service: from July 16, 2014, to June 12, 2017. The Remuneration Committee held 6 meetings (A) in the last year; details of members' eligibility and attendance are as follows:

Position title	Name	Actual attendance (B)	Attendance by proxy	Percentage of actual attendance (%) (B/A)(Note)	Remarks
Convener	Lin Chiang-Feng	6	0	100%	
Committee member	Chang Yi-Min	6	0	100%	
Committee member	Chen Hung-Chang	6	0	100%	

Other remarks:

1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any committee member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

Note: (1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.

(2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee will be listed; in which case, the remarks column will specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.

(V) Fulfillment of social responsibilities:

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
1. Sound corporate governance (1) Does the company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	V		(1) The Company has implemented corporate social responsibility code of conduct to guide its efforts with regards to social responsibilities. Below are the key policies and principles the Company has adopted in this respect: 1. The Company commits to comply with national employment regulations, world-recognized employment standards, and any other industry standards and international conventions applicable to its business activities. The Company also undertakes the duty to make ongoing improvements to its work condition and employee benefits. 2. Social responsibilities/EICC management are an important part of the Company's daily operations. A social responsibility task force consisting of personnel from different departments has been assembled to ensure that the Company not only generates profits and creates value for shareholders, but at the same time fulfills its duties to workers, consumers, the environment and the community. With regards to the protection of workers' rights, the Company has implemented extensive rules to address issues such as non-discrimination, prohibition of child labor, prohibition of forced labor, workplace safety and health etc.	Consistent with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1) Yes	No	Summary description (Note 2)	Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
(2) Does the company organize social responsibility training on a regular basis?	V		(2) The Company conveys corporate social responsibilities through orientation, internal announcements, and meetings.	
(3) Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?	V		(3) Specialized unit for corporate social responsibilities: The Company's social responsibility task force consists of personnel from different departments. The task force is divided into four teams, each with a different specialization: worker and human rights, health and safety, environmental protection, and professional ethics. Each team is responsible for evaluating and discussing strategies, as well as execution and reporting of the tasks they are responsible for.	
(4) Has the company implemented a reasonable remuneration system that associates employees' performance appraisals with CSR? Is the remuneration system supported by an effective reward/discipline system?	V		(4) The Company has implemented a reasonable remuneration system associates employees' performance appraisals with corporate social responsibilities. Furthermore, the remuneration system is supported by a defined and effective reward/discipline system.	
2. Fostering a sustainable environment (1) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		(1) The Company is dedicated to solving problems at the source. It has progressively improved resource efficiency, reduced raw material input and waste output, and minimized its impact on the environment.	Consistent with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
(2) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	V		(2) The group's operating systems and procedures have passed multiple international certifications such as ISO 9001, ISO 14001, ISO 13485, TS-16949,	

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
			OHSAS 18001 etc. In recent years, the Company has been adopting Electronics Industry Code of Conduct (EICC) to regulate workers' rights, workers' safety, and environmental protection. It has made extensive efforts to establish relationship between the management and employees, and between the management and customers.	
(3) Is the company aware of how climate changes affect its business activities? Are there any actions taken to measure and reduce greenhouse gas emission and energy use?	V		(3) The Company has energy conservation and resource management procedures in place. It constantly encourages employees to adopt vegetarian diet, use of staircase instead of elevator, save water, and turn off lights where appropriate. All lighting equipment has bee replaced with LED. The Company calculates CO_2 emission using the guidelines provided on the environmental protection website of the industrial park. In 2015, the Company emitted 324,525.73kg of CO_2 from energy consumption, 160,019kg from transportation, 245,019.66kg from the workplace, 96.81kg from entertainment, 3,216.28kg from appliances, and 158,418.20kg from other categories. Total CO_2 emission in 2015 was calculated at 891,295.76kg. In 2016, the Company emitted 319,916.94kg of CO_2 from energy consumption, 157,769kg from transportation, 244,030.65kg from the workplace, 92.60kg from entertainment, 3,203.37kg from appliances, and 157,785.19kg from other categories. Total CO_2 emission in 2016 was calculated at 882,798.54kg.	

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
			In 2017, the Company plans to reduce carbon emission by 1% on a per-production-unit basis.	
3. Enforcement of public welfare (1) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights? (2) Does the company have means through which employees may raise complaints? Are employee complaints being handled properly? (3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues? (4) Does the company have means to communicate with employees on a regular basis, and inform them of operational changes that may be of significant impact? (5) Has the company implemented an effective training program that helps employees develop skills over their career? (6) Has the company implemented consumer protection and grievance policies with regards to its research,	V V V V V V		(1) The Company complies with employment regulations and respects international conventions on basic workers'/human rights. Employees are assigned, dismissed and recruited without discrimination, whereas salaries and compensations are granted according to internal control system. (2) The Company has employee grievance channels in place, and makes sure that all complaints are handled properly. (3) The Company has a Labor Safety Office that specializes in labor safety affairs. Employees are offered regular health checkups, while significant efforts have been made to ensure the safety and health of the current work environment. Furthermore, the Company organizes seminars and utilizes "Life in UNEEC" and "Insurance" sections of its website to provide employees with health-related information. (4) The Company communicates with employees on various topics through meetings. (5) The Company organizes training on a regular and unscheduled basis to help employees develop professional capacity and grow their careers. (6) All internal departments have coordinated with the Legal Affairs Department and implemented	Consistent with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
development, procurement, production, operating and service activities? (7) Has the company complied with laws and international standards with regards to the marketing and labeling of products and services? (8) Does the company evaluate suppliers' environmental and social conducts before commencing business relationships? (9) Is the company entitled to terminate supply agreement at any time with a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts against the environment or society?	 V V V		complaint procedures and operating rules for the protection of consumers' rights. (7) The Company follows regulations and international standards on the selling and labeling of its products. (8) The Company demands its suppliers to obtain certification for ISO 14001 - Environmental Management System and EICC, and offers guidance to help them achieve so. The Company requires all goods and service suppliers to sign a "Social Responsibility Commitment" before placing purchase orders to them. When conducting annual or new supplier evaluation, all departments are required to include the Company's standards on labor rights, business ethics, environmental protection, and occupational safety and health as part of the evaluation. (9) The Company has a unit that specializes in social responsibility/EICC management. The scope of management extends to suppliers and contractors, meaning that any violation of corporate social responsibilities by a supplier or contractor would that causes significant impact to the environment or society would result in the termination of service contract.	
4. Enhancing information disclosure (1) Has the company disclosed relevant and reliable CSR information on its website and at the Market Observation Post System?	 V		 (1) The Company uploads corporate social responsibility information according to relevant rules.	Consistent with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description (Note 2)	
5. If the company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established Chenming Mold Ind. Corp. Corporate Social Responsibility Code of Conduct based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies." The Code of Conduct includes principles on corporate governance, sustainable environment, public welfare, and disclosure of corporate social responsibility information; these principles have been duly enforced and hence there is no deviation from the best practice principles.				
6. Other information useful to the understanding of corporate social responsibilities: The Company joined the CSR Alliance in 2017 and has been sponsoring the reforestation program to plant the seeds of hope.				
7. Describe the criteria undertaken by any institution to certify the company's CSR report: The Company prepared its own corporate social responsibility report, but has not sought any third party for certification.				

(VI) Integrity policies and practices:

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
1. Establishment of integrity policies and solutions				
(1) Has the company stated in its Memorandum or external correspondence about the polices and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(1) The Company has established business integrity code of conduct and announced it on website.	(1) None.
(2) Does the company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?	V		(2) The Company has implemented and duly enforced internal policies on professional ethics, illegal and unethical behaviors.	(2) None.
(3) Has the company taken steps to prevent occurrences listed in Paragraph 2, Article 7 of "Ethical Corporate	V		(3) The Company has provided numerous channels for employees and relevant personnel to report business	(3) None.

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
Management Best Practice Principles for TWSE/TPEx Listed Companies" or business conducts that are prone to integrity risks?			conducts that are prone to integrity risks, as described in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies." All reported misconducts are referred to the Internal Audit Office for further investigation.	
2. Enforcing ethical management				
(1) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(1) The Company evaluates the integrity history of all parties it has business dealings with. It has been stated in the integrity code of conduct that the Company may terminate or cancel its contract at anytime with any business partner that violates the integrity code of conduct.	(1) None.
(2) Does the company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?	V		(2) The Chairman's Office is responsible for the establishment, supervision and execution of the integrity policy. Progress is reported to the board of directors on a yearly basis.	(2) None.
(3) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(3) The board of directors conference rules have outlined requirements for directors to avoid discussion and voting on any agendas that present a conflict of interest between them and the Company.	(3) None.
(4) Has the company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	V		(4) The Company has established effective accounting policies and internal control system. Internal auditors are assigned to conduct regular audits to ensure compliance with the abovementioned policies/systems.	(4) None.
(5) Does the company organize internal or external training on a regular basis to maintain business integrity?	V		(5) The Company promotes its integrity code of conduct through meetings on an unscheduled basis.	(5) None.
3. Whistleblowing system				
(1) Does the company provide incentives and means for employees to report misconducts? Does the company	V		(1) The Company has policies in place to handle illegal and unethical conducts. Misconducts can be reported via mail	(1) None.

<table>
<tr><td rowspan="2">Assessment criteria</td><td colspan="3">Compliance (Note 1)</td><td rowspan="2">Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>assign dedicated personnel to investigate the reported misconducts?
(2) Has the company implemented any standard procedures or confidentiality measures for handling reported misconducts?
(3) Has the company provided proper whistleblower protection?</td><td>
V
V</td><td></td><td>or telephone, and all reported misconducts are investigated upon by internal audit units.
(2) The Company has operating procedures in place to maintain the confidentiality of informants.
(3) The Company protects informants from being subjected to any form of mistreatment because of the reports they make.</td><td>
(2) None.
(3) None.</td></tr>
<tr><td>4. Enhancing information disclosure
(1) Has the company disclosed its integrity principles and progress onto its website and MOPS?</td><td>V</td><td></td><td>The Company has established business integrity code of conduct and disclosed it on website. Business and financial information is also disclosed regularly on the Company's website.</td><td>None.</td></tr>
<tr><td colspan="5">5. If the company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:
The Company has established integrity code of conduct and related policies; details can be found in the Corporate Governance section of the Company's website (http://www.uneec.com/tw).</td></tr>
<tr><td colspan="5">6. Other information relevant to understanding the company's business integrity (e.g. reviews over business integrity principles):
None.</td></tr>
</table>

(VII) If the company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The Company has established integrity code of conduct and related policies; details can be found in the Corporate Governance section of the Company's website (http://www.uneec.com/tw)

(VIII) Other important information material to the understanding of corporate governance within the company: None.

(IX) Internal control

1. Declaration of Internal Control System

Chenming Mold Ind. Corp.

Declaration of Internal Control System

Date: March 17, 2017

The following declaration had been made based on the 2016 self-assessment of the Company's internal control system:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2016. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was passed unanimously without objection by all 5 Directors present at the board meeting dated March 17, 2017.

Chenming Mold Ind. Corp.
Chairman: Lin Mu-He
President: Lin Mu-He

2. If the internal control policy was reviewed by an external CPA, the result of such review must be disclosed: Not applicable.

(X) Penalties imposed against the company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up till the publication date of this annual report:

Shareholder/ board of directors meeting	Date	Major resolutions
Board meeting	2016/01/21	1. Discussion of Remuneration Committee's resolution. 2. Discussion of Remuneration Committee's resolution to make partial amendments to the Company's Articles of Incorporation. 3. Proposal to renew the credit limit granted by Chinatrust Commercial Bank Limited upon expiry.
Board meeting	2016/03/23	1. Discussion of Remuneration Committee's resolution regarding the amount and method of payment for the 2015 employee/director/supervisor remuneration. 2. Presentation of the Company's 2015 standalone and consolidated financial statements. 3. Preparation of the 2015 "Declaration of Internal Control System" in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies." 4. Proposal to convene the Company's 2016 annual general meeting. 5. Proposal to have 2nd-tier subsidiary Ding Chih Co., Ltd. increase existing holding of Chenming Electronic (Ningbo) Co., Ltd. to 52%. 6. Proposal to file an application for investing US$6.3 million into Chenming Electronic (Ningbo) Co., Ltd. in China.
Board meeting	2016/04/27	1. Discussion of Remuneration Committee's resolution to retain existing managers. 2. Discussion of Remuneration Committee's resolution to increase new manager positions and compensation. 3. Appropriation of the Company's 2015 earnings.
Board meeting	2016/05/25	1. Proposal to make the first buyback of the Company's shares in 2016. 2. Proposal to apply for credit limit from Mega International Commercial Bank.
Annual general meeting	2016/06/17	1. Acknowledgment of 2015 business report and financial statements. 2. Acknowledgment of 2015 earnings appropriation. Current progress: A resolution was made during the 2016 annual general meeting to distribute cash dividends of NT$0.3 per share from 2015 earnings.
Board meeting	2016/08/10	1. Set the baseline date for capital reduction against the

		Company's 2016 first treasury stock buyback. 2. Set the baseline date for cash dividend distribution. 3. Proposal to renew the loan extended by Ding Du International Co., Ltd. to Chueh Rong International Co., Ltd. 4. Proposal to have Chenming Electronic (Ningbo) Co., Ltd. lend capital to Dongguan Chenming Electronics Co., Ltd. 5. Proposal to apply for credit limit from Mega International Commercial Bank.
Board meeting	2016/11/07	1. Discussion of Remuneration Committee's resolution.
Board meeting	2017/01/13	1. Discussion of Remuneration Committee's resolution. 2. Proposal to renew the credit limit granted by Chinatrust Commercial Bank Limited upon expiry.
Board meeting	2017/03/17	1. Discussion of Remuneration Committee's resolution regarding the amount and method of payment for the 2016 employee/director/supervisor remuneration. 2. Discussion of Remuneration Committee's resolution to change existing managers. 3. Presentation of the Company's 2016 standalone and consolidated financial statements. 4. Preparation of the 2016 "Declaration of Internal Control System" in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies." 5. Proposal to convene the Company's 2017 annual general meeting. 6. Proposal to re-elect directors and supervisors. 7. Acceptance of independent director nominees to be elected during the Company's 2017 annual general meeting. 8. Proposal to remove restrictions against directors' competing business involvements. 9. Partial amendments to the Company's "Asset Acquisition and Disposal Procedures."
Board meeting	2017/04/28	1. Review of 2016 business report. 2. Appropriation of 2016 earnings. 3. Review of independent director nominees.

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up till the publication date of this annual report:

None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report:

Resignation of relevant personnel

May 25, 2017

Position Title	Name	Date Onboard	Date Departed	Reasons for Resignation or Discharge
President	Hu Pao-Sheng	2013/11/01	2016/04/30	RESIGNED

Note: Relevant personnel shall include Chairman, President, Head of Accounting, Head of Finance, Chief Internal Auditor, Head of R&D etc.

V. Disclosure of auditors' remuneration

Audit remuneration brackets table

Name of accounting firm	Name of CPA		Audit period	Remarks
KPMG	Yen Hsing-Fu	Daisy Kuo	2016/01-2016/12	

Unit: NTD thousand

Range \ Fee category		Audit remuneration	Non-audit remuneration	Total
1	Below NT$ 2,000,000			
2	NT$2,000,000 (inclusive) ~ NT$4,000,000	3,890	0	3,890
3	NT$4,000,000 (inclusive) ~ NT$6,000,000			
4	NT$6,000,000 (inclusive) ~ NT$8,000,000			
5	NT$8,000,000 (inclusive) ~ NT$10,000,000			
6	NT$10,000,000 and above			

(I) Disclosure of audit remuneration, non-audit remuneration and details of non-audit services, if the sum of non-audit remuneration paid to the auditor, accounting firm and affiliated companies amount to more than one-quarter of total audit remuneration: None.

(II) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: None.

(III) Any reduction in audit remuneration by more than 15% compared to the previous year; state the amount, the percentage and reason of such variation: None.

VI. Change of auditor

(I) Information relating to the former auditor

<table>
<tr><td>Date of reappointment</td><td colspan="3">September 30, 2016</td></tr>
<tr><td>Reason for reappointment</td><td colspan="3">Internal rotation within KPMG</td></tr>
<tr><td rowspan="3">Whether the termination of audit service was initiated by the client or by the auditor</td><td>Parties involved \ Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td>Service terminated by</td><td>Michelle Wang</td><td></td></tr>
<tr><td>Service no longer accepted (continued) by</td><td></td><td></td></tr>
<tr><td>An opinion other than unqualified opinion issued in the last two years, and the cause for such an opinion</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit coverage or procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>None</td><td colspan="2">∨</td></tr>
<tr><td colspan="3">Descriptions</td></tr>
<tr><td>(Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="3">None</td></tr>
</table>

(II) Information relating to the succeeding auditor

Name of accounting firm	KPMG
Name of CPA	Yen Hsing-Fu, Daisy Kuo
Date of reappointment	September 30, 2016
Inquiries and replies regarding accounting practices or principles on certain transactions, or any audit opinions the auditors were likely to issue on the financial reports prior to reappointment.	None
Written disagreements from the succeeding auditor against opinions of the former auditor	None

Note: The Company's former financial statement auditor - Michelle Wang (CPA) was replaced by Yen Hsing-Fu (CPA) since September 2016 following a job rotation within KPMG.

(III) Former auditor’s reply relating to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Guidelines: None.

VII. Disclosure of any of the company’s Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor’s firm or any of its affiliated company in the last year, including their names, job titles, and the periods during which they were employed by the auditor’s firm or any of its affiliated company. An affiliated company refers to one that the auditor's accounting firms hold more than 50% ownership or more than 50% directorship, or any company or institution that the accounting firm has publicly referred to as being affiliated: None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers and shareholders with more than 10% ownership interest in the last year, up till the publication date of this annual report

(I) Details of shares transferred or pledged by directors, supervisors, managers, or shareholders with more than 10% ownership interest

Position title	Name	2016		Year-to-date as at April 18	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman/President	Lin Mu-He	2,291,000	—	571,000	—
Director	Hu Pao-Sheng	11,000	—	—	—
Director	Chen Hsiao-Chun	—	—	—	—
Director and Assistant Vice President	Hsiao Kuang-Chih	—	—	—	—
Director	Tsai Chin Investment Co., Ltd.	—	—	—	—
Independent Director	Chang Yi-Min	—	—	—	—
Independent Director	Lin Chiang-Feng	—	—	—	—
Supervisor	Lin Pei-Yu	—	—	—	—
Supervisor	Lin Po-Hsiang	—	—	—	—
Vice President	Chung Fu-Chuan (Onboard since 2016/04/27)	—	—	—	—
Vice President	Shen Tian-Hung	—	—	—	—
Vice President	Fan Yu-Hsiang	—	—	—	—

Assistant Vice President	Wu Ruei-Chuan	—	—	—	—
Assistant Vice President	Rome Lo	—	—	—	—
Assistant Vice President	Chang Chin-Hsing	—	—	—	—
President	Hu Pao-Sheng (Departed on 2016/04/30)	11,000	—	—	—
Division Head	Su Zun-Yao (Departed on 2017/04/01)	—	—	—	—
Vice President	Huang Chung-Hsin (Departed on 2016/01/21)	—	—	—	—

(II) Disclosure of shares transferred to related parties: None.

(III) Disclosure of shares pledged to related parties:

Name (Note 1)	Reason for change of pledge (Note 2)	Date of change	Counterparty	Counterparty's relationship with the Company, directors, supervisors, and shareholders with more than 10% ownership interest	Shares held	Shareholding percentage	Percentage pledged	Amount pledged (redeemed)
Lin Mu-He	Pledge	2013.12.23	Mega International Commercial Bank Co., Ltd. Keelung Branch	None	10,000,000	14.71%	39.99%	—

Note 1: The names of directors, supervisors, managers and shareholders with more than 10% ownership interest.
Note 2: Specify "pledged" or "redeemed."

IX. Relationships characterized as spouse or second degree relative or closer among top-ten shareholders

Name: (Note 1)	Self Shareholding		Shares Held by Spouse and Underage Children Shareholding		Shares Held in the Namesof Others		Relationship Characterized as Spouseor Relative of Second Degree or Closer Among the Top-10 Shareholders. (Note 3)		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Lin Mu-He	25,000,230	14.71%	1,425,809	0.83%	—	—	Lin Mu-Rong Lin Ching-Yuan Lin Feng-Ran Lin Pei-Hsuan Lin Pei-Yu	Brothers Father and son Father and son Father and daughter Father and daughter	None

Hui Chi Investment Co., Ltd.	10,685,758	6.29%	–	–	–	–	-	-	None
Representative: Lin Feng-Ran	6,612,310	3.89%	423,956	0.24%	–	–	Lin Mu-He Lin Mu-Rong Lin Ching-Yuan Lin Pei-Hsuan Lin Pei-Yu	Father and son Uncle and nephew/ niece Brothers Brother and sister Brother and sister	None
Lin Ching-Yuan	7,193,502	4.23%	221,931	0.13%	–	–	Lin Mu-He Lin Mu-Rong Lin Feng-Ran Lin Pei-Hsuan Lin Pei-Yu	Father and son Uncle and nephew/ niece Brothers Brother and sister Brother and sister	None
Lin Feng-Ran	6,612,310	3.89%	423,956	0.24%	–	–	Lin Mu-He Lin Mu-Rong Lin Ching-Yuan Lin Pei-Hsuan Lin Pei-Yu	Father and son Uncle and nephew/ niece Brothers Brother and sister Brother and sister	None
Lin Mu-Rong	5,630,469	3.31%	3,115,369	1.33%	–	–	Lin Mu-He Chung Yen-Ru Lin Ching-Yuan Lin Feng-Ran Lin Pei-Hsuan Lin Pei-Yu	Brothers Spouse Uncle and nephew/ niece Uncle and nephew/ niece Uncle and nephew/ niece Uncle and nephew/ niece	None
Lin Pei-Hsuan	4,587,648	2.70%	–	–	–	–	Lin Mu-He Lin Mu-Rong Lin Ching-Yuan Lin Feng-Ran Lin Pei-Yu	Father and daughter Uncle and nephew/ niece Brother and sister Brother and sister Sisters	None
Lin Pei-Yu	4,512,755	2.66%	–	–	–	–	Lin Mu-He Lin Mu-Rong Lin Ching-Yuan Lin Feng-Ran Lin Pei-Hsuan	Father and daughter Uncle and nephew/ niece Brother and sister Brother and sister Sisters	None
Chung Yen-Ru	3,115,369	1.33%	5,630,469	3.31%	–	–	Lin Mu-Rong	Spouse	None
Beibin Entertainment Co. Ltd.	2,252,000	1.33%	–	–	–	–	–	–	None
Representative: Chuang Lung-Wen	–	–	–	–	–	–	–	–	None

Lun Chun-Hung	1,767,665	1.04%	—	—	—	—	Lin Mu-He Lin Mu-Rong Chung Yen-Ru Lin Ching-Yuan Lin Feng-Ran Lin Pei-Hsuan Lin Pei-Yu	Uncle and nephew/ niece Father and son Mother and son Cousins Cousins Cousins Cousins	None

Note 1: All top-10 shareholders have been listed. For corporate shareholders, the name of the corporate entity and the name of the representative are shown separately.
Note 2: The percentages of shares held under own name, spouse's name, underage children's names, or in the names of others are calculated separately.
Note 3: Relations among the abovementioned shareholders (including corporate and natural-person shareholders) have been disclosed in accordance with the relationships defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Investments jointly held by the company, the company’s directors, supervisors, managers, and enterprises directly or indirectly controlled by the company; disclose shareholding in aggregate of the above parties

Unit: thousand shares/thousands

Invested business (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares / units	Shareholding percentage	Shares / units	Shareholding percentage	Shares / units	Shareholding percentage
Ding Du International	54,448	100.00%	0	0%	54,448	100.00%
Chueh Rong International	45,988	100.00%	0	0%	45,988	100.00%
Ding Chih Co., Ltd.	12,300	100.00%	0	0%	12,300	100.00%
Dongguan Chenming	Note 2	100.00%	0	0%	Note 2	100.00%
Chenming Electronic (Ningbo)	Note 2	52.00%	0	0%	Note 2	52.00%

Note 1: The above long-term investments were accounted using the equity method.
Note 2: Limited liability company.

Four. Funding Status

I. Capital and shares (in the last year and up till the publication date of this annual report)

(I) Source of capital: April 18, 2017

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks			
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital contributed in properties other than cash	Others	Approval reference
1999.07	10	34,200,000	342,000,000	34,200,000	342,000,000	Capitalized earnings NT$85.5 million and capital reserves NT$66.5 million	0	—	Jing-(088)-Shang-129976 dated 1999.08.16
2000.07	50 10	79,000,000	790,000,000	61,700,000	617,000,000	Cash issue NT$100 million, employee bonus NT$4 million Capitalized earnings NT$171 million	0	—	Jing-(089)-Shang-133304 dated 2000.09.14
2001.07	10	110,000,000	1,100,000,000	87,000,000	870,000,000	Capitalized earnings NT$185.1 million, employee bonus NT$6.2 million Capitalized capital reserves NT$61.7 million	0	—	Jing-(090)-Shang-09001293930 dated 2001.08.03
2002.09	10	120,000,000	1,200,000,000	114,000,000	1,140,000,000	Capitalized earnings NT$174 million, employee bonus NT$9 million Capitalized capital reserves NT$87 million	0	—	Shang-09101404120 dated 2002.10.03
2003.07	10	247,200,000	2,472,000,000	132,300,000	1,323,000,000	Capitalized earnings NT$57 million, employee bonus NT$12 million Capitalized capital reserves NT$114 million	0	—	Shang-09201248100 dated 2003.08.19
2004.01	10	247,200,000	2,472,000,000	133,476,470	1,334,764,700	NT$ 11,764,700 (conversion from corporate bonds)	0	—	Shang-09301009900 dated 2004.01.19
2004.04	10	247,200,000	2,472,000,000	137,929,391	1,379,293,910	NT$ 44,529,210 (conversion from corporate bonds)	0	—	Shang-09301074800 dated 2004.04.29
2004.07	10	247,200,000	2,472,000,000	137,947,038	1,379,470,380	NT$ 176,470 (conversion from corporate bonds)	0	—	Shang-09301130400 dated 2004.07.29
2004.09	10	247,200,000	2,472,000,000	145,421,449	1,454,214,490	Capitalized earnings NT$25.8976 million, employee bonus NT$10 million	0	—	Shang-09301157100 dated 2004.09.06

						Capitalized capital reserves NT$38.8464 million			
2004.10	10	247,200,000	2,472,000,000	137,421,449	1,374,214,490	NT$ -80,000,000 (retirement of treasury stock)	0	—	Shang-09301188300 dated 2004.10.12
2005.01	10	247,200,000	2,472,000,000	128,921,449	1,289,214,490	NT$ -85,000,000 (retirement of treasury stock)	0	—	Shang-09401017480 dated 2005.01.28
2005.08	10	247,200,000	2,472,000,000	142,313,593	1,423,135,930	Capitalized earnings NT$43.3725 million, employee bonus NT$10 million, Capitalized capital reserves NT$80.5489 million	0	—	Shang-09401160120 dated 2005.08.22
2005.10	10	247,200,000	2,472,000,000	145,313,582	1,453,135,820	NT$ 29,999,890 (conversion from corporate bonds)	0	—	Shang-09401206880 dated 2005.10.20
2006.07	10	247,200,000	2,472,000,000	140,313,582	1,403,135,820	NT$ -50,000,000 (retirement of treasury stock)	0	—	Shang-09501134950 dated 2006.07.05
2006.08	10	247,200,000	2,472,000,000	155,931,787	1,559,317,870	Capitalized earnings NT$28.0627 million, employee bonus NT$5.6 million, Capitalized capital reserves NT$42.094 million; NT$ 80,425,250 (conversion from corporate bonds)	0	—	Shang-09501185100 dated 2006.08.24
2007.01	10	247,200,000	2,472,000,000	156,163,928	1,561,639,280	NT$ 2,321,410 (conversion from corporate bonds)	0	—	Shang-09601008170 dated 2007.01.12
2007.04	10	247,200,000	2,472,000,000	158,887,131	1,588,871,310	NT$ 27,232,030 (conversion from corporate bonds)	0	—	Shang-09601087320 dated 2007.04.25
2007.07	10	247,200,000	2,472,000,000	160,940,691	1,609,406,910	NT$ 20,535,600 (conversion from corporate bonds)	0	—	Shang-09601160770 dated 2007.07.12
2007.08	10	247,200,000	2,472,000,000	169,948,887	1,699,488,870	Capitalized earnings NT$62.4655 million, employee bonus NT$12 million Capitalized capital reserves NT$15.6163 million	0	—	Shang-09601210270 dated 2007.08.31
2007.10	10	247,200,000	2,472,000,000	174,561,410	1,745,614,100	NT$ 46,125,230 (conversion from corporate bonds)	0	—	Shang-09601249620 dated 2007.10.12
2008.01	10	247,200,000	2,472,000,000	174,948,198	1,749,481,980	NT$ 3,867,880 (conversion from corporate bonds)	0	—	Shang-09701005760 dated 2008.01.11
2008.04	10	247,200,000	2,472,000,000	205,819,156	2,058,191,560	NT$ 308,709,580 (conversion from corporate bonds)	0	—	Shang-09701088600 dated 2008.04.11
2008.08	10	247,200,000	2,472,000,000	216,081,018	2,160,810,180	Capitalized earnings NT$51.4547 million, employee bonus NT$10 million Capitalized capital reserves NT$41.1638 million	0	—	Shang-09701215160 dated 2008.08.26
2008.10	10	247,200,000	2,472,000,000	198,081,018	1,980,810,180	NT$ -180,000,000 (retirement of treasury stock)	0	—	Shang-09701270770 dated 2008.10.24
2009.12	10	247,200,000	2,472,000,000	188,081,018	1,880,810,180	NT$ -100,000,000 (retirement of treasury stock)	0	—	Shang-09801293510 dated 2009.12.22
2012.03	10	247,200,000	2,472,000,000	185,171,018	1,851,710,180	NT$ -29,100,000 (retirement of treasury stock)	0	—	Shang-10101049820 dated 2012.03.23
2013.05	10	247,200,000	2,472,000,000	182,171,018	1,821,710,180	NT$ -30,000,000 (retirement of treasury stock)	0	—	Shang-10201095570 dated 2013.05.22
2014.10	10	247,200,000	2,472,000,000	180,000,018	1,800,000,180	NT$ -21,710,000 (retirement of treasury stock)	0	—	Shang-10301221430 dated 2014.10.28

2015.08	10	247,200,000	2,472,000,000	177,935,018	1,779,350,180	NT$ -20,650,000 (retirement of treasury stock)	0	—	Shang-10401171260 dated 2015.08.13
2016.08	10	247,200,000	2,472,000,000	169,935,018	1,699,350,180	NT$ -80,000,000 (retirement of treasury stock)	0	—	Shang-10501202410 dated 2016.08.16

Share category	Authorized capital				Remarks
	Outstanding shares (public listed)	Treasury stock	Unissued shares	Total	—
Registered ordinary shares	169,935,018	0	77,264,982	247,200,000	—

(II) Shareholders structure: April 18, 2017

Shareholders	Government institutions	Financial institutions	Other corporate entities	Foreign institutions and foreigners	Natural persons	Treasury stock	Total
Head count	1	0	30	28	10,531	0	10,590
Number of shares held	98	0	15,222,538	2,287,362	152,425,020	0	169,935,018
Shareholding percentage (%)	0.00%	0.00%	8.96%	1.35%	89.69%	0.00%	100.00%

(III) Ownership diversity:

April 18, 2017

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage (%)
1-999	1,625	255,435	0.15%
1,000-5,000	6,309	14,254,702	8.39%
5,001-10,000	1,303	11,024,614	6.49%
10,001-15,000	331	4,393,275	2.59%
15,001-20,000	309	5,899,830	3.47%
20,001-30,000	246	6,578,574	3.87%
30,001-40,000	97	3,617,354	2.13%
40,001-50,000	73	3,456,548	2.03%
50,001-100,000	151	11,044,618	6.50%
100,001-200,000	80	11,517,830	6.78%
200,001-400,000	36	9,805,956	5.77%
400,001-600,000	8	4,021,622	2.37%
600,001-800,000	2	1,384,000	0.81%
800,001-1,000,000	4	3,533,883	2.08%
1,000,001 and above	16	79,146,777	46.57%
Total	10,590	169,935,018	100.00%

(IV) List of major shareholders:

April 18, 2017

Serial number	Account number	Name of major shareholder	Number of shares held	Shareholding percentage (%)
1	1	Lin Mu-He	25,000,230	14.71%
2	13	Hui Chi Investment Co., Ltd.	10,685,758	6.29%
3	10	Lin Ching-Yuan	7,193,502	4.23%
4	115	Lin Feng-Ran	6,612,310	3.89%
5	2	Lin Mu-Rong	5,630,469	3.31%
6	8	Lin Pei-Hsuan	4,587,648	2.70%
7	9	Lin Pei-Yu	4,512,755	2.66%
8	6	Chung Yen-Ru	3,115,369	1.83%
9	39048	Beibin Entertainment Co. Ltd.	2,252,000	1.33%
10	320	Lun Chun-Hung	1,767,665	1.04%

(V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years:

Items		Year	2015	2016	Year-to-date as at March 31
Market price per share	High		30.80	21.40	23.80
	Low		15.55	11.40	17.00
	Average		21.74	15.91	18.48
Net worth per share	Before dividend		12.51	12.76	13.00
	After dividend		12.51	12.76	13.00
Earnings per share	Weighted average outstanding shares (in thousands)		178,822	173,858	169,935
	Earnings per share		0.39	1.14	0.06
Dividends per share	Cash dividends		0.3	0.5	-
	Stock dividends	From earnings	0	-	-
		From capital reserves	0	-	-
	Cumulative unpaid dividends		0	0	-
Analysis of investment returns	P/E ratio		55.74	13.96	-
	Price to dividends ratio		72.47	31.82	-
	Cash dividend yield		1.38%	3.14%	-

(VI) Dividend policy and execution:

1. Dividend policy

   Dividends are proposed by the board of directors after taking into consideration a number of factors including the Company's business performance, capital requirements, capital budget, changes in the domestic/foreign environment, and shareholders' interests. Dividends should not exceed 75% of current year net income except under special circumstances. The Company is currently in the growth stage of its life cycle and is still in need of capital for expansion and investment. Cash dividends shall not amount to less than 10% of total dividends distributed each year.

2. Dividend distribution proposed for the next annual general meeting:

A resolution was made during the 2017 annual general meeting to distribute cash dividends of NT$0.5 per share from 2016 earnings. This decision was consistent with the Articles of Incorporation.

3. Expected change in dividend policy: None.

(VII) Impacts of proposed stock dividends on the company's business performance and earnings per share: Not applicable.

(VIII) Employees'/directors'/supervisors' remuneration

1. Percentage and range of employees'/directors'/supervisors' remuneration stated in the Articles of Incorporation:

   According to Article 19 of the Company's Articles of Incorporation, any earnings concluded from year-end closing are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision (or reversal) of special reserves as required by regulation. Any surplus remaining from the above shall be distributed at board of directors' proposal, subject to acknowledgment in a shareholder meeting. This distribution shall include employee remuneration of no lesser than 2%, and director/supervisor remuneration of no higher than 2%.

2. Basis of calculation for employee/director/supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.

   (1) Amounts are estimated based on percentages specified in the Articles of Incorporation, which includes employee remuneration of no lesser than 2% of pre-tax profit and director/supervisor remuneration of no higher than 2% of pre-tax profit.

   (2) Not applicable as no proposal was made to pay employees' remuneration in shares.

   (3) If a different amount is resolved on a later date, the difference shall be treated as a change in accounting estimates and recognized as gains or losses in the year the resolution is made.

3. Remuneration passed by the board of directors

   (1) Employees'/directors'/supervisors' remuneration, in cash or in shares:

   Employee remuneration totaling NT$8 million and director/supervisor remuneration totaling NT$1.5 million have been proposed. Both amounts will be paid in cash.

(2) Amount and percentage of employee remuneration paid in shares, relative to current net income and total employee remuneration: Not applicable as no proposal had been made to pay employee remuneration in shares during the current shareholder meeting.

4. Employees'/directors'/supervisors' remuneration paid in the previous year:
The Company paid NT$6,000,000 of remuneration to employees and NT$1,500,000 of remuneration to directors/supervisors in the previous year (2015). The amount actually paid was indifferent from the amount previously recognized.

(IX) Shares repurchased by the company:

Expressed in New Taiwan Dollars

Term of buyback	The first buyback 2016
Purposes of buyback	In an effort to safeguard the Company's credit standing and shareholders' equity
Period of buyback	2016/05/26~2016/07/22
Price range of buyback	NT$ 9 ~NT$ 14
The categories and quantities of buyback	8, 000, 000 common shares
Amount of buyback	NT$117, 651, 115
Number of shares having been cancelled and transferred	8, 000, 000 shares
Accumulated holding of the Company's shares	0 share
Percentage f accumulated holding of the Company's shares accounting for the aggregate total of outstanding shares	0%
Date of verification	2016/07/20
File number of verification	Letter Jin-Guan-Zheng-Jiao-Zi 1050028848

II. Corporate bonds (including offshore corporate bonds), preferred shares, overseas depository receipts, employee stock options, restricted employee shares, and merger/acquisition/divestment through exchange of shares

(I) Corporate bonds
The Company has no corporate bond that is currently outstanding or pending to be issued.

(II) Preferred shares, overseas depository receipts, employee stock options, restricted employee shares, or merger/acquisition/divestment through exchange of shares: None

III. Progress on planned use of capital: None.

Five. Business Overview

I. Operations:

(I) Scope of business

1. Principal business activities
   (1) Manufacturing, importing, exporting, and trading of metal stamping beds, steel molds, and electromechanical parts (for production of computer chassis and accessories, and molds).
   (2) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing.
   (3) CC01060 Wired Communication Equipment and Apparatus Manufacturing.
   (4) CC01050 Data Storage Media Units Manufacturing.
   (5) CC01070 Telecommunication Equipment and Apparatus Manufacturing.
   (6) CC01080 Electronic Parts and Components Manufacturing.
   (7) E605010 Computing Equipments Installation Construction.
   (8) F113070 Wholesale of Telecom Instruments.
   (9) F213060 Retail Sale of Telecom Instruments.
   (10) F601010 Intellectual Property.
   (11) I301010 Software Design Services.
   (12) I301020 Data Processing Services.
   (13) I301030 Digital Information Supply Services.
   (14) I501010 Product Designing.
   (15) IE01010 Telecommunications Number Agencies.
   (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Principal business activities and weight

Unit: NTD thousand

Product	2016 sales amount	as a percentage of annual sales
PC and server chassis	2,903,166	68%
Mobile device components	1,114,656	26%
Mold	256,963	6%
Total	4,274,785	100%

3. The Company's current products (services)
   PC and server chassis; design, manufacturing and sale of handheld devices.
4. New products (services) planned for the future
   (1) Develop a proprietary and patented nitric acid debinding agent for use in applications such as high material strength (before sintering) and machining (before sintering).
   (2) Based on ongoing research of interactions between special chemicals, lubricants will be added to increase the fluidity in MIM feeding. This method will be registered for patent once successfully developed, and has the potential to be applied to MIM products with small size and thin components.
   (3) Develop titanium and titanium alloy-based MIM procedures, which have the potential to be introduced to the healthcare market.
   (4) Continual development of other high-performance soft magnetic materials such as Fe-50%Co. These materials have the potential to be used in 3C and handheld devices such as: Wireless charging, applicant onto small sized high soft magnetic products.
   (5) Continual development of CIM (Ceramic Injection Molding) sintering and surface treatment.
   (6) Continual research and analysis on SUS 316L, and develop internal standards for the use of powder materials.
   (7) Continue development of MIM framework for next-generation connectors - the USB Type-C Receptacle - for handheld products.
   (8) Continual development and promotion of detachable server racks.

(II) Industry overview
1. Current and future industry prospects

Chassis is an accessory of personal computers, and falls in the hardware category of the IT industry. Due to the introduction of low-price computers, the selling price and gross profit of computer chassis have fallen consistently. The uprise of smartphones and tablet PCs presents even a greater blow to the PC industry, which is why the Company has been searching for new breakthroughs in terms of production and technology in recent years, and expanding product lines to cloud server chassis and racks for broader customer reach.

2. Association between upstream, midstream, and downstream industry participants

Upstream	Mid-stream	Downstream
Iron materials Copper foil IC Chemical materials Molding	Computer Other	PC

3. Product trend and competition

The PC industry has undergone extreme changes in the last few years, much of it was caused by the uprise of smartphones and tablet PC. Given the declining margin of computer chassis, industry participants are starting to expand into other product lines for growth opportunity. Smartphones and cloud servers are two IT products that are still exhibiting growing demands for chassis, which is why the Company remains optimistic and will aim to compete in this field by introducing differentiated procedures and new technologies.

(III) Technological research and development

1. Annual R&D expenses for the last 5 years

Unit: NTD thousand

	2012	2013	2014	2015	2016	Year-to-date March 31, 2017
R&D expenses	64,783	45,475	44,032	41,037	40,737	6,668
Operating revenues	3,080,819	2,671,160	3,017,695	3,241,910	4,274,785	1,071,577
R&D expenses as a percentage of net operating revenues	2.10%	1.70%	1.46%	1.27%	0.95%	0.62%

2. Technologies or products successfully developed

(1) The Company successfully developed Fe-3%Si soft magnetic materials the characteristics of which are consistent with the MPIF criteria. Such Fe-3%Si soft magnetic materials have so far

been successfully loaded into the parts & components for vehicular batteries.

(2) The Company completed the development of high fluidity, thermal-debinding MIM procedures using pure copper and Cu-18%Ni, and established pure copper and Cu-18%Ni parameters database for MIM process. These new developments have the potential to be used for applications such as heat sink and decorative parts (e.g. parts for musical instruments).

(3) The Company has developed a complete series of formulas and databases for different product requirements (e.g. fluidity, thickness, material strength), which enables greater flexibility in the Company's productions. The Company has filed patents for two MIM formulas and announced its research during APMA 2017 (an international academic conference).

(4) Our research programs have aimed at the impacts of a variety of specific chemicals upon MIM manufacturing process. In the profound research and studies, we look into the link between the characteristics and product design and successfully introduced them into reuse of scrap MIM materials. Thanks to such efforts, we have significantly reduced the costs of scrap materials.

(5) The company has conducted a series of research and analysis on SUS 17-4PH to develop internal standards for the use of 17-4PH powder materials. Furthermore, the Company has developed 17-4 PH thermal-debinding material featuring the same shrinkage as BASF 17-4 PHX using its high fluidity adhesive formula. This new material has the potential to be applied on MIM products that are characterized by thin components.

(6) Our Company also successfully developed PVD TiC anti-adhesion vacuum coating technology which has been adopted onto medical care products. At the moment, those new medical care products are under the phase of clinical test.

(7) The Company has successfully developed MIM framework for next-generation connectors - the USB Type-C Receptacle- for desktop/notebook PCs.

(IV) Long and short-term business plans

1. Short-term business plans

(1) In addition to increasing product orders from existing customers, the Company will actively explore new customers to secure the growth of its revenues.

(2) Increase the percentage of high value-adding products sold and achieve growth in terms of revenues and profitability.
(3) Expand Asian and emerging markets.
(4) Coordinate marketing, production and logistic resources throughout the group for maximum efficiency.

2. Long-term business plans
(1) Recruit top talents, enhance marketing, R&D and global logistics capacity to maintain the Company's overall competitiveness.
(2) Invest into the research and development of key components for PC and communication devices, and convert into growth momentum.
(3) Take initiative in exploring EMS opportunities for handheld devices.

II. Market and sales overview

(I) Market analysis

1. Locations where products are primarily sold, and market share information

Computer chassis and cellphone components are the main products of the Company. The Company exports most of the products it produces. It manufactured approximately 12.02 million pieces of computer chassis and 300.67 million pieces of cellphone components during the year.

Unit: NTD thousand; %

Year / Region		2014		2015		2016	
		Sales amount	Sales percentage	Sales amount	Sales percentage	Sales amount	Sales percentage
Domestic sale		277,736	9.20	139,458	4.30	37,446	0.88
Export sale	America	119,208	3.95	159,316	4.91	291,927	6.83
	Europe	65,901	2.19	118,450	3.65	265,526	6.21
	Asia	2,254,850	84.66	2,824,686	87.13	3,679,886	86.08
Total		3,017,695	100.00	3,241,910	100.00	4,274,785	100.00

2. Future market supply, demand and growth
(1) Future market supply and demand
Desktop PCs exhibit very small growth potential due to their tendency to be replaced by notebook and tablet PCs in the future. However, due to the uprise of cloud computing applications,

much of the computing action is no longer performed by terminal devices, but at the server end instead. This shift of computing activity is driving the growth of servers, data centers, as well as demands for more computing, storage and network capacity. Overall, demands for server chassis and smartphone components will continue to grow at the expense of desktop PC growth.

(2) Future market growth

Chassis manufacturing is closely tied to the IT industry. Although demands for desktop PCs have declined, new applications such as multimedia, networking, smart homes, cloud computing and smartphone have more than made up the loss, which is why the Company remains optimistic about its future growth.

3. Competitive advantage

(1) Superior R&D and design capability

(2) Comprehensive production procedures and product lines

(3) Possession of key technology in mold design and development

(4) Fast and reliable product delivery

Furthermore, the Company's strong financial position combined with fast, reliable production capabilities are the advantages that distinguish ourselves from competitors.

4. Opportunities, threats and responsive measures

(1) Opportunities

A. Consumers are paying more attention to the pattern and material of the chassis they use. These products are less substitutable and highly standardized to assure a relatively long life cycle.

B. The Company works with world-renowned IT brands and is constantly developing new products.

C. The Company maintains long-term relationship with suppliers to secure the source of its materials, and competitiveness of its products.

D. The percentage of handheld device components manufactured using the MIM process continues to increase.

(2) Threats and responsive measures

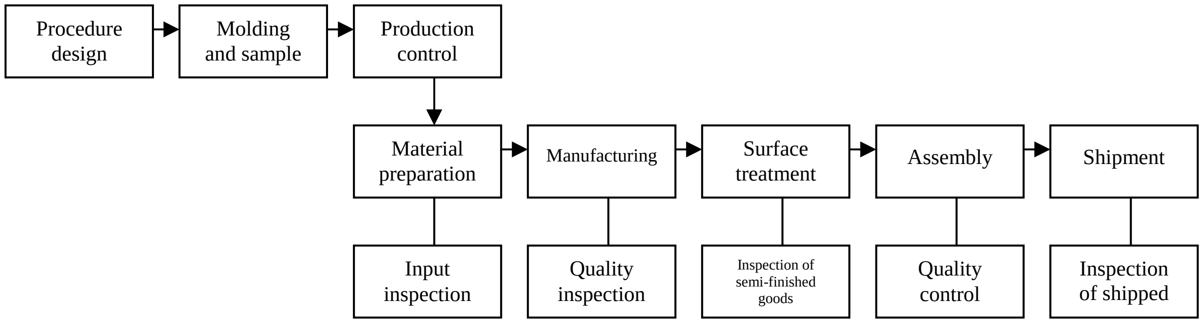
According to a research conducted by Market Intelligence & Consulting Institute, demands for desktop PCs will be gradually replaced by notebook and tablet PCs. In addition, factors such as intensive competition, customers' price cuts, rising cost of materials and labor etc all make desktop PC a difficult business to profit. In response to this trend, the Company will be actively transforming its business and developing products of high added value to stay ahead of the competition.

(II) Main product applications and production processes:

1. Main product applications

The Company's main business activities are the production and sale of computer chassis, mobile device components, server chassis and related components. Its products are used for the assembly and for protection of desktop PC, handheld devices, and servers.

2. Production process



(III) Supply of key materials:

Product	Main materials	Supplier origin	Supply
PC chassis	Galvanized steel	Taiwan and China	Good
	Plastic grain	Taiwan and China	Good
	Power supply unit	Taiwan and China	Good
	Other electronic	Taiwan and China	Good
Mobile device	Metal powder	Taiwan and China	Good

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale); describe the cause of any variation:

1. Suppliers representing more than 10% of net purchase in the last two years

   No supplier represented more than 10 of net purchase in the last two years.

2. Customers representing more than 10% of net sales in the last two years

	2015				2016				2017 up till the previous quarter			
Items	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of current year net sales up till the previous quarter (%)	Relationship with the issuer
1	Company A	1,086,022	33%	None	Company A	1,159,734	27%	None	Company A	229,757	21%	None
2	Company B	163,784	5%	None	Company B	708,799	17%	None	Company B	187,350	17	None
3	Company C	667,676	21%	None	Company C	976,347	23%	None	Company C	208,679	20%	None
4	Company D	293,882	9%	None	Company D	459,346	11%	None	Company D	151,645	14%	None
	Others	1,030,546	32%	None	Others	970,559	23%	None	Others	294,140	28%	None
	Net sales	3,241,910	100%		Net sales	4,274,785	100%		Net sales	1,071,571	100%	

Note 1: List the names of suppliers that represent more than 10% of purchases made in the last two years, and individual amount and percentage of total purchase; use alias if the contract does not permit disclosure of supplier's name or if the counterparty is an unrelated natural person.

Note 2: TWSE/TPEx listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

3. Change and cause of change in customers' activities in the last two years:

Items	Name	Amount in 2015	Amount in 2016	Difference between the two periods	Cause of variation
1	Company A	1,086,022	1,159,734	73,712	Increase in customer's demand
2	Company B	163,784	708,799	545,015	Consolidation of new entity - Chenming Electronic (Ningbo)
3	Company C	667,676	976,347	308,671	Increase in customer's demand
4	Company D	293,882	459,346	165,464	Increase in customer's demand
	Others	1,030,546	970,559	-59,987	
	Net sales	3,241,910	4,274,785	1,032,875	

(V) Production volume and value in the last two years

Unit: thousand pieces/NTD thousand

Year/Production volume or value	2015			2016		
Main products	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
PC chassis	7,114	6,842	1,702,333	12,877	12,200	2,920,243
Mobile device components	230,011	224,685	1,289,332	230,011	303,473	1,120,201
Mold (Note)	-	-	242,570	-	-	259,533
Total	237,125	231,527	3,234,235	242,888	315,673	4,299,977

(Note) Molds have different patterns and sizes and are sold in sets, which makes production capacity and volume difficult to calculate.

(VI) Sales volume and value in the last two years

Unit: thousand pieces/NTD thousand

Year	2015				2016			
Sales volume/value	Domestic sale		Export sale		Domestic sale		Export sale	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PC chassis	38	20,640	6,837	1,648,676	22	11,836	11,997	2,891,330
Mobile device components	3,690	99,627	216,280	1,232,799	205	5,546	300,468	1,109,110
Mold (Note)	-	19,191	-	220,977	-	20,064	-	236,899
Total	3,728	139,458	223,117	3,102,452	227	37,446	312,465	4,237,339

(Note) Molds have different patterns and sizes and are sold in sets, which makes sales volume difficult to calculate.

III. Employee size, average years of service, average age, and academic background in the last 2 years up till the publication date of this annual report:

March 31, 2017

Year		2015	2016	Year-to-date March 31, 2017
Employee count	Indirect employees	93	90	86
	Direct employees	0	0	0
	Total	93	90	86
Average age		43	44	44
Average years of service		8.4	9.6	10.4

Academic background (%)	Doctoral Degree	4.3	4.4	4.7
	Masters Degree	18.4	18.9	19.7
	Bachelors Degree	69.7	70	68.6
	Senior High School	7.6	6.7	7
	Below high school	0	0	0

IV. Contribution to environmental protection

(I) Losses (including damage compensations) and fines incurred due to pollution of environment in the year of report up till the publication date of this annual report, and expenses likely to be incurred on future responsive strategies (including improvement measures): None.

(II) Describe the current pollution situation and how improving the situation may affect the company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 3 years: None.

V. Labor-management relations

(I) Availability and execution of employee welfare, education, training and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights:

1. Welfare

The Company has established an Employee Welfare Committee in accordance with the Employees' Welfare Funds Act to oversee all matters relating to employees' welfare. Contributions are made to the welfare fund on a monthly basis.

All employees are covered by Labor Insurance and National Health Insurance as required by the Labor Insurance Act and the National Health Insurance Act, which entitles them to various benefits under the Labor Insurance Scheme. The Company's offers the following benefits to employees: birthday gift, wedding/funeral subsidy, festive gift, employee trip, festive bonus, magazine subscription, year-end lottery, Labor and National Health Insurance, group insurance, and yearly health checkups.

2. Training and continuing education

The Company organizes internal and external training based on employees' needs and helps them develop the professional skills needed to improve work efficiency.

Item No.	Department	Course name	Trainer	Course date	Total hours	Course expense
1	Human Resources Division	Talent management forum: Embracing A World of Opportunities Through Talents	www.104.com.tw	2016/3/3	4	-
2	IT Center	2016 Taiwan Cyber Security Summit	iThome	2016/3/7~8	16	-
3	Legal Affairs Office	Intellectual Property Rights Litigation Cost Control in the U.S.; Successful Planning of Authorization and Marketing Agreements	EIGER	2016/3/21	3	-
4	IT Center	Acer Information Security Series - Information Security Self-management	Acer	2016/3/25	4	-
5	IT Center	MMS 2016 (Microsoft Management and Security)	Microsoft Taiwan Corporation	2016/3/30	8	-
6	Legal Affairs Office	Business Secrecy, Price Negotiation, Antitrust, and Digital Forensics in U.S. Litigation	Amer Asia Law	2016/4/15	5	-
7	Legal Affairs Office	2016 Cross-strait Patent Application and Claim Enforcement	Li & Cai Intellectual Property Office	2016/4/22	5	-
8	Human Resources Division	Workplace Health for Mid-level and Senior Managers	www.104.com.tw	2016/5/18	3	-
9	Legal Affairs Office	1. International Patent Licensing and Negotiation	Chinese National Federation of Industries	2016/6/17	3	-
10	Legal Affairs Office	2. New Patent Laws in the U.S. and Case Studies	Chinese National Federation of Industries	2016/6/22	3	-
11	IT Center	ShadowProtect - The Vital Role of Data Backup in Corporate Growth	General Advanced Technology Inc.	2016/7/19	4	-
12	IT Center	IT Solution Day	SYSAGE Technology Co., Ltd.	2016/8/12	7	-
13	Internal Audit Office	Sales and Procurement Cycle Audit & Internal Audit Practice	The Institute of Internal Auditors, R.O.C	2016/8/25	6	3,000
14	Internal Audit Office	Internal Audit Practices	The Institute of Internal Auditors, R.O.C	2016/9/8	6	3,000
15	Legal Affairs Office	Reshape of U.S. Patent Laws: The Things and Strategies You Must Know to Succeed	Chinese National Federation of Industries Perkins Coie	2016/8/17	5	-
16	Internal Audit	Common Defects and Audit Focus in Financial	Securities & Futures Institute	2016/9/2	6	3,500

	Office	Reporting				
17	Internal Audit Office	ERP Audit Practice and Application	Securities & Futures Institute	2016/9/20	6	3,500
18	IT Center	Changing the Game with Big Data	Acer SoftDepot	2016/10/14~15	6	-
19	Legal Affairs Office	Patent Practice in Europe after Brexit; How Patent Practices in Taiwan and China Affect Patent Strategies	Lee and Li Attorneys-at-Law	2016/9/7	5	-
20	IT Center	Going Cloud with Ease - Real Practices and Applications	Acer SoftDepot	2016/9/20	7	-
21	Public Affairs Division	One-day Course on Adobe's New Functions	Gjun Information Co., Ltd. Taipei Certification Center	2016/11/17	7	-
22	Legal Affairs Office	2016 Patent Laws and Practices Conference	Intellectual Property Office, Ministry of Economic Affairs, Taiwan Patent Attorneys Association	2016/10/4~5	8	-
23	Human Resources Division	Leading A Business to Excellence in Difficult Times	104 HR Managers Institution	2016/10/7	3	-
24	Finance Division	Analysis of Difference on the Latest IF	Accounting Research and Development Foundation	2016/11/29	6	3,000
25	Human Resources Division	The Era of Big Data - Precision in Presentation of Charts and Briefings	GrandTech C.G. Systems Inc.	2016/11/3	5	-
26	Finance Division	On-job Training for Head of Accounting	Accounting Research and Development Foundation	2016/11/14~15	12	8,000
27	IT Center	2016 Smart Manufacturing and Big Data	Microsoft Taiwan Corporation	2016/11/17	3	-
28	Legal Affairs Office	Fin-Tech Application and Patent Management in USA/China/Taiwan	Taiwan Technology Industry Legal Officers Association	2016/11/21	8	-
29	IT Center	Commvault - New Generation Business Data Management	Commvault	2016/11/22	4	-
30	IT Center	Veritas Vision Solution Day 2016	Zero One Technology Co., Ltd.	2016/11/24	7	-
31	Legal Affairs Office	2016 (9th) Cross-strait Patent Forum	Intellectual Property Committee, Chinese National Federation of Industries	2016/12/6~7	11	-
32	Finance Division	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	Accounting Research and Development Foundation	2016/12/15~16	12	8,000
33	IT Center	In-depth Study of New Security Measures in Windows Server 2016	Microsoft Taiwan Corporation	2016/12/23	4	-

3. Pension system

The Company complies with regulations and has been contributing a sum totaling 6% of employees' monthly salaries into their personal accounts held under the Bureau of Labor Insurance for all employees who came onboard after July 1, 2005 and for existing employees who opted for the new pension scheme introduced by the Labor Pension Fund Act. Meanwhile, the Company continues to make appropriate contributions to the pension fund account held with Bank of Taiwan according to its pension policy for existing employees who opted for the old pension scheme and for existing employees who opted for the new scheme (based on the years of service completed under the old scheme). Employees who are assigned from one related company to another may have years of service carried forward. It is the Company's intention to provide employees with as much protection as possible to facilitate circulation of talents within the group. Overseas subsidiaries adopt the defined contribution pension plan, in which they make monthly contributions to the pension, healthcare and social security systems as required by local governments.

4. Enforcement of labor agreements and employee rights

Any amendment to employment terms are fully negotiated and communicated between the management and the employees before execution. As a result, no employment dispute has occurred to this day.

(II) Losses arising as a result of employment disputes in the last year up till the publication date of this annual report. Please quantify the estimated losses and state any responsive actions, and state the reasons if losses can not be reasonably estimated: The Company encountered no employment dispute in the last year up till the publication date of this annual report that resulted in losses. Furthermore, given the harmonic labor-management relations the Company has maintained to date, it is extremely unlikely to suffer losses from employment dispute in the future.

VI. Major contracts: None.

Six. Financial Summary

I. Summary balance sheet and statement of comprehensive income for the last 5 years

(I) Summary balance sheet and statement of comprehensive income

1. Summary balance sheet - consolidated

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Notes 1 and 2)					Year-to-date March 31, 2017
		2012	2013	2014	2015	2016	Financial information (Note 2)
Current assets		1,577,279	1,606,275	1,692,321	1,787,706	2,458,237	2,244,203
Property, plant, and equipment		1,435,387	1,276,719	1,127,442	1,043,626	1,180,980	1,144,286
Intangible assets		8,224	4,505	4,101	2,116	3,555	1,382
Other assets		791,258	699,517	610,527	609,741	526,723	524,554
Total assets		3,812,148	3,587,016	3,434,391	3,443,189	4,169,495	3,914,425
Current liabilities	Before dividend	1,123,079	1,005,250	972,377	911,008	1,316,145	1,078,836
	After dividend	1,123,079	1,005,250	972,377	964,389	Note 3	Note 3
Non-current liabilities		688,633	552,780	258,148	295,425	254,769	246,965
Total liabilities	Before dividend	1,811,712	1,558,030	1,230,525	1,206,433	1,570,914	1,325,801
	After dividend	1,811,712	1,558,030	1,230,525	1,259,814	Note 3	Note 3
Equity attributable to parent company shareholders		2,000,436	2,028,986	2,203,866	2,236,756	2,218,619	2,209,952
Share capital		1,851,710	1,821,710	1,800,000	1,779,350	1,699,350	1,699,350
Capital reserve		16,042	15,782	15,594	15,415	14,722	14,722
Retained Earnings	Before dividend	216,559	280,330	383,015	431,080	534,525	545,060
	After dividend	216,559	280,330	383,015	377,699	Note 3	Note 3
Other equity items		(4,769)	(9,730)	5,257	10,911	(29,978)	(49,180)
Treasury stocks		(79,106)	(79,106)	-	-	-	-
Non-controlling equity		-	-	-	-	379,962	378,672
Total equity	Before dividend	2,000,436	2,028,986	2,203,866	2,236,756	2,598,581	2,588,624
	After dividend	2,000,436	2,028,986	2,203,866	2,183,375	Note 3	Note 3

Note 1: Consolidated financial information for years 2012 and 2016 has been audited.

Note 2: Based on auditor-reviewed consolidated financial information.

Note 3: Shareholder meeting has yet to be convened.

1-1 Summary balance sheet - standalone

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Notes 1 and 2)				
		2012	2013	2014	2015	2016
Current assets		1,073,351	855,618	996,367	836,936	1,027,287
Property, plant, and equipment		447,856	432,755	348,842	329,225	321,546
Intangible assets		-	-	-	-	-
Other assets		1,836,257	1,780,951	1,803,508	1,794,652	1,868,439
Total assets		3,357,464	3,069,324	3,148,717	2,960,813	3,217,272
Current liabilities	Before dividend	673,073	492,301	691,705	434,184	749,626
	After dividend	673,073	492,301	691,705	487,565	Note 2
Non-current liabilities		683,955	548,037	253,146	289,873	249,027
Total liabilities	Before dividend	1,357,028	1,040,338	944,851	724,057	998,653
	After dividend	1,357,028	1,040,338	944,851	777,438	Note 2
Equity attributable to parent company shareholders		2,000,436	2,028,986	2,203,866	2,236,756	2,218,619
Share capital		1,851,710	1,821,710	1,800,000	1,779,350	1,699,350
Capital reserve		16,042	15,782	15,594	15,415	14,722
Retained earnings	Before dividend	216,559	280,330	383,015	431,080	534,525
	After dividend	216,559	280,330	383,015	377,699	Note 2
Other equity items		(4,769)	(9,730)	5,257	10,911	(29,978)
Treasury stocks		(79,106)	(79,106)	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before dividend	2,000,436	2,028,986	2,203,866	2,236,756	2,218,619
	After dividend	2,000,436	2,028,986	2,203,866	2,183,375	Note 2

Note 1: Consolidated financial information for years 2012 and 2016 has been audited.

Note 2: Shareholder meeting has yet to be convened.

2. Summary statement of comprehensive income - consolidated

Unit: NTD thousand

Item \ Year	Financial information for the last 5 years (Note 1)					Year-to-date March 31, 2017
	2012	2013	2014	2015	2016	Financial information (Note 2)
Operating revenues	3,080,819	2,671,160	3,017,695	3,241,910	4,274,785	1,071,577
Gross profit	564,531	543,233	251,129	315,775	608,044	138,963
Operating profit	58,708	124,097	(58,485)	38,166	261,216	60,827
Non-operating revenues and expenses	(8,730)	(5,879)	223,882	57,365	37,123	(32,521)
Pre-tax profit	49,978	118,218	165,397	95,531	298,339	28,306
Net income from continuing operations	38,181	95,649	130,052	69,572	256,053	26,969
Loss from discontinued operation	-	-	-	-	-	-
Current net income (loss)	38,181	95,649	130,052	69,572	256,053	26,969
Other comprehensive income for the current period (net, after-tax)	(2,301)	(4,749)	14,783	6,116	(72,578)	(36,926)
Total comprehensive incomes in the current period	35,880	90,900	144,835	75,688	183,475	(9,957)
Net income attributable to parent company shareholders	38,181	95,649	130,052	69,572	197,801	10,535
Net income attributable to non-controlling shareholders	-	-	-	-	58,252	16,434
Comprehensive income attributable to parent company shareholders	35,880	90,900	144,835	75,688	152,895	(8,668)
Comprehensive income attributable to non-controlling shareholders	-	-	-	-	30,580	(1,289)
Earnings per share	0.21	0.53	0.72	0.39	1.14	0.06

Note 1: Consolidated financial information for years 2012 and 2016 has been audited.

Note 2: Based on auditor-reviewed consolidated financial information.

2-2. Summary statement of comprehensive income - standalone

Unit: NTD thousand

Item \ Year	Financial information for the last 5 years (Note 1)				
	2012	2013	2014	2015	2016
Operating revenues	2,806,713	2,302,471	2,453,458	2,496,408	2,740,828
Gross profit	228,692	239,109	175,699	212,858	314,671
Operating profit	44,786	80,417	571	41,352	122,535
Non-operating revenues and expenses	4,246	37,699	164,826	54,179	117,552
Pre-tax profit	49,032	118,116	165,397	95,531	240,087
Net income from continuing operations	38,181	95,649	130,052	69,572	197,801
Loss of discontinued operations	-	-	-	-	-
Net income (loss)	38,181	95,649	130,052	69,572	197,801
Other comprehensive income/loss for the current period (net, after-tax)	(2,301)	(4,749)	14,783	6,116	(44,906)
Total comprehensive incomes in the current period	35,880	90,900	144,835	75,688	152,895
Net income attributable to parent company shareholders	38,181	95,649	130,052	69,572	197,801
Net income attributable to non-controlling shareholders	-	-	-	-	-
Comprehensive income attributable to parent company shareholders	35,880	90,900	144,835	75,688	152,895
Comprehensive income attributable to non-controlling shareholders	-	-	-	-	-
Earnings per share	0.21	0.53	0.72	0.39	1.14
Note 1: Consolidated financial information for years 2012 and 2016 has been audited.					

(II) Summary balance sheet and statement of comprehensive income - R.O.C accounting standards

1. Summary balance sheet - based on R.O.C accounting standards

Unit: NTD thousand

Item \ Year		Financial information for recent years (Note 1)		
		2010	2011	2012
Current assets		2,089,990	1,668,327	1,582,587
Funds and long term investments		237,536	211,404	203,835
Fixed assets		1,417,267	1,419,845	1,429,509
Intangible assets		203,451	199,037	189,676
Other assets		279,666	276,816	397,930
Total assets		4,227,910	3,775,429	3,803,537
Current liabilities	Before dividend	1,338,952	1,499,145	1,114,920
	After dividend	1,489,417	1,499,145	1,114,920
Long-term liabilities		541,000	263,000	675,000
Other liabilities		23,780	8,992	8,988
Total liabilities	Before dividend	1,903,732	1,771,137	1,798,908
	After dividend	2,054,197	1,771,137	1,798,908
Share capital		1,880,810	1,880,810	1,851,710
Capital reserve		28,093	28,093	16,042
Retained earnings	Before dividend	425,737	205,340	226,863
	After dividend	275,272	205,340	226,863
Unrealized gain/loss on financial instrument		-	-	-
Cumulative translation adjustments		(10,462)	(8,909)	(10,880)
Net losses not recognized as pension costs		-	-	-
Total shareholders' equity	Before dividend	2,324,178	1,999,817	2,004,629
	After dividend	2,173,713	1,999,817	2,004,629

Note 1: All financial information from 2010 to 2012 has been audited.

1-2 Summary balance sheet - standalone - based on R.O.C accounting standards

Unit: NTD thousand

Item \ Year		Financial information for recent years (Note 1)		
		2010	2011	2012
Current assets		1,390,523	1,327,927	1,078,661
Funds and long term investments		1,091,187	1,049,788	1,444,114
Fixed assets		535,977	462,689	447,586
Intangible assets		-	-	-
Other assets		261,117	259,837	382,303
Total assets		3,278,804	3,100,241	3,352,934
Current liabilities	Before dividend	399,398	828,639	668,995
	After dividend	549,863	828,639	668,995
Long-term liabilities		541,000	263,000	675,000
Other liabilities		14,228	4,310	4,310
Total liabilities	Before dividend	954,626	1,095,949	1,348,305
	After dividend	1,105,091	1,095,949	1,348,305
Share capital		1,880,810	1,880,810	1,851,710
Capital reserve		28,093	28,093	16,042
Retained earnings	Before dividend	425,737	205,340	226,863
	After dividend	275,272	205,340	226,863
Unrealized gain/loss on financial instrument		-	-	-
Cumulative translation adjustments		(10,462)	(8,909)	(10,880)
Net losses not recognized as pension costs		-	-	-
Total shareholders' equity	Before dividend	2,324,178	1,999,817	2,004,292
	After dividend	2,173,713	1,999,817	2,004,292

Note 1: All financial information from 2010 to 2012 has been audited.

2. Summary statement of comprehensive income - consolidated - based on R.O.C accounting standards

Unit: NTD thousand

Item \ Year	Financial information for the last 5 years (Note 1)		
	2010	2011	2012
Operating revenues	4,347,731	3,181,384	3,080,819
Gross profit	851,457	419,386	564,531
Operating profit	271,048	(93,065)	57,455
Non-operating revenues and expenses	24,321	47,551	35,236
Non-operating expenses and losses	59,587	30,713	43,259
Pre-tax profit (loss) from continuing operations	235,782	(76,227)	49,432
Net profit from continuing operations	189,335	(69,932)	37,569
Gains and losses from discontinued operations	-	-	-
Extraordinary gains and losses	-	-	-
Cumulative effect of changes in accounting policies	-	-	-
Current net profit (loss)	189,335	(69,932)	37,569
Earnings per share	1.01	(0.37)	0.21

Note 1: All financial information from 2010 to 2012 has been audited.

2-2.Summary income statement - standalone - based on R.O.C accounting standards

Unit: NTD thousands

Year / Item	Financial information for the last 5 years (Note 1)		
	2010	2011	2012
Operating revenues	3,952,621	2,916,299	2,806,713
Gross profit	445,237	165,933	228,692
Operating profit	226,401	(33,491)	43,960
Non-operating revenues and gains	42,483	50,087	26,692
Non-operating expenses and losses	45,924	94,203	22,167
Pre-tax profit (loss) from continuing operations	222,960	(77,607)	48,485
Net profit from continuing operations	189,335	(69,932)	37,569
Gains and losses from discontinued operations	-	-	-
Extraordinary gains and losses	-	-	-
Cumulative effect of changes in accounting policies	-	-	-
Current net profit (loss)	189,335	(69,932)	37,569
Earnings per share	1.01	(0.37)	0.21

Note 1: All financial information from 2010 to 2012 has been audited.

(III) Names of financial statement auditors in the last 5 years and audit opinions**:**

Year	Accounting firm	Name of auditor	Audit opinion
2012	KPMG	Yen Hsing-Fu, Michelle Wang	Unqualified opinion
2013	KPMG	Daisy Kuo, Michelle Wang	Unqualified opinion
103	KPMG	Daisy Kuo, Michelle Wang	Unqualified opinion
104	KPMG	Daisy Kuo, Michelle Wang	Unqualified opinion
105	KPMG	Yen Hsing-Fu, Daisy Kuo	Unqualified opinion

II. Financial analysis for the last 5 years:

(1) Financial analysis - consolidated

Analysis (Note 3) \ Year (Notes 1 and 2)		Financial analysis for the last 5 years					Year-to-date March 31, 2017
		2012	2013	2014	2015	2016	(Note 2)
Financial position (%)	Debt to assets ratio	47.52	43.44	35.83	35.04	37.68	33.87
	Long-term capital to property, plants and equipment	186.29	200.92	216.67	241.15	240.19	247.80
Solvency (%)	Current ratio	140.44	159.79	174.04	196.23	186.78	208.02
	Quick ratio	113.86	117.45	128.68	133.8	135.06	138.83
	Interest coverage ratio	3.28	7.01	10.81	9.78	43.31	21.89
Operating efficiency	Accounts receivable turnover (times)	3.49	2.86	3.35	3.62	4.19	3.66
	Average cash collection days	104.58	127.63	108.99	100.81	87.10	99.84
	Inventory turnover (times)	10.92	6.53	7.07	6.49	6.49	5.68
	Accounts payable turnover (times)	5.40	4.38	5.37	5.94	5.60	5.01
	Average inventory turnover days	33.42	55.90	51.63	56.28	56.28	64.28
	Property, plant and equipment turnover (times)	2.15	2.09	2.68	3.11	3.62	3.21
	Total asset turnover (times)	0.81	0.74	0.88	0.94	1.03	1.06
Profitability	Return on assets (%)	1.48	3.03	4.10	2.29	6.88	2.78
	Return on equity (%)	1.91	4.75	6.14	3.13	10.59	4.16
	Pre-tax profit to paid-up capital (%)	2.70	6.49	9.19	5.37	17.56	14.32
	Net profit margin (%)	1.24	3.58	4.31	2.15	6.00	6.66
	Earnings per share (NT$)	0.21	0.53	0.72	0.39	1.14	2.52
Cash flow	Cash flow ratio (%)	9.46	44.37	13.17	36.23	56.48	-15.14
	Cash flow adequacy ratio (%)	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	146.21	13.92
	Cash reinvestment ratio (%)	4.75	19.30	5.29	13.09	25.02	-6.40
Degree of leverage	Operating leverage	3.11	2.23	-2.51	7.91	2.02	1.85
	Financial leverage	1.60	1.19	0.78	1.4	1.03	1.02

Variation of financial ratios in the last 2 years (not required for variations below 20%).

1. Solvency: Interest coverage ratio increased: Due to higher pre-tax profit.

Note 1: Consolidated financial information for years 2012 and 2016 has been audited.

Note 2: Based on auditor-reviewed consolidated financial information.

Note 3: Formulas of the various analyses are defined below:

1. Financial position
   (1) Debt to asset ratio = total liabilities/ total assets.
   (2) Long-term capital to property, plants and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory balance.
   (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on equity = net income / average shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Degree of leverage:
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 6).
   (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

Note 5: Calculation of earnings per share has taken the following factors into account:

1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
2. Effects of cash issues or treasury stocks, weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. Where preferred shares were cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. If preferred shares were non-cumulative, then the preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note 6: Cash flow analyses have taken the following factors into account:

1. Net cash flow from operating activities is taken from net cash inflow from operating activities presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. Increase in inventory is used only if closing balance exceeds opening balance. The value will be substituted with zero if closing inventory balance is lesser than the opening balance.
4. Cash dividends include both common and preference share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 7: The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

<u>Note 8: For companies that issue shares without face value or at any face value other than NT$10 per share, all above percentages that involve paid-up capital in the denominator shall be substituted with equity attributable to parent company shareholders instead.</u>

(I) Financial analysis - standalone

Analysis / Year		Financial analysis for the latest 5 years (Notes 1 and 2)				
		2012	2013	2014	2015	2016
Financial position (%)	Debt to assets ratio	40.42	33.89	30.01	24.45	31.04
	Long-term capital to property, plants and equipment	597.05	592.74	700.28	764.45	764.00
Solvency (%)	Current ratio	159.47	173.8	144.05	192.76	137.04
	Quick ratio	158	173.35	142.36	191.48	136.76
	Interest coverage ratio	3.5	7.36	11.05	10.59	35.05
Operating efficiency	Accounts receivable turnover (times)	3.45	2.85	3.41	3.67	3.97
	Average cash collection days	106	128	107.04	99.49	91.88
	Inventory turnover (times)	379.79	373.32	459.27	474.31	1565.26
	Accounts payable turnover (times)	10.96	8.49	8.83	8.93	6.95
	Average inventory turnover days	0.96	0.98	0.79	0.77	0.23
	Property, plant and equipment turnover (times)	6.27	5.32	7.03	7.58	8.52
	Total asset turnover (times)	0.84	0.75	0.78	0.84	0.85
Profitability	Return on assets (%)	1.69	3.46	4.62	2.55	6.59
	Return on equity (%)	1.91	4.75	6.14	3.13	8.88
	Pre-tax profit to paid-up capital (%)	2.65	6.48	9.19	5.37	14.13
	Net profit margin (%)	1.36	4.15	5.3	2.79	7.22
	Earnings per share (NT$)	0.21	0.53	0.72	0.39	1.14
Cash flow	Cash flow ratio (%)	40.18	48.93	30.38	18.46	51.02
	Cash flow adequacy ratio (%)	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	No IFRS-compliant information was available in the last 5 years	1744.56
	Cash reinvestment ratio (%)	11.09	10.1	9.08	3.47	14.53
Degree of leverage	Operating leverage	1.46	1.25	35.37	1.41	1.09
	Financial leverage	1.78	1.3	(0.04)	1.32	1.06

Variation of financial ratios in the last 2 years (not required for variations below 20%).

1. Solvency: Current ratio and quick ratio decreased due to an increase in current liabilities.
   Interest coverage ratio increased: Due to higher pre-tax profit.
2. Operating efficiency: Inventory turnover increased due to reduction of inventory balance.
3. Cash flow: Cash flow ratio increased due to higher cash flow from operating activities.

Note 1: Consolidated financial information for years 2012 and 2016 has been audited.

Note 2: Based on auditor-reviewed consolidated financial information.

(2) Financial analysis - consolidated - based on R.O.C accounting standards

Analysis \ Year (Notes 1 and 2)			Financial analysis for recent years 2010	2011	2012
Financial position (%)	Debt to assets ratio		45	47	47
	Long-term capital to fixed assets ratio		202	160	187
Solvency (%)	Current ratio		156	111	142
	Quick ratio		117	95	115
	Interest coverage ratio		14	(3)	3
Operating efficiency	Accounts receivable turnover (times)		4	3	3
	Average cash collection days		99	109	105
	Inventory turnover (times)		9	9	11
	Accounts payable turnover (times)		4	4	5
	Average inventory turnover days		42	42	33
	Fixed asset turnover (times)		3	2	2
	Total assets turnover (times)		1	1	1
Profitability	Return on assets (%)		5	(1)	1
	Return on shareholders' equity (%)		8	(3)	2
	As a percentage of paid up capital (%)	Operating profit	14	(5)	3
		Pre-tax profit	13	(4)	3
	Net profit margin (%)		4	(2)	1
	Earnings per share (NT$)		1.01	(0.37)	0.21
Cash flow (%)	Cash flow ratio (%)		2	16	8
	Cash flow adequacy ratio (%)		204	162	87
	Cash reinvestment ratio (%)		(1)	3	3
Degree of leverage	Operating leverage		1	(0.35)	3
	Financial leverage		1	1	2

Variation of financial ratios in the last 2 years (not required for variations below 20%).

1. Solvency: Current ratio: The variation was due to reclassification of long-term loan maturing in less than one year to long-term loan.
   Quick ratio: The variation was due to reclassification of long-term loan maturing in less than one year to long-term loan.
   Variation of interest coverage ratio was explained by lower pre-tax profit.
2. Operating efficiency: Variation of inventory turnover was explained by lower inventory balance.
   Variation of accounts payable turnover was explained by lower closing balance of accounts payable.
   Variation of average inventory turnover days was explained by lower closing inventory balance.

4. Profitability: Variation was due to lower operating revenues and operating profit.
5. Cash flow: Variation of cash flow was due to higher cash flow from operating activities.
5. Degree of leverage: Variation was due to lower operating profit.

Note 1: All financial information from 2010 to 2012 has been audited.

Note 2: TWSE/TPEx listed companies are also required to include analysis of financial information in the current year up till the most recent quarter before the publication date of annual report.

Note 3: Formulas of the various analyses are defined below:

1. Financial position
   (1) Debt to asset ratio = total liabilities/ total assets.
   (2) Long-term capital to fixed assets ratio = (net shareholders' equity + long-term liabilities) / net fixed assets.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory balance.
   (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Fixed asset turnover = net sales / net fixed assets.
   (7) Total assets turnover = net sales/total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on shareholders' equity = net income/ average shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income - preferred share dividends) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital). (Note 5)
6. Degree of leverage:
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 6).
   (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

Note 4: Calculation of earnings per share has taken the following factors into account:
1. Weighted average outstanding common shares are used, instead of year-end outstanding shares.
2. Effects of cash issues or treasury stocks, weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. Where preferred shares were cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. If preferred shares were non-cumulative, then the preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note 5: Cash flow analyses have taken the following factors into account:
1. Net cash flow from operating activities is taken from net cash inflow from operating activities presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. Increase in inventory is used only if closing balance exceeds opening balance. The value will be substituted with zero if closing inventory balance is lesser than the opening balance.
4. Cash dividends include both common and preference share cash dividends.
5. Gross fixed asset refers to the amount of fixed asset before deducting accumulated depreciation.

Note 6: The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

(II) Financial analysis - standalone - based on R.O.C accounting standards

<table>
<tr><th colspan="3" rowspan="2">Analysis / Year (Note 1)</th><th colspan="3">Financial analysis for recent years</th></tr>
<tr><th>2010</th><th>2011</th><th>2012</th></tr>
<tr><td rowspan="2">Financial position (%)</td><td colspan="2">Debt to assets ratio</td><td>29</td><td>35</td><td>40</td></tr>
<tr><td colspan="2">Long-term capital to fixed assets ratio</td><td>535</td><td>490</td><td>598</td></tr>
<tr><td rowspan="3">Solvency (%)</td><td colspan="2">Current ratio</td><td>348</td><td>160</td><td>161</td></tr>
<tr><td colspan="2">Quick ratio</td><td>218</td><td>136</td><td>160</td></tr>
<tr><td colspan="2">Interest coverage ratio</td><td>15</td><td>-3</td><td>4</td></tr>
<tr><td rowspan="7">Operating efficiency</td><td colspan="2">Accounts receivable turnover (times)</td><td>4</td><td>3</td><td>3</td></tr>
<tr><td colspan="2">Average cash collection days</td><td>99</td><td>113</td><td>106</td></tr>
<tr><td colspan="2">Inventory turnover (times)</td><td>111</td><td>143</td><td>380</td></tr>
<tr><td colspan="2">Accounts payable turnover (times)</td><td>14</td><td>17</td><td>11</td></tr>
<tr><td colspan="2">Average inventory turnover days</td><td>3</td><td>3</td><td>1</td></tr>
<tr><td colspan="2">Fixed asset turnover (times)</td><td>7</td><td>6</td><td>6</td></tr>
<tr><td colspan="2">Total assets turnover (times)</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>6</td><td>-2</td><td>2</td></tr>
<tr><td colspan="2">Return on shareholders’ equity (%)</td><td>8</td><td>-3</td><td>2</td></tr>
<tr><td rowspan="2">As a percentage of paid up capital (%)</td><td>Operating profit</td><td>12</td><td>-2</td><td>2</td></tr>
<tr><td>Pre-tax profit</td><td>12</td><td>-4</td><td>3</td></tr>
<tr><td colspan="2">Net profit margin (%)</td><td>5</td><td>-2</td><td>1</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>1.01</td><td>-0.37</td><td>0.21</td></tr>
<tr><td rowspan="3">Cash flow (%)</td><td colspan="2">Cash flow ratio (%)</td><td>2</td><td>16</td><td>38</td></tr>
<tr><td colspan="2">Cash flow adequacy ratio (%)</td><td>279</td><td>222</td><td>229</td></tr>
<tr><td colspan="2">Cash reinvestment ratio (%)</td><td>-1.7</td><td>-0.6</td><td>9</td></tr>
<tr><td rowspan="2">Degree of leverage</td><td colspan="2">Operating leverage</td><td>1</td><td>0.35</td><td>1</td></tr>
<tr><td colspan="2">Financial leverage</td><td>1.08</td><td>0.65</td><td>1.76</td></tr>
<tr><td colspan="6">Variation of financial ratios in the last 2 years (not required for variations below 20%).
1. Financial position: Variation of long-term capital to fixed assets ratio was explained by a decrease in long-term liabilities.
2. Solvency: Variation of current ratio was explained by an increase in current liabilities.
Variation of quick ration was explained by an increase in current liabilities and prepayments.
Variation of interest coverage ratio was explained by lower pre-tax profit.
3. Operating efficiency: Variation of inventory turnover was explained by lower inventory balance.
4. Profitability: Variation was due to lower operating revenues and operating profit.
5. Cash flow: Variation of cash flow was due to higher cash flow from operating activities.
6. Degree of leverage: Variation was due to lower operating profit.</td></tr>
</table>

Note 1: All financial information from 2010 to 2012 has been audited.

III. Supervisor's review of the latest financial reports

Chenming Mold Ind. Corp.

Supervisors' Review Report

This is to certify that

The 2016 financial statements presented by the Board of Directors have been audited by CPA Yen Hsing-Fu and CPA Daisy Kuo of KPMG. These financial statements were submitted for review by us, the Supervisors, along with the Company's business report and earnings appropriation proposal. We found the abovementioned reports to be compliant with the Company Act and relevant regulations, and hereby issue this declaration in accordance with Article 219 of the Company Act.

For:

2017 Annual General Meeting

Supervisors: Lin Po-Hsiang

Lin Pei-Yu

April 28, 2017

IV. Latest financial statements and independent auditor's report

Representation Letter

The entities that are required to be included in the combined financial statements of CHENMING MOLD IND. CORP as of and for the year ended December 31, 2016 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHENMING MOLD IND. CORP and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CHENMING MOLD IND. CORP
Chairman: Lin, Mu-Ho
Date: March 22, 2017

Independent Auditors' Report

To the Board of Directors of CHENMING MOLD IND. CORP:

Opinion

We have audited the consolidated financial statements of CHENMING MOLD IND. CORP("the Group"), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. **Inventory valuation**

   Please refer to Note (4)(h) for inventories, Note (5) for accounting estimate of inventory valuation ,and Note (6)(d) for information regarding the inventory and related expenses of the consolidated financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design, the price variability for the inventories of the Group are expected to change. Therefore, the test of inventory valuation is one of the significant evaluation in our audit procedures.

Our principal audit procedure included: testing the related controls of production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the subsequent sales status, and assessing the adopted net realizable value basis for obsolete inventories to verify the rationality of assessment on allowance estimated by the management authority of the Group.

2. **Valuation of Accounts Receivable**
   Please refer to note (4)(g) “Financial instruments” for accounting policies relating to valuation of accounts receivable, Note (5) for uncertainties in recovery of accounts receivable, and Note (6)(C) for the information on accounts receivable.

Description of key audit matters:

Payments from an overseas client have been postponed due to its financial difficulties, and its bankruptcy application has been approved by the overseas legal authorities. The management recorded the allowance in full and recognized the bad debt losses. The loss amount is significant, and as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: acquiring the management's understanding in the financial status of the client, and the estimated amount of allowance for bad debt and its basis of assessment to evaluate the rationality of the management's estimation in the allowance for doubtful accounts.

3. Business Combination
   Please refer to note (4)(s) “Business Combination” for accounting policies with respect to business combination, note (5) for the uncertainty in business combination, and note (6)(e) “Acquisition of subsidiaries” for the business combination.

Description of key audit matters:

CHENMING MOLD IND. CORP purchased 42.7% of the shareholdings of CHENMING ELECTRONIC (NINGBO)CO.,LTD. from a related party, increasing its holding proportion from 9.3% to 52%. Therefore, CHENMING MOLD IND. CORP obtained control over CHENMING ELECTRONIC (NINGBO)CO, LTD. The combination has been prepared by using the acquisition method and was included in the consolidated financial statements, as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: inquiring and evaluating the judgement basis of the management in identifying the acquirer, as well as determining the acquisition date. Acquiring its basis of assessment for fair market value, including identifiable asset and non-controlling interests; evaluating the rationality of recognition and measurement made by the management; understanding and evaluating whether the management conducted and disclosed the business combination in accordance with the International Financial Reporting Standards.

Other Matter

CHENMING MOLD IND. CORP. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Hsin Fu Yen and Kuan-Ying Kuo.

KPMG
Taipei, Taiwan (Republic of China)
March 22, 2017

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2016 and 2015

(Expressed in, New Taiwan Dollars)

		December 31, 2016		December 31, 2015	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 604,885	15	333,278	10
1110	Current financial assets at fair value through profit or loss (note (6)(b))	-	-	2,004	-
1170	Notes and Accounts receivable, net (note (6)(c))	1,159,060	28	881,123	25
1310	Inventories, net (note (6)(d))	629,934	15	500,881	15
1476	Other current financial assets (notes 6(c) and (7))	13,693	-	2,539	-
1479	Other current assets	50,665	1	67,881	2
		2,458,237	59	1,787,706	52
	Non-current assets:				
1523	Non-current available-for-sale financial assets (note (6)(b))	-	-	175,215	5
1600	Property, plant and equipment (notes 6(f) and (8))	1,180,980	28	1,043,626	30
1760	Investment property, net (notes 6(g) and (8))	201,349	5	202,587	6
1780	Intangible assets	3,555	-	2,116	-
1840	Deferred tax assets (note (6)(l))	1,248	-	16,157	1
1980	Other non-current financial assets (note (8))	15,455	-	6,139	-
1985	Long-term prepaid rents (note (6)(j))	270,009	7	169,723	5
1990	Other non-current assets (note (6)(k))	38,662	1	39,920	1
		1,711,258	41	1,655,483	48
	Total assets	$ 4,169,495	100	3,443,189	100

		December 31, 2016		December 31, 2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (note (6)(h))	$ 140,000	4	150,000	4
2170	Notes and Accounts payable	809,110	19	500,865	15
2200	Other payables (notes (6)(b) and (7))	277,646	7	191,367	-
2220	Other payables-related parties (note (6)(e))	74,175	2	-	6
2230	Current tax liabilities (note (6)(l))	13,763	-	31,660	1
2300	Other current liabilities	1,451	-	1,116	-
2320	Long-term loans, current portion (note (6)(i))	-	-	36,000	1
		1,316,145	32	911,008	27
	Non-Current liabilities:				
2540	Long-term loans (note (6)(i))	238,000	6	280,000	8
2570	Deferred tax liabilities (note (6)(i))	7,217	-	6,063	-
2645	Guarantee deposits received	9,552	-	9,362	-
		254,769	6	295,425	8
	Total liabilities	1,570,914	38	1,206,433	35
	Equity attributable to owners of parent:				
3100	Ordinary shares (note (6)(m))	1,699,350	41	1,779,350	52
3200	Capital surplus (note (6)(m))	14,722	-	15,415	-
3300	Retained earnings (note (6)(m))	534,525	13	431,080	13
3410	Exchange differences on translation of foreign financial statements	(29,978)	(1)	-	-
3425	Unrealized gain or loss on available-for-sale financial assets	-	-	10,911	-
	Total equity attributable to owners of parent:	2,218,619	53	2,236,756	65
36XX	Non-controlling interests	379,962	9	-	-
	Total equity	2,598,581	62	2,236,756	65
	Total liabilities and equity	$ 4,169,495	100	3,443,189	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2016		2015	
		Amount	**%**	**Amount**	**%**
4000	**Net sales revenue (notes 6(o) and (7))**	$ 4,274,785	100	3,241,910	100
5000	**Cost of sales (notes (6)(d), (7), and (12))**	3,666,741	86	2,926,135	90
5900	**Gross profit**	608,044	14	315,775	10
6000	**Operating expenses (note (12)):**				
6100	Selling expenses	117,575	3	108,792	4
6200	Administrative expenses7	188,516	4	127,780	4
6300	Research and development expenses	40,737	1	41,037	1
		346,828	8	277,609	9
6900	**Net operating income**	261,216	6	38,166	1
7000	**Non-operating income and expenses:**				
7050	Finance costs, net	(7,052)	-	(10,875)	-
7100	Interest income	1,305	-	1,431	-
7110	Rent revenue (note (7))	12,865	-	12,667	-
7190	Other expenses and losses	9,339	-	991	-
7230	Foreign exchange gains (note (6)(q))	32,677	1	60,350	2
7590	Miscellaneous disbursements	(12,011)	-	(7,199)	-
		37,123	1	57,365	2
7900	**Profit before tax**	298,339	7	95,531	3
7950	Less: Income tax expenses (note (6)(l))	42,286	1	25,959	1
	Profit	256,053	6	69,572	2
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(k))	(4,210)	-	557	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(l))	193	-	(95)	-
		(4,017)	-	462	-
8360	**Other components of other comprehensive income that will not be reclassified to profit or loss**				
8361	Other comprehensive income, before tax, exchange differences on translation of foreign financial statement	(57,650)	(1)	-	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	(10,911)	-	5,654	-
8399	Income tax relating to items that will be reclassified	-	-	-	-
		(68,561)	(1)	5,654	-
8300	**Other comprehensive income, net of tax**	(72,578)	(1)	6,116	-
	Comprehensive income	$ 183,475	5	75,688	2
	Profit belongs to：				
	Parent entity	$ 197,801	5	69,572	2
	Non-controlling interests	58,252	1	-	-
		$ 256,053	6	69,572	2
	Other comprehensive income belongs to：				
	Parent entity	$ 152,895	4	75,688	2
	Non-controlling interests	30,580	1	-	-
		$ 183,475	5	75,688	2
	Basic net income per share (note (6)(n))	$	1.14		0.39
	Dilution net income per share (note (6)(n))	$	1.13		0.39

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2015	$ 1,800,000	15,594	212,454	9,730	160,831	383,015	-	5,257	-	2,203,866	-	2,203,866
Earning distribution:												
Legal reserve appropriated	-	-	13,005	-	(13,005)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(9,730)	9,730	-	-	-	-	-	-	-
Profit for the nine year ended December 31, 2015	-	-	-	-	69,572	69,572	-	-	-	69,572	-	69,572
Other comprehensive income	-	-	-	-	462	462	-	5,654	-	6,116	-	6,116
Comprehensive income					70,034	70,034		5,654		75,688		75,688
Other changes in capital surplus:												
Purchase of treasury stock	-	-	-	-	-	-	-	-	(42,798)	(42,798)	-	(42,798)
Retirement of treasury stock	(20,650)	(179)	-	-	(21,969)	(21,969)	-	-	42,798	-	-	-
Balance at December 31, 2015	1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756	-	2,236,756
Earning distribution												
Cash dividends of ordinary share	-	-	-	-	(53,381)	(53,381)	-	-	-	(53,381)	-	(53,381)
Legal reserve appropriated	-	-	6,957	-	(6,957)	-	-	-	-	-	-	-
Profit for the year ended December 31, 2016	-	-	-	-	197,801	197,801	-	-	-	197,801	58,252	256,053
Other comprehensive income	-	-	-	-	(4,017)	(4,017)	(29,978)	(10,911)	-	(44,906)	(27,672)	(72,578)
Comprehensive income					193,784	193,784	(29,978)	(10,911)		152,895	30,580	183,475
Purchase of treasury stock	-	-	-	-	-	-	-	-	(117,651)	(117,651)	-	(117,651)
Retirement of treasury stock	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	349,382	349,382
Balance at December 31, 2016	**$ 1,699,350**	**14,722**	**232,416**	**-**	**302,109**	**534,525**	**(29,978)**	**-**	**-**	**2,218,619**	**379,962**	**2,598,581**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 298,339	95,531
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	265,020	260,636
Amortization expense	2,389	3,256
Provision (reversal of provision) for bad debt expense	696	3,512
Interest expense	7,052	10,875
Interest income	(1,305)	(1,431)
Loss on abandonment of property, plan and equipment, net	5,240	7,109
Loss (gain) on disposal of investment properties	11,402	7,287
Total adjustments to reconcile profit (loss)	290,494	291,244
Decrease (increase) in financial assets held for trading	1,889	(2,000)
Decrease (increase) in notes receivable, net	84,954	25,005
Decrease (increase) in inventories, net	(45,792)	(99,406)
Decrease (increase) in prepayments	33,734	(16,878)
Decrease (increase) in other financial assets	(10,068)	1,915
Increase (decrease) in notes payable	137,458	15,763
Increase (decrease) in other current liabilities	(18,666)	19,570
Total changes in operating assets and liabilities	183,509	(56,031)
Total adjustments	474,003	235,213
Cash inflow (outflow) generated from operations	772,342	330,744
Interest received	1,317	1,566
Income taxes refund (paid)	(40,981)	(2,289)
Net cash flows from (used in) operating activities	732,678	330,021
Cash flows from (used in) investing activities:		
Acquisition of non-current assets classified as held for sale	35,762	-
Acquisition of property, plant and equipment	(177,584)	(164,844)
Proceeds from disposal of property, plant and equipment	3,632	2,656
Acquisition of intangible assets	(3,828)	(1,271)
Decrease in prepayments for business facilities	(13,927)	(8,643)
Decrease (increase) in other current financial assets	-	21,000
Other	(9,316)	(4,960)
Net cash flows from (used in) investing activities	(165,261)	(156,062)
Cash flows from (used in) financing activities:		
Increase in short-term loans	(10,000)	(100,000)
Decrease in other borrowings	50,000	190,000
Increase in notes and bonds issued under repurchase agreement	(128,000)	(183,000)
Cash dividends paid	(53,381)	-
Payments to acquire treasury shares	(117,651)	(42,798)
Interest paid	(7,146)	(10,640)
Other	190	550
Net cash flows from (used in) financing activities	(265,988)	(145,888)
Effect of exchange rate changes on cash and cash equivalents	(29,822)	-
Net increase (decrease) in cash and cash equivalents	271,607	28,071
Cash and cash equivalents at beginning of period	333,278	305,207
Cash and cash equivalents at end of period	**$ 604,885**	**333,278**

See accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CHENMING MOLD IND. CORP (the “Company”).was incorporated on June 1976. The business activities of the “Company are the production of computer case, the manufacture and the development of mobile devices.

The consolidated financial statements of the Company as of and for the years ended December 31, 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note (4) (c) ii. for related information of the Group primarily business activities.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on March 17, 2017.

(3) New standards, amendments and interpretations adopted:

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effect.

According to Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) Newly released or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Group's financial statements were issued, the FSC has not yet announced the effective dates of the other IFRSs.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

(Continued)

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. • Impairment: The expected credit loss model is used to evaluate impairment. • Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.

(Continued)

January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

The financial statements have been translated into English. The translated information is consistent with the Chinese language financial statements from which it is derived.

(a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IFRSs endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated annual financial statements have been prepared on the historical cost basis:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);

2) Heading derivative financial instruments measured at fair value;

(Continued)

3) The defined benefit asset (liability) is recognized as the fair value of plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(ii) List of subsidiaries in the consolidated financial statements.

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2016**	**December 31, 2015**	**Description**
The Company	TOP CITY INTERNATIONAL LIMITED	Investment	100%	100%	
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC.	Investment	100%	100%	
〃	GERSHWIN INTERNATIONAL LIMITED	Computer case and production of relative components	100%	100%	
GERSHWIN INTERNATIONAL LIMITED	Dongguan Chenming Electronic Co., Ltd	Computer case and production of relative components	100%	100%	
PEAK SHREWD INC.	CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	52%	9.3%	Note

(Continued)

Note: Since the Company acquired 52% interests of CHENMING (Ningbo) in April 2016, the related information is required to be disclosed in its consolidated financial statements commencing on the date of its acquisition.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the translation differences of the following, which are recognized in other comprehensive income:

1) Available-for-sale financial asset;

2) Hedge of a net investment in a foreign operation; and Qualified cash flow hedge.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial Instruments

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

(Continued)

(i) Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expenses.

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

(Continued)

Investments in equity instruments that do not have any quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost, less, impairment loss, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Dividend income is included in non-operating income and expenses.

4) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. When Available-for sale financial assets occur impairment, the primitive other comprehensive income's accumulate profit and loss will reclassify into income.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

(Continued)

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

Impairment losses and recoveries are recognized in profit or loss. Recovery and loss on doubtful debts of account receivables is included in operating expense, others are included in non-operating income and expense.

5) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in profit or loss and it is included in non-operating income and expenses.

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in non-operating income or expenses.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing. Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

(Continued)

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

The amount of changes which generated by credit risk should recognized in other comprehensive income except for avoiding inappropriate accounting assignation, if the financial liability is classified in this category.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than insignificant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in non-operating income and expenses.

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(Continued)

(h) Inventories

Inventories' primitive cost are the necessity of costs that make the inventories arrive to the sale or produce-situation. The fix manufacture cost is allocate by the finished good and the work in process, only when the differences between the actual production and the normal capacity of production are small could use actual production to allocate; Variable production overheads allocation is based on the actual production. Inventories are measured at the lower of cost and net realizable value and compare by individual; net realizable value is based on the deduction of estimate selling price and the selling cost.

(i) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently. The depreciation is computed along with the depreciable amount. The method, the useful life and the residual amount are the same with those of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, the carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Cost also includes foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other profit and losses.

(ii) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from internal use to investment use.

(Continued)

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 4 ~ 51 years

2) Machinery: 1 ~6 years

3) Other equipment: 1 ~11 years

4) Building and equipment constitutes mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

(i) The Group as lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(Continued)

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) The Group as lessee

Operating leases are not recognized in the Group's balance sheet.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Long-term prepaid rents of land leasehold rights (accounted for under other non-current assets) are recognized periodically as rent expenses based on the shorter of the lease term and the statutory period on a straight-line basis.

(l) Intangible assets

(i) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) Its intention to complete the intangible asset and use or sell it.

3) Its ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

(iii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of computer software is 1~3 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(m) Impairment – non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets and assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less, costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(Continued)

(n) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(o) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Rent Revenue

The rent from investment property is recognize by the straight-line method during the lease period, the rent incentive is part of the whole lease revenue and the recognition of the straight-line method is the reduction of rent revenue. The profit from the rent of investment property is recognize on the rent revenue.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(Continued)

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Net interest expense and other expenses related to the defined benefit plans are recognized in retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

(iii) Termination benefits

The benefits from the Group terminate the employees' hiring contact before normal retirement date or encourage employee to accept paid-off. When the Group already commit the formal terminated contract and ensure that plan is impossible to withdraw, termination benefits need to recognize the expense. When termination benefits have to pay after twelve months, it need to be discounted.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(r) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

(Continued)

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(s) Business combination

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess.
All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.
The Group shall measure any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(t) Earnings (loss) per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee bonuses not yet resolved by the shareholders and approved by the board of directors.

(Continued)

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

Also, there are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Besides, for those uncertainties due to accounting assumptions and estimations, information about the significant risk of resulting in a material adjustment within the next financial year is stated below:

(a) Inventory valuation

Inventories are supposed to be measured based on the lower of cost or net realizable value. Due to the impact of product life cycle and customized design in electronics industry, which tends to devalue the inventories, the Group evaluates the costs of inventories using the net realizable value. Inventory valuation is based on the demand of the products during the specific period, therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to Note (6)(d) of the consolidated financial statement for inventory valuation.

(b) Evaluation of accounts receivable.

Due to the application for bankruptcy by the overseas client, the management recorded the allowance in full and recognized the bad debt losses.

Please refer to note (6)(c) for valuating accounts receivable.

(c) Business Combination

The business combination has been prepared using the acquisition method, therefore, the management identified the net identifiable assets and recognized them as non-controlling interests at fair value through profit or loss. Please refer to note (6)(e)

(Continued)

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2016	December 31, 2015
Cash on hand	$	1,009	1,044
Checking accounts and demand deposits		603,876	245,176
Time deposits		-	87,058
	$	604,885	333,278

Please refer to note 6(q) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2016	December 31, 2015
Financial assets at fair value through profit or loss			
Current financial asset at fair value through profit or loss- mutual fund	$	-	2,004
Financial assets held for trading			
Non current available-for-sale financial assets- non listed stocks		-	175,215
	$	-	177,219
Current	$	-	2,004
Non-current	$	-	175,219
Financial liabilities as at fair value through profit and loss			
Derivative instruments not used for hedging(recorded in other payables)	$	153	-

Please refer to note 6(q) for the exposure to interest rate risk.

(i) Derivative instruments not used for hedging

The Company uses derivative instruments to hedge foreign currency risk the Company is exposed to arising from its operating, activities. The Company held the following derivative instruments not designated as hedging instruments presented as held-for-trading financial assets as of December 31, 2016 (foreign currencies were expressed in thousands) :

(Continued)

	December 31, 2016		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial liabilities			
Forward exchange contract**:**			
Forward exchange sold	USD600	USD to TWD	2017.1.16~2017.1.26

(ii) Sensitivity Analysis-Risk of equity price

When the price of equity securities changes over 5% in the report date, other comprehensive income increased $0 and decrease $8,761 in 2016 and 2015. The two period base on the same-based and assume other variety factors unchanged.

(iii) Information of foreign investment

The related information of significant foreign currency equity instruments and debt instruments as follow:

	December 31, 2016			**December 31, 2015**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
USD	$ -	32.250	-	5,338	32.83	175,215

(c) Notes and accounts receivable and other receivables

	December 31, 2016	**December 31, 2015**
Notes receivable	$ -	-
Accounts receivable	1,184,583	885,481
Other receivables	13,693	2,539
	1,198,276	888,020
Less: allowance for uncollectible accounts	(25,523)	(4,358)
	$ 1,172,753	883,662
Notes and account receivable	$ 1,159,060	881,123
Other receivables – current	$ 13,693	2,539

(Continued)

(i) The aging analysis of accounts receivable and other receivables which were past due but not impaired were as follows:

	December 31, 2016	December 31, 2015
Past due 0-30days	$ 4,964	8,333
Past due 31-150 days	953	6,019
Past over 150 days	313	765
	$ 6,230	15,117

Overseas client have been process the bankruptcy application on November, 2016, the management recorded the allowance in full and recognized $20,669 thousands for the bad debt losses.

(ii) The changes of allowance for notes and accounts receivable and other receivables were as follow：

	Loss from Individual-Estimated	Loss from Group-Estimated	Total
Balance on January 1, 2016	$ 3,591	767	4,358
Acquired from the merge	-	20,469	20,469
Impairment loss recognized	16,497	-	16,497
Reversal of impairment loss	-	(15,060)	(15,060)
Influence from foreign exchange	-	(741)	(741)
Balance on December 31, 2016	$ 20,088	5,435	25,523
Balance on January 1, 2015	$ -	846	846
Impairment loss recognized	3,591	-	3,591
Reversal of impairment loss	-	(79)	(79)
Balance on December 31, 2015	$ 3,591	767	4,358

Allowance doubtful debts is based on the historical payment behavior and the analysis of customer's credit rating. The group believes that the doubtful debts past due over 30 Days still receivable.

Due to December 31, 2016 and 2015, the group do not pledge account receivable as collateral.

(Continued)

(d) Inventories

		December 31, 2016	December 31, 2015
Raw materials	$	291,120	207,815
Work in progress		132,692	131,140
Finished goods		206,122	161,926
	$	629,934	500,881

The Group Composition details of operating cost on December 31, 2016 and 2015 as follow:

		December 31, 2016	December 31, 2015
Cost of good sold	$	3,565,434	2,718,270
Revenue from sale of scraps		(22,987)	(21,518)
Inventory valuation and obsolescence losses		(35,466)	4,550
Loss on scrapping of inventory		159,760	224,974
Loss and gain on taking inventory		-	(141)
	$	3,666,741	2,926,135

Due to December 31, 2016 and 2015, the Group do not pledge inventory as collateral.

(e) CHENMING ELECTRONIC (NINGBO)

Considering the future development strategy, on March 23, 2016, the board of directors decided to purchase 42.7% shares of CHENMING ELECTRONIC (NINGBO) amounting to $203,175 (US$6,300), in which the contract was signed on March 27; 2016. The Group increased its shareholding from 9.3% to 52% and acquired the controlling right of CHENMING ELECTRONIC (NINGBO) in April 2016. As of December 31, 2016, the Company still has a remaining balance of $74,175 (USD $2,300), which was recognized as other payables-related parties. According to the share transaction agreement, the remaining balance will have to be paid periodically if CHENMING ELECTRONIC (NINGBO) has reached a specific earning target. Otherwise, the Company has the right to cancel or revise the contract. Recognized assets and liabilities were as follow:

(Continued)

Cash and cash equivalents	$	164,762
Notes receivable and net account receivable		363,587
Inventories		83,261
Other financial assets-current		1,098
Other current assets		19,463
Property, Plant and Equipment		252,979
Long-term prepayment rent		118,032
Notes and account payable		(170,787)
Other payables		(104,517)
Identifiable fair value of net assets	**$**	**727,878**

Bargain purchase profit from recognized acquisition

Transfer pricing	$	203,175
Add: non-controlling interest		349,381
Add: fair value of acquired company		175,215
Less: Recognized fair value of net assets		727,878
Bargain purchase profit	**$**	**(107)**

CHENMING ELECTRONIC (NINGBO) contributed the operating revenue and after-tax profit to the Group amounting to $558,151 and $121,360, respectively, since the acquisition date, which was on April 1, 2016. However, if the management assumed that the acquisition occur on January 1, 2016, it would have estimated the net operating revenue and net after-taxed profit to be $983,757 and $27,203 in Q1, respectively, wherein the fair value would have been the same to that of April, 1, 2016.

(f) Property, Plant and Equipment

		Land	Property	Machinery and Equipment	Office equipment and others	Total
Cost						
Balance on January 1, 2016	$	210,897	681,287	592,696	119,139	1,604,019
Acquired from merge		-	203,230	42,475	7,274	252,979
Additions		-	-	135,796	31,734	167,530
Disposal		-	(33,778)	(374,443)	(31,118)	(439,339)
Reclassifications		-	-	8,455	2,975	11,430
Effect of changes in exchange rates		-	(15,116)	(4,646)	(536)	(20,298)
Balance on December 31, 2016	**$**	**210,897**	**835,623**	**400,333**	**129,468**	**1,576,321**

(Continued)

Balance on January 1, 2015	$	210,897	694,308	670,366	77,380	1,652,951
Additions		-	-	103,268	66,979	170,247
Reclassifications		-	-	15,752	578	16,330
Disposal		-	(13,021)	(196,690)	(25,798)	(235,509)
Balance on December 31, 2015	**$**	**210,897**	**681,287**	**592,696**	**119,139**	**1,604,019**
Depreciation						
Balance on January 1, 2016	$	-	210,693	309,316	40,384	560,393
Depreciation of the period		-	36,389	190,658	36,735	263,782
Disposal		-	(33,705)	(366,698)	(27,399)	(427,802)
Effect of changes in exchange rates		-	(525)	(446)	(61)	(1,032)
Balance on December 31, 2016	**$**	**-**	**212,852**	**132,830**	**49,659**	**395,341**
Balance on January 1, 2015	$	-	193,965	293,016	38,528	525,509
Depreciation of the period		-	29,664	203,541	26,194	259,399
Disposal		-	(12,936)	(187,241)	(24,338)	(224,515)
Balance on December 31, 2015	**$**	**-**	**210,693**	**309,316**	**40,384**	**560,393**
Book Value						
Balance on December 31, 2016	**$**	**210,897**	**622,771**	**267,503**	**79,809**	**1,180,980**
Balance on December 31, 2015	**$**	**210,897**	**470,594**	**283,380**	**78,755**	**1,043,626**

The Group bought land leasehold right and buildings from its related parties in July 2007. Since there was only a part of the contract that had yet to be realized, the related parties agreed that the Group need not have to pay for the remaining amount. As of December 31, 2016, the transferring of the deed has not yet been completed. However, the land leasehold and buildings mentioned above were already deemed as properties of the Group according to the contract.

As of December 31, 2016 and 2015 the Group had provided parts of the property, plant and equipment at collateral for its long-term loans and credit lines. Please refer to notes 8 for details.

(g) Investment Property

		Land	Properties	Total
Cost				
Balance on January 1, 2016	**$**	**152,640**	**63,116**	**215,756**
Balance on January 1, 2015	**$**	**152,640**	**63,116**	**215,756**
Depreciation				
Balance on January 1, 2016	$	-	13,169	13,169
Depreciation of the year		-	1,238	1,238
Balance on December 31, 2016	**$**	**-**	**14,407**	**14,407**
Balance on January 1, 2015	$	-	11,932	11,932
Depreciation of the year		-	1,237	1,237
Balance on December 31, 2015	**$**	**-**	**13,169**	**13,169**

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

	Land	Properties	Total
Book Value			
Balance on December 31, 2016	$ 152,640	48,709	201,349
Balance on December 31, 2015	$ 152,640	49,947	202,587
Fair Value			
Balance on December 31, 2016			$ 397,962
Balance on December 31, 2015			$ 441,215

The Group classify non-operating assets into investment properties, and investment properties was evaluated by market value. As of December 31, 2016 and 2015, the Group pledge investment properties as collateral. (refer to note (8))

(h) Short-term loan

The short-term loans were summarized as follows:

	December 31, 2016	December 31, 2015
Credit Loan	$ 140,000	150,000
Unused credit line for short-term loans	$ 643,400	663,675
Annual interest rates	1.0%~1.5%	1.0%~1.5%

(i) The information of rate, foreign currency and liquidity risk exposure please refer to note 6 (q).

(i) Long-term loans

The long-term loans were summarized as follows:

	December 31, 2016			
	Currency	Range of interest rates	Expiration	Amount
Secured bank loans	TWD	1.0%~2.0%	2018~2025	$ 168,000
Unsecured bank loans	TWD	1.0%~1.7%	2017~2018	70,000
Less: current portion				-
Total				$ 238,000
Current				$ -
Non-current				238,000
Total				$ 238,000
Unused for long-term credit lines				$ 270,000

(Continued)

	December 31, 2015			
	Currency	**Range of interest rates**	**Expiration**	**Amount**
Secured bank loans	TWD	**1.5%~2.2%**	2016~2025	$ 216,000
Unsecured bank loans	TWD	**1.5%~1.9%**	2016~2018	100,000
Less: current portion				(36,000)
Total				**$ 280,000**
Current				$ 36,000
Non-current				280,000
Total				**$ 316,000**
Unused for long-term credit lines				**$ 270,000**

(i) The main management are the guarantor of long-term loan, Please refer to note 7.

(ii) The information of annual interest rate and liquidity risk can refer to note 6(q).

(iii) As of December 31, 2016 and 2015, the Group provided part of its assets as collateral for long-term loans. Please refer to note 8 for details.

(j) Operating lease

(i) The Group as leasee

The book value of land leasehold right, case-processing factory located at NO.442 ZhenAN Middle Road Chang AN Town DongGuan City Guangdong, China, were as fellows.

	December 31, 2016	December 31 2015	**Lease period**
Acquired in July,2001	$ 135,876	140,908	2001.07~2146.07
Acquired in October,2007	27,786	28,815	2007.10~2146.07
	$ 163,662	**169,723**	

Due to the business combination, the Group acquisited the land leasehold rights, case-processing factory located at Ningbo City, China. The land leasehold rights recorded as long-term prepaid rents. The details were as follows:

	December 31, 2016	December 31 2015	**Lease period**
Acquired from merge in March, 2016	**$ 106,347**	**-**	2001.12~2144.5

The operating lease expense were $7,392 and 6,062 in 2016 and 2015.

(Continued)

(ii) The Group as lessor

The Group rents its investment property through operating lease, which refer to note 6 (g). Non-cancellable operating lease rentals that were receivable were as follows:

		December 31, 2016	December 31, 2015
Less than one year	$	14,092	6,383
Between two and five years		50,336	-
	$	64,428	6,383

The lease revenue from investment property are $14,103 and $12,950 in 2016 and 2015, respectively. Moreover, the relative depreciation expense are $1,238 and $1,237, respectively.

(k) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

		December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$	35,458	31,278
Fair value of plan assets		(60,192)	(59,769)
Recognized liabilities(assets) for defined benefit obligations	$	(24,734)	(28,491)

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on the years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by the local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $60,192 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

		2016	2015
Defined benefit obligation at January 1	$	31,278	30,715
Current service costs and interest		668	726
Remeasurement in net defined benefit liability (assets)		3,512	(163)
Defined benefit obligation at December 31	**$**	**35,458**	**30,715**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2016	2015
Fair value of plan assets at January 1	$	(59,769)	(58,211)
Expected return on plan assets		(1,121)	(1,164)
Remeasurement in net defined benefit liability (assets)		698	(394)
Fair value of plan assets at December 31	**$**	**(60,192)**	**(59,769)**
Actual return on plan assets	**$**	**(423)**	**(1,558)**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2016	2015
Service cost	$	82	112
Interest cost		586	614
Expected rate of return on plan assets		(1,121)	(1,164)
	$	**(453)**	**(437)**
Management expense	**$**	**(453)**	**(438)**

(Continued)

5) Remeasurement in net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement in net defined benefit liability (assets) recognized in other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

		2016	2015
Cumulative amount at January 1	$	1,134	1,691
Recognized during the period		4,210	(557)
Cumulative amount at December 31	**$**	**5,344**	**1,691**

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions:

	December 31, 2016	December 31, 2015
Discount rate as of December 31	1.375%	1.88%
Future salary increasing rate	1.00%	1.00%

The discount rate was based on the life of the related obligation, and was used as a reference to the return rate on bonds issued by the government, which was declared by GreTai Securities Market.

The department of labor from Taipei City Government has approved the Group to suspend the contribution of pension in 2016 and 2015.

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date was $0.

The weighted-average duration of the defined benefit obligation is 18.22 years

7) Sensitivity Analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligation	
	Increased 0.25%	**Decreased0.25%**
December 31,2016		
Discount rate	(1,381)	1,450
Future salary increasing rate	1,435	(1,374)

(Continued)

	Influences of defined benefit obligation	
	Increased 0.25%	Decreased0.25%
December 31,2015		
Discount rate	(1,282)	1,340
Future salary increasing rate	1,335	(1,280)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for both periods.

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to $62,944 and $48,598 for the years ended December 31, 2016 and 2015, respectively.

(l) Income taxes

(i) Income tax expenses

1) The amount of income tax for 2016 and 2015 was as follows:

	2016	2015
Current tax expense		
Recognized during the period	$ 24,442	23,197
10% surtax on unappropriated earnings	-	10,460
Adjustment to the prior period	1,588	(738)
	26,030	32,919
Deferred tax expense		
Recognition and reversal of temporary differences	14,464	(4,394)
Movement of unrecognized deductible temporary difference	1,792	(2,566)
	16,256	(6,960)
Income tax expense	$ 42,286	25,959

(Continued)

2) The amount of income tax recognized in other comprehensive income for 2016 and 2015 was as follows:

	2016	2015
Items that may not be reclassified subsequently to profit or loss		
Remeasurement in defined benefit plan	$ 193	95

3) Reconciliation of income tax and profit before tax for 2016 and 2015 is as follows:

	2016	2015
Profit excluding income tax	$ 298,339	95,531
Income tax using the Company's domestic tax rate	40,815	17,274
Under (over) provision in prior periods	1,588	(738)
10% surtax on unappropriated earnings	-	10,460
Others	(117)	(1,037)
	$ 42,286	25,959

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets as follow:

	December 31, 2016	December 31, 2015
Unrecognized temporary differences	$ 1,792	-
Unrecognized tax losses	71,126	34,287
	$ 72,918	34,287

According to the Income Tax Act, the loss in the previous five years can be compensated by using the profits incurred by the Company in the current year; and the income tax shall be evaluated by using the net amount. Dongguan CHENMING Electronic Co., Ltd and CHENMING ELECTRONIC (NINGBO) did not have sufficient taxable profit to cover for its temporary differences, therefore, they cannot be classified to deferred tax assets.

As of December 31, 2016, tax loss from unrecognized deferred tax asset in Dongguan Chenming Electronic Co., Ltd:

Year of loss	Unutilized business loss	Expiration date of the deficit
2014	$ 61,954	2019

As of Dec 31, 2016, tax loss from unrecognized deferred tax asset in CHENMING ELECTRONIC (NINGBO):

Year of loss	Unutilized business loss	Expiration date of the deficit
2012	$ 99,127	2017
2013	123,421	2018
	$ 222,548	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2016 and 2015 were as follows:

	Defined benefit Plans	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2016	$ 4,423	1,640	6,063
Recognized in (profit) or loss	270	1,077	1,347
Recognized in other comprehensive income	(193)	-	(193)
Balance on December 31, 2016	**$ 4,500**	**2,717**	**7,217**
Balance on January 1, 2015	$ 4,255	6,081	10,336
Recognized in (profit) or loss	73	(4,441)	(4,368)
Recognized in other comprehensive income	95	-	95
Balance on December 31, 2015	**$ 4,423**	**1,640**	**6,063**

(Continued)

	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax assets:			
Balance on January 1, 2016	$ -	16,157	16,157
Recognized in profit or (loss)	-	(14,909)	(14,909)
Balance on December 31, 2016	$ -	1,248	1,248
Balance on January 1, 2015	$ -	13,565	13,565
Recognized in profit or (loss)	-	2,592	2,592
Balance on December 31, 2015	$ -	16,157	16,157

(iii) The ROC tax authorities have examined the Company's income tax returns through 2014.

(iv) Information related to the unappropriated earnings and tax deduction ratio was summarized below:

	December 31, 2016	December 31, 2015
Unappropriated earnings of 1998 and after	$ 302,109	205,621
Balance of imputation credit account	$ 67,497	40,856
	2016 (Estimated)	**2015 (Actual)**
Creditable ratio for earnings distribution to ROC residents	25.28 %	29.31 %

The above stated information was prepared in accordance with the information letter No.10204562810 announced by the Ministry of Finance of R.O.C. on October 17, 2013.

(m) Capital and other equities

(i) Ordinary shares

The Company's board of director decided to retire its treasury stock of 2,065 thousand shares on August. 5, 2015, the effective date was August 7, 2015, and the registration process was completed.

The Company's board of director decided to retire its treasury stock of 8,000 thousand shares on August 10, 2016, the effective date was August 11, 2016, and the registration process was completed.

(Continued)

As of December 31, 2016 and 2015, the authorized common stocks were $2,472,000 with a par value of 10 New Taiwan dollars per share, and of which $169,935 and 177,935 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2016 and 2015, were as follows:

	December 31, 2016	December 31, 2015
Additional paid-in capital	$ 14,722	15,415

The company retire its treasury stock and reduced the capital surplus $693 and $179 separately in 2016 and 2015.

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained Earning

Based on the Group's articles of incorporation in June 17, 2016, 10% of annual net income after covering the accumulated deficit, if any, must be set up as a legal reserve. The remaining balance after special reserves that are appropriated in accordance with SFB regulations, if any, shall distribute prior year's un-distribution by board of shareholders. The Group should consider financial, business and operating factors to decide the distribution of earnings; which can be distributed by cash dividends or share dividends. Earning distribution should be cash dividends as priority, and the cash dividends cannot be lower than 10% of the total cash and stock dividends.

The Company's industry is currently in a gentle growth phase. Consider long-term financial planning and funding demand, the company use balance and stable dividend strategy; After preserve enough accommodation fund, the remain earnings will be distributed by cans dividend. The amount of cash dividends should not be lower than 10% of the total dividends.

1) Legal reserve

In accordance with the Company Act, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

(Continued)

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the shareholders' meeting held on June 17, 2016, the dividend amount of shareholders was $53,381 by cash.

According to the shareholders' meeting held on June 11, 2015, in order to compensate the loss, the Company did not distribute employee and directors' remuneration. The final meeting result was same with the estimation of financial statement in December 31, 2014.

The related information about employee, bonuses and directors' and supervisors'remuneration in 2014 can be accessed from the Market Observation Post system after the stockholder's meeting for approval.

(iv) Treasury stock

Pursuant to Article 28-2 of the Securities and Exchange Act, in order to maintain the Company's credit and stock owners equity, the Company purchased treasury stock.

Movement of treasury share in 2016 and 2015

	For the years ended December 31			
	2016		2015	
	Share (thousands)	Amount	Share (thousands)	Amount
Balance on January 1	$ -	-	-	-
Additional	80,000	117,651	2,065	42,798
Retire treasury stock	(80,000)	(117,651)	(2,065)	(42,798)
Balance on December 31	$ -	-	-	-

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares that the company bought for transferring to employees should be transferred within three years, if not, the shares would become non-public shares and be written down. Furthermore, treasury shares can't be pledge as collateral and do not have the obligation of stock holders.

(Continued)

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2016 and 2015 were calculated as follows:

	2016	2015
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 197,801	69,572
Weighted-average number of ordinary shares	173,858	178,822
Diluted earnings per share:		
Profit attributable to ordinary shareholder of the Company (after adjusted the influence of potential ordinary shares)	$ 197,801	69,572
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	173,858	178,822
Effect of employee stock remuneration	549	373
Weighted-average number of ordinary shares(after adjusted the influence of potential ordinary shares)	174,407	179,195

(o) Revenue

	2016	2015
Computer and server case	$ 2,903,166	1,669,316
Mobile components	1,114,656	1,332,426
Mold revenue	256,963	240,168
	$ 4,274,785	3,241,910

(p) Employee bonuses, directors' and supervisor's remuneration

The Group's articles of incorporation, which were authorized by the board of directors but has yet to be determined by the stockholders, require that earnings shall first be offset against any deficit, then, no less than 2% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Group who meet certain specific requirements.

(Continued)

For the year ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounting to 8,000 and 6,000, and directors' and supervisors' remuneration amounting to both 1,500 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2016 and 2015. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the board of directors’ meeting. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions in 2016 and 2015.

(q) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The customers of the Group are mainly high-tech companies, account receivable have 55% and 71% are composed by five clients in December 31, 2016 and 2015. Thus, the company has concentration to credit risk situation.

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Amount	Within a year	1 ~ 2 years	Over 2 years
December 31, 2016				
Secured loans	$ 168,000	-	72,000	96,000
Unsecured loans	210,000	140,000	70,000	-
Notes and accounts payable	809,110	809,110	-	-
Other payables (including relative parties)	152,373	152,373	-	-
Guarantee deposits	9,552	-	-	-
Other forward exchange contracts	153			
Outflow	-	(19,350)	-	-
Inflow	-	19,181	-	-
	1,349,188	1,101,314	142,000	96,000

(Continued)

December 31, 2015

Secured loans	$ 216,000	16,000	28,000	172,000
Unsecured loans	250,000	170,000	70,000	10,000
Accounts payable (including relative parties)	500,865	500,865	-	-
Other payables	93,680	93,680	-	-
Guarantee deposits	9,362	-	-	9,362
	$ 1,069,907	**780,545**	**98,000**	**191,362**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follow:

	December 31, 2016			December 31, 2015		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	$ 31,708	32.250	1,022,583	27,201	32.83	892,873
	12,548	6.937	404,673	-		-
CNY to TWD	65,100	4.617	300,567	58,872	4.995	294,066
Financial liabilities						
Monetary items						
USD to TWD	4,769	32.250	153,800	4,593	32.825	150,765
	1,803	6.937	58,147	-	-	-
CNY to TWD	112,427	4.617	519,075	86,493	4.995	432,033

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivable, other receivables, accounts payable, and other payables that are denominated in foreign currency.

(Continued)

A weakening (strengthening) 5% of each major foreign currency against Group entities' functional currency as of December 31, 2016 and 2015 would have affected the net profit before tax as followings:

		December 31, 2016	December 31, 2015
USD (against the TWD)			
Strengthening 5%	$	43,439	37,105
Weakening 5%		(43,439)	(37,105)
USD (against the CNY)			
Strengthening 5%		17,326	-
Weakening 5%		(17,326)	-
CNY (against the TWD)			
Strengthening 5%		(10,925)	(6,898)
Weakening 5%		10,925	6,898

3) Exchange gains and losses of monetary items

Foreign exchange profit or loss (including realized and unrealized) as follow:

		2016		2015	
		Exchange profit(loss)	Average rate	Exchange profit(loss)	Average rate
TWD	$	4,377	-	60,350	-
CNY		5,918	4.782	-	-

(iv) Interest Rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2016	December 31, 2015
Variable rate instruments:			
Financial assets	$	603,876	332,234
Financial liabilities		378,000	466,000

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

(Continued)

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decrease by $565 and $334 for the years ended December 31, 2016 and 2015, respectively, which would be mainly resulted from the bank savings and loans with variable interest rates.

(v) Fair value

1) Procedure of valuation

The Group's accounting policies and disclosure include fair value method on financial assets and financial liabilities. The Group's management is responsible in performing independent test on fair value by using independent source of information to obtain the fair value which is close to the market status. The management also confirms the independence, reliability and matching of the information source, and regularly test the valuation model, update the input and other information, and make necessary adjustment to ensure the output of valuation is reasonable.

2) Fair value hierarchy

The Group uses observable market data to evaluate assets and liabilities when it is possible. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

3) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets, are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required.

(Continued)

	December 31, 2016				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 604,885	-	-	-	-
Accounts receivable	1,159,060	-	-	-	-
Other financial assets	13,693	-	-	-	-
Refundable deposits	15,455	-	-	-	-
	1,793,093				
	$ 1,793,093				
Financial liabilities at amortized cost through profit or loss					
Bank loan	$ 378,000	-	-	-	-
Notes and account payables	809,110	-	-	-	-
Other account payable	152,373	-	-	-	-
Refundable deposits	9,552	-	-	-	-
Financial liabilities at fair value through profit or loss (recorded in other payables)					
Derivative financial liabilities	153	-	153	-	153
Total	$ 1,349,188				

	December 31, 2015				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 2,004	2,004	-	-	2,004
Financial assets at fair value through profit or loss					
Non-public shares	175,215	-	-	175,215	175,215
Loans and receivables					
Cash and cash equivalents	333,278	-	-	-	-
Accounts receivable	881,123	-	-	-	-
Other financial assets	2,539	-	-	-	-
Refundable deposits	6,139	-	-	-	-
	1,223,079				
	$ 1,400,298				
Financial liabilities at amortized cost through profit or loss					
Bank loan (including due within one year)	$ 466,000	-	-	-	-
Notes and account payables	500,865	-	-	-	-
Other account payable	93,680	-	-	-	-
Refundable deposits	9,362	-	-	-	-
Total	$ 1,069,907				

(Continued)

4) Fair value valuation technique of financial instruments not measured at fair value

The Group estimate instruments that are not measured at fair value, by method and presumption as follows:

a) Financial liability with amortized cost evaluation

Fair value measurement is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

5) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If the Group can frequently acquire financial instrument's open quotation from Stock exchange, Brokers. Underwriters, Industrial trade union or Authorities and the price is equal to that of fair market, then that financial instrument has active market value. On the other hand, if the condition above do not achieve, we defined that as non-active market value. Generally, the significant difference of bid-ask spread or the trading volume very small are the index of non-active market.

Except from active market, the Group also acquire its financial instrument value from valuation technic or reference to rival's quotation. The fair value through valuation technic and refer to other essentially prerequisite and similar financial instrument with current fair value, discount cash flow and other valuation method.

The financial instruments from non-active market are evaluated by discount cash flow model, the main assumption is according to time value of money and investment risk to evaluate future cash flow.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

6) There were no transfers from one level to another in 2015 and 2014.

(Continued)

7) The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

	Equity instruments of non-active quotation
Balance on January 1, 2016	$ 175,215
Total profit recognize in other comprehensive income	(175,215)
Balance on December 31, 2016	**$ -**
Balance on January 1, 2015	$ 169,561
Total profit recognize in other comprehensive income	5,654
Balance on December 31, 2015	**$ 175,215**

The above total gains are recognized in unrealized gain (loss) on available-for-sale financial assets, and the asset that the Group held as follow:

	2016	2015
Total gains recognized:		
In other comprehensive income (recorded as gain on available-for-sale financial assets)	**$ -**	**5,654**

8) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use level 3 inputs to measure the fair values include available-for-sale- financial assets- equity securities.

Most of fair value measurements of the Group which are categorized as equity investment instruments into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity instrument without quoted price are independent of each other.

The quantitative information about significant unobservable inputs was as follows:

(Continued)

Significant input of unobservable fair value in Dec 31, 2015 as follow:

Items	Valuation Technique	Significant input of unobservable	The relative between input and fair value
Available-for-sale financial assets-equity instrument without quoted price	Discount Cash Flow Method	• Forecast annual revenue growth rate (10~12.5% on December 31, 2015) • Long-term pre-tax income (10.8~13.72% on December 31, 2015) • Lack-of-Marketability discount rate (21.5% on December 31, 2015) • Weighted average cost of capital(13.68% on December 31, 2015)	• The higher the long-term revenue growth and pre-tax income, the higher the fair value • The higher the WACC and Lack-of-Marketability discount is, the lower the fair value will be

9) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

			Impacts of fair value change on other comprehensive income	
December 31, 2016	**Input**	**Variation**	**Advantageous change**	**Disvantageous change**
Available-for-sale financial assets	Discount rate	1%	17,119	14,105

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(Continued)

(r) Financial risk management

(i) Briefings

The Group is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The financial risks management can be separated into management and operating related financial risks, the risks including credit risk, liquidity risk and market risk. In order to reduce financial risk, the Group dedicate to recognize, evaluate and avoid the uncertainty in the market. The important financial activity need to review by auditors in the broad and the Group have to follow the regulation of financial management and the process of division responsibility.

(iii)Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

The Group constantly evaluate clients’ financial situation, if necessary, the company will buy credit guarantee insurance contract. But the company usually won’t ask clients offer collateral.

2) Guarantees

As of December 31, 2016 and 2015, the Group do not offer any endorsement and guarantees.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset. The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and liabilities. Make an effort to avoid any unacceptable loss or any harmful on their reputation.

The loans and borrowings from the bank form an important source of liquidity for the Group. Please refer to note 6(h) and note 6(i) for unused short-term and long-term bank facilities as of December 31, 2016 and 2015.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD) and US Dollars (USD), Chinese Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, and CNY.

To avoid the fluctuation from foreign exchange, the Group use short-term loan and derivative (including forward exchange agreement) to avoid foreign rate risk. This kind of derivative can help the Group to reduce the influence of foreign currency exchange but can't exclude all the risk.

2) Interest rate risk

The Group borrows funds with variable interest rates, therefore there is risk of cash flows.

3) Other market value risk

The Group is exposed to equity price risk arising from listed stock investments. Since investment of foreign operation is strategy investment, the Group do not plan any hedge in this field.

(s) Capital management

The Group decides the optimized capital by maintain the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, research and development expense and dividend payment and so on. To maintain a strong capital base, the Group might adjust the stock dividend, issue new share or buy treasury share. The Group also scrutiny the asset-liability ratio regularly to monitor the fund.

Debt-to-equity ratio in December 31, 2016 and 2015 as follow:

		December 31, 2016	December 31, 2015
Total liabilities	$	1,570,914	1,206,433
Total asset equity		4,169,495	3,443,189
Debt-to-equity ratio		38%	35%

As of December 31, 2016, the capital management method do not change.

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Transaction among other relative parties

(i) The amounts of purchase transactions between the Group and its related parties were as follows:

		Purchase		Account payable from relative parties	
		2016	2015	December 31, 2016	December 31, 2015
Other relative parties	$	-	8,923	-	-

The Group buys certain products manufactured by its related parties. The purchase prices for related parties are similar to those of the third-party vendors, and the collection period for related parties is 60 days.

(ii) Selling products to relative parties

		Sales	
		2016	2015
Other relative parties	$	351	190

(Continued)

The price and account receivable period are no different between relative parties and general supplier; the open account date is 60 days for relative parties. The account receivable above already have received.

(iii) Lease

The Group rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them. Each rental for both years December 31, 2016 and 2015 amounted to $3,429.

(iv) Technical service contact with relative parties

The technical service expense provided to the Group by its related parties amounted to $17,431, which was recognized as operating cost. As of December 31, 2016, the Group has already paid off its payment.

(v) Equity trading

Considering future industry strategy, on March 27, 2016, the Group entered into an equity trading agreement with its related parties amounting to $203,175(USD $6,300). As of December 31, 2016, the Group has yet to pay the contract amount of $74,175, which was recognized as other account payment- relative parties. Please refer to note 6(e) for related information.

(vi) Others

The Group has to pay the expenses for its related parties in accordance with the business contract. .As of December 31, 2016 and 2015, the related fees amounted to $0 and $556 which were recognized as current other financial assets.

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

	2016	2015
Short-term employee benefits	$ 14,265	14,031
Post-employment benefits	422	2,459
	$ 14,687	**16,490**

(ii) Guarantee

The main management are guarantor of the syndication contract, and the amount of syndication are $238,000 and $316,000 in December 31, 2016 and 2015.

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	December 31, 2016	December 31, 2015
PPE and investment properties- land	Long-term loans and loan within 1 year	$ 347,804	347,804
－properties	Long-term loans and loan within 1 year	146,032	149,607
Other financial asset-current	Customs deposits	12,359	-
		$ 506,195	497,411

(9) Commitments and contingencies:None

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2016 Cost of sales	2016 Operating expenses	2016 Total	2015 Cost of sales	2015 Operating expenses	2015 Total
Employee benefits						
Salary	906,662	181,431	1,088,093	773,851	135,913	909,764
Labor and health insurance	-	6,683	6,683	-	7,463	7,463
Pension	54,193	8,298	62,491	42,652	5,508	48,160
Others	25,509	14,332	39,841	21,332	4,745	26,077
Depreciation	251,573	12,209	263,782	246,419	12,980	259,399
Amortization	737	1,652	2,389	606	2,650	3,256

The depreciation expense, which subtract the depreciation expense from investment properties, are $1,238 and $1,237 in 2016 and 2015, and recognized in the subtraction of rent revenue.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 2	Maximum limit of fund financing (note 1)
													Item	Value		
1	CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Accounts receivable due from related parties	Yes	225,750 (RMB3,052)	193,500	129,000	1.1162 1.63417%	Demand for funding	-	Depending on demand for funding	-	-	-	1,639,825 (note 1)	1,639,8 (no
2	CHENMING ELECTRONIC (NINGBO)CO.,LTD	Dongguan Chenming Electronic Co,. Ltd	〃	〃	69,255	69,255	46,170	4.5%	〃	-	〃	-	-	-	79,159 (note 2)	79,159 (note 2)

Note 1：The total amount of the guarantee provided by the Lender Company shall not exceed hundred percent (100%) of the Lender Company's net worth
Note2: The total amount of the guarantee provided by the Lender Company shall not exceed ten percent (10%) of the Lender Company's net worth
Note3: The transactions have been eliminated in the consolidated financial statement.

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of December 31, 2016 (excluding investment in subsidiaries, associates and joint ventures):None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Dongguan Chenming Electronic Co,. Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	2,412,868	99 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(522,051)	(98) %	Note
Dongguan Chenming Electronic Co,. Ltd	The Company	Ultimate holding company	(Sale)	(2,412,868)	71 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	522,051	81 %	〃

Note: The transactions have been eliminated in the consolidated financial statements.

(Continued)

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	
					Amount	Action taken			
Dongguan Chenming Electronic Co,. Ltd	The Company	Subsidiaries	522,051	7.00	-		522,051	-	The transactions have been eliminated in the consolidated financial statement.

Note1: The recoverd amounts of March 22, 2017

(ix) Trading in derivative instruments:Please refer to note (6)(b).

(i) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	**Amount**	**Trading terms**	**Percentage of the consolidated net revenue or total assets**
1	TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	2	Other current financial assets	129,000	Rate 1.1162%~1.63417%	3.00%
2	Dongguan Chenming Electronic Co,. Ltd	The Company	1	Sales	2,412,868	The price is based on the fix retio of final sales price, and the credit period is depending on the demand for funding	56.00%
2	Dongguan Chenming Electronic Co,. Ltd	The Company	1	Accounts receivable	522,051		13.00%

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.
Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2016 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2016			The highest funding amount in the period (note 3)	Net income (losses) of the investment	Investment income (losses)	Note
				December 31, 2016	December 31, 2015	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	1,696,833	1,665,073	52,148	100%	1,639,825	1,696,833	103,607	103,607	Subsidiaries (note)
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Computer case and production of relative components	1,471,994	1,471,994	45,988	100%	1,176,195	1,471,994	37,848	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	Subsidiaries (note)
〃	PEAK SHREWD INC	Samoa	Investment	332,655	203,835	10,000	100%	330,731	332,655	67,481	〃	〃

Note: The transactions have been eliminated in the consolidated financial statement.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2016	Net income (losses) of the investment	Percentage of ownership	The highest funding amount in the period (note 3)	Investment income (losses)	Carrying amount as of December 31, 2016 (note 3)	Accumulated remittance of earnings as of December 31, 2016
					Outflow	Inflow							
CHENMING ELECTRONIC (NINGBO)CO.,LTD	Computer case and production of relative components	2,080,125 (USD64,500)	note1 and 7	193,500 (USD6,000)	129,000 (USD4,000) (note 6)	-	322,500 (USD10,000)	125,513	52%	322,500 (USD10,000)	63,107 %	411,626	-
Dongguan Chenming Electronic Co,. Ltd	〃	934,541 (note 4)(USD28,978) (note 5)	note 1 and 8	803,025 (USD24,900)	-	-	803,025 (USD24,900)	60,367	100%	803,025 (USD24,900)	60,367 %	800,797	-

Note1: Investment in Mainland China through existing company at third region.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	1,222,275 (USD 37,900)	1,296,450 (USD 40,200)	1,559,148

(Continued)

Note1: Investment in Mainland China through existing company from third region.
Note2: The investment gains and losses of the current period are recognized according to the financial statements which have been audited and certified by the Company's independent external auditors.
Note3: The USD was translated into New Taiwan Dollars at the exchange rate of $32.25 as of December 31, 2016; gains and losses were translated into New Taiwan Dollars at the average exchange rate of $32.263 for the year.
Note4: Invested the amount of USD 3,000 in Dongguan Chenming Electronic Co., Ltd. through GERSHWIN INTERNATIONAL LIMITED by TOP CITY INTERNATIONAL LIMITED.
Note5: Invested the amount of USD 1,078 on equipment in Dongguan Chenming Electronic Co,. Ltd by GERSHWIN INTERNATIONAL LIMITED
Note6: Investment through PEAK SHREWD INC by the Company and TOP CITY INTERNATIONAL LIMITED
Note7: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and PEAK SHREWD INC
Note8: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and GERSHWIN INTERNATIONAL LIMITED

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(14) Segment information:

(a) The Group is single industry department, which produce computer and mobile device component mainly. Operating segment information is constancy with balance sheet report, the profit and loss from segment refer to income statement and segment asset refer to balance sheet.

(b) Overall information of the Group

(i) Product information

Products		**2016**	**2015**
Computer and server case	$	2,903,166	1,669,316
Mobile component		1,114,656	1,332,426
Mold revenue		256,963	240,168
	$	**4,274,785**	**3,241,910**

(Continued)

(ii) Geographic information

The Group's sales presented by customer location and non-current assets presented by location, the geographic information were as follows:

1) Revenue from external customers:

Country	2016	2015
Taiwan	$ 650,711	401,999
Mainland China	2,496,004	1,503,300
Other Country	1,128,070	1,336,611
	$ 4,274,785	3,241,910

2) Non-current Assets:

Country	2016	2015
Taiwan	$ 523,657	533,362
Mainland China	1,146,163	896,119
	$ 1,669,820	1,429,481

Non-current assets include property, plant and equipment, intangible assets, investment property, and other assets, excluding available-for-sale financial assets, prepaid pension, cost deferred tax assets, and guarantee deposit.

(iii) Important clients information

The sales revenue from clients with account for more than 10% revenue in Income statement as follow:

	2016	2015
H company	$ 1,159,734	1,086,022
B company	976,347	667,676
D company	708,799	163,784
C company	459,346	293,882

V. Latest audited standalone financial statements

Independent Auditors' Report

To the Board of Directors of CHENMING MOLD IND. CORP:

Opinion

We have audited the financial statements of CHENMING MOLD IND. CORP("the Company"), which comprise the statement of financial position as of December 31, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. **The share of profit (loss) of associates and joint ventures accounted for using equity method - Subsidiary's Inventory valuation**

   Please refer to Note (4)(h) the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation, Note (5) for subsidiary's inventories and accounting estimate of inventory valuation, and Note (6)(e) for information regarding the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Company are expected to change. Therefore, the test of the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation is one of the significant evaluation in our audit procedures.

Audit Procedure:

Our principal audit procedure included: testing the related controls of subsidiary’s production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories, to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the subsequent sales status, and assessing the adopted net realizable value basis for obsolete inventories to verify the rationality of assessment on allowance estimated by the management authority of the Company.

2. Valuation of Accounts Receivable

Please refer to note (4)(f) “Financial instruments” for accounting policies relating to valuation of accounts receivable, Note (5) for uncertainties in recovery of accounts receivable, and Note (6)(C) for the information on accounts receivable.

Description of Key Audit Matters:

Payments from an overseas client have been postponed due to its financial difficulties, and its bankruptcy application has been approved by the overseas legal authorities. The management recorded the allowance in full and recognized the bad debt losses. The loss amount is significant, and as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: acquiring the management's understanding in the financial status of the client, and the estimated amount of allowance for bad debt and its basis of assessment to evaluate the rationality of the management's estimation in the allowance for doubtful accounts.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Hsin-Fu Yen and Kuan-Ying Kuo.

KPMG
Taipei, Taiwan (Republic of China)
March 22, 2017

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP

Balance Sheets

December 31, 2016 and 2015

(Expressed in, New Taiwan Dollars)

		December 31, 2016		December 31, 2015	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 278,294	9	195,799	7
1110	Current financial assets at fair value through profit or loss (note (6)(b))	-	-	2,004	-
1170	Accounts receivable, net (notes (6)(c) and (7))	746,868	23	633,014	21
1310	Inventories, net (note (6)(d))	1,610	-	1,490	-
1476	Other current financial assets (notes (6)(c) and (7))	-	-	557	-
1479	Other current assets	515	-	4,072	-
		1,027,287	32	836,936	28
	Non-current assets:				
1550	Investments accounted for using equity method, net(note (6)(e))	1,639,825	51	1,545,347	52
1600	Property, plant and equipment (notes (6)(f) and (8))	321,546	10	329,225	11
1760	Investment property, net (notes (6)(g) and (8))	201,349	6	202,587	7
1840	Deferred tax assets (note (6)(l))	1,248	-	16,157	1
1980	Other non-current financial assets	520	-	520	-
1990	Other non-current assets, others (note (6)(k))	25,497	1	30,041	1
	Total assets	$ 3,217,272	100	2,960,813	100

		December 31, 2016		December 31, 2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (note (6)(h))	$ 140,000	5	150,000	5
2170	Accounts payable	9,203	-	9,079	-
2180	Accounts payable to related parties (note (7))	522,051	16	167,320	6
2230	Current tax liabilities	13,763	-	31,660	1
2200	Other payables (note (6)(b))	59,369	2	35,729	1
2320	Long-term loans, current portion (note (6)(i))	-	-	36,000	1
2300	Other current liabilities	5,240	-	4,396	-
		749,626	23	434,184	14
	Non-Current liabilities:				
2540	Long-term loans (note (6)(i))	238,000	8	280,000	10
2570	Deferred tax liabilities (note (6)(l))	7,217	-	6,063	-
2645	Guarantee deposits received	3,810	-	3,810	-
		249,027	8	289,873	10
	Total liabilities	998,653	31	724,057	24
	Share capital:				
3100	Ordinary shares (note (6)(m))	1,699,350	53	1,779,350	60
3200	Capital surplus(note (6)(m))	14,722	-	15,415	1
3300	Retained earnings (note (6)(m))	534,525	17	431,080	15
3410	Exchange differences on translation of foreign financial statements	(29,978)	(1)	-	-
3425	Unrealized gains (losses) on available-for-sale financial assets	-	-	10,911	-
	Total equity	2,218,619	69	2,236,756	76
	Total liabilities and equity	$ 3,217,272	100	2,960,813	100

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP

Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2016		2015	
		Amount	%	Amount	%
4000	**Operating revenue(notes (6)(o) and (7))**	$ 2,740,828	100	2,496,408	100
5000	**Operating costs(notes (6)(d) and (7))**	2,426,157	89	2,283,550	91
	Gross profit (loss) from operations	314,671	11	212,858	9
6000	**Operating expenses(note (12)):**				
6100	Selling expenses	47,594	2	48,862	2
6200	Administrative expenses	103,805	4	81,606	3
6300	Research and development expenses	40,737	1	41,038	2
		192,136	7	171,506	7
6900	**Net operating income (loss)**	122,535	4	41,352	2
7000	**Non-operating income and expenses:**				
7050	Finance costs, net	(7,052)	-	(9,957)	-
7100	Interest income	698	-	1,028	-
7110	Rent income(note (6)(j))	12,411	1	11,713	-
7190	Other income, others(note (7))	3,175	-	333	-
7230	Foreign exchange gains(note (6)(q))	5,208	-	66,248	3
7590	Miscellaneous disbursements	(495)	-	(90)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	103,607	4	(15,096)	(1)
		117,552	5	54,179	2
7900	**Profit before tax**	240,087	9	95,531	4
7950	Less: Tax expense(note (6)(l))	42,286	2	25,959	1
	Profit (loss)	197,801	7	69,572	3
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans(note (6)(k))	(4,210)	-	557	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(note (6)(l))	193	-	(95)	-
		(4,017)	-	462	-
8360	**Other components of other comprehensive income that will not be reclassified to profit or loss**				
8361	Exchange differences on translation	(29,978)	(1)	-	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(10,911)	-	5,654	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss(note (6)(l))	-	-	-	-
		(40,889)	(1)	5,654	-
8300	**Other comprehensive income, net**	(44,906)	(1)	6,116	-
	Total comprehensive income	**$ 152,895**	**6**	**75,688**	**3**
	Basic earnings per share(note (6)(n))	$	1.14		0.39
	Diluted earnings per share(note (6)(n))	$	1.13		0.39

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP

Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

			Retainedearnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity
Balance at January 1, 2015	$ 1,800,000	15,594	212,454	9,730	160,831	383,015	-	5,257	-	2,203,866
Earning distribution:										
Reversal of special reserve	-	-	-	(9,730)	9,730	-	-	-	-	-
Legal reserve appropriated	-	-	13,005	-	(13,005)	-	-	-	-	-
Profit for the year ended December 31, 2015	-	-	-	-	69,572	69,572	-	-	-	69,572
Other comprehensive income	-	-	-	-	462	462	-	5,654	-	6,116
Comprehensive income	-	-	-	-	70,034	70,034	-	5,654	-	75,688
Purchase of treasury stock	-	-	-	-	-	-	-	-	(42,798)	(42,798)
Retirement of treasury stock	(20,650)	(179)	-	-	(21,969)	(21,969)	-	-	42,798	-
Balance at December 31, 2015	1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756
Earning distribution:										
Reversal of special reserve	-	-	6,957	-	(6,957)	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	(53,381)	(53,381)	-	-	-	(53,381)
Profit for the year ended December 31, 2016	-	-	-	-	197,801	197,801	-	-	-	197,801
Other comprehensive income	-	-	-	-	(4,017)	(4,017)	(29,978)	(10,911)	-	(44,906)
Comprehensive income	-	-	-	-	193,784	193,784	(29,978)	(10,911)	-	152,895
Purchase of treasury stock	-	-	-	-	-	-	-	-	(117,651)	(117,651)
Retirement of treasury stock	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-
Balance at December 31, 2016	**$ 1,699,350**	**14,722**	**232,416**	**-**	**302,109**	**534,525**	**(29,978)**	**-**	**-**	**2,218,619**

Note: Employees' compensation amounting to $1,500 and directors' compensation amounting to $8,000 and $6,000, were recognized statements of comprehensive income for the years ended December 31, 2016 and 2015, respectively

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

CHENMING MOLD IND. CORP

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

		2016	2015
Cash flows from (used in) operating activities:			
Profit (loss) before tax	$	240,087	95,531
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		9,798	14,217
Amortization expense		1,652	2,650
Interest expense		7,052	9,957
Interest income		(698)	(1,028)
Share of loss (profit) of subsidiaries,associates and joint ventures accounted for using equity method		(103,607)	15,096
Provision (reversal of provision) for bad debt expense		20,088	-
Loss (gain) on disposal of property, plan and equipment		-	(83)
Total adjustments to reconcile profit (loss)		(65,715)	40,809
Decrease (increase) in accounts receivable, net		(133,942)	95,005
Decrease (increase) in inventories, net		(120)	6,649
Decrease (increase) in other current assets		1,168	477
Changes in financial assets at fair value through profit or loss		2,004	(2,000)
Increase (decrease) in notes and accounts payable (including related parties)		354,855	(158,368)
Increase (decrease) in other payable and other current liabilities		23,964	2,798
Other		160	348
Total adjustments		182,374	(14,282)
Cash inflow (outflow) generated from operations		422,461	81,249
Interest received		699	1,174
Income taxes refund (paid)		(40,981)	(2,289)
Net cash flows from (used in) operating activities		382,179	80,134
Cash flows from (used in) investing activities:			
Proceeds from capital reduction of investments accounted for using equity method		(31,760)	-
Acquisition of property, plant and equipment		(881)	(850)
Proceeds from disposal of property, plant and equipment		-	7,487
Acquisition of intangible assets		(865)	(1,000)
Decrease (increase) in other financial assets		-	21,000
Other		-	(324)
Net cash flows from (used in) investing activities		(33,506)	26,313
Cash flows from (used in) financing activities:			
Increase (decrease) in short-term loans		(10,000)	(100,000)
Increase in long-term loans		50,000	190,000
Decrease in long-term loans		(128,000)	(183,000)
Distribution in cash dividend		(53,381)	-
Payments to acquire treasury shares		(117,651)	(42,798)
Interest paid		(7,146)	(9,722)
Net cash flows from (used in) financing activities		(266,178)	(145,520)
Net increase (decrease) in cash and cash equivalents		82,495	(39,073)
Cash and cash equivalents at beginning of period		195,799	234,872
Cash and cash equivalents at end of period	$	278,294	195,799

See accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CHENMING MOLD IND. CORP (the “Company”).was incorporated on June 1976. The address of the Company’s registered office is 2~6F., No.27, Sec 6, Minquan E. Rd., Neihu dist., Taipei City 114, Taiwan (R.O.C). The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in September 16, 2002. The business activities of the “Company are the production of computer case, the manufacture and the development of mobile devices.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the board of directors on March 22, 2017.

(3) New standards, amendments and interpretations adopted:

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effect.

According to Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Company assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) Newly released or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Company's financial statements were issued, the FSC has not yet announced the effective dates of the other IFRSs.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

The Company is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. • Impairment: The expected credit loss model is used to evaluate impairment. • Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows:

(Continued)

Issuance / Release Dates	Standards or Interpretations	Content of amendment
		• For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Company is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

The financial statements have been translated into English. The translated information is consistent with the Chinese language financial statements from which it is derived.

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the annual financial statements have been prepared on the historical cost basis:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);

2) The defined benefit asset (liability) is recognized as the fair value of plan assets less the present value of the defined benefit obligation.

(Continued)

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The Company financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the entities at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the translation differences of the following, which are recognized in other comprehensive income:

1) Available-for-sale financial asset;

2) Hedge of a net investment in a foreign operation; and Qualified cash flow hedge.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial Instruments

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

(Continued)

(i) Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expenses.

3) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

(Continued)

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. When Available-for sale financial assets occur impairment, the primitive other comprehensive income's accumulate profit and loss will reclassify into income.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

Impairment losses and recoveries are recognized in profit or loss. Recovery and loss on doubtful debts of account receivables is included in operating expense, others are included in non-operating income and expense.

4) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in profit or loss and it is included in non-operating income and expenses.

(Continued)

The Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in non-operating income or expenses.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing. Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

The amount of changes which generated by credit risk should recognized in other comprehensive income except for avoiding inappropriate accounting assignation, if the financial liability is classified in this category.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than insignificant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

(Continued)

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in non-operating income and expenses.

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories' primitive cost are the necessity of costs that make the inventories arrive to the sale or produce-situation. The fix manufacture cost is allocate by the finished good and the work in process, only when the differences between the actual production and the normal capacity of production are small could use actual production to allocate; Variable production overheads allocation is based on the actual production. Inventories are measured at the lower of cost and net realizable value and compare by individual; net realizable value is based on the deduction of estimate selling price and the selling cost.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statement are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

(i) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently. The depreciation is computed along with the depreciable amount. The method, the useful life and the residual amount are the same with those of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, the carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Cost also includes foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

(ii) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from internal use to investment use.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(Continued)

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 11 ~ 51 years

2) Machinery: 6 years

3) Other equipment: 3 ~11 years

4) Building and equipment constitutes mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(l) Intangible assets

(i) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

(Continued)

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) Its intention to complete the intangible asset and use or sell it.

3) Its ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of computer software is 1~3 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(Continued)

(m) Impairment – non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets and assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less, costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(n) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(Continued)

(o) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Rent Revenue

The rent from investment property is recognize by the straight-line method during the lease period, the rent incentive is part of the whole lease revenue and the recognition of the straight-line method is the reduction of rent revenue. The profit from the rent of investment property is recognize on the rent revenue.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(Continued)

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Net interest expense and other expenses related to the defined benefit plans are recognized in retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

(iii) Termination benefits

The benefits from the Company terminate the employees’ hiring contact before normal retirement date or encourage employee to accept paid-off. When the Company already commit the formal terminated contract and ensure that plan is impossible to withdraw, termination benefits need to recognize the expense. When termination benefits have to pay after twelve months, it need to be discounted.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(q) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(r) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(Continued)

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(s) Earnings (loss) per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee bonuses not yet resolved by the shareholders and approved by the board of directors.

(t) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the financial statements.

Besides, for those uncertainties due to accounting assumptions and estimations, information about the significant risk of resulting in a material adjustment within the next financial year is stated below:

(Continued)

(a) The share of profit (loss) of associates and joint ventures accounted for using equity method-Subsidiary's Inventory valuation

Inventories are supposed to be measured based on the lower of cost or net realizable value. Due to the impact of product life cycle and customized design in electronics industry, which tends to devalue the inventories, the Company evaluates the costs of inventories using the net realizable value. Inventory valuation is based on the demand of the products during the specific period, therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to Note (6)(e) of the financial statement for the share of profit (loss) of associates and joint ventures accounted for using equity method-Subsidiary's Inventory valuation.

(b) Evaluation of accounts receivable.

Due to the application for the bankruptcy by overseas client, the management recognized those accounts receivable as bad debt lossess.

Please refer to note (6)(c) for valuating accounts receivable.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand	$ 50	50
Checking accounts and demand deposits	278,244	190,754
Time deposits	-	4,995
	$ 278,294	195,799

Please refer to note 6(q) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2016	December 31, 2015
Financial assets at fair value through profit or loss		
Current financial asset at fair value through profit or loss- mutual fund	$ -	2,004
Financial liabilities at fair value through profit and loss		
Derivative instruments not used for hedging (recorded in other payables)	$ 153	-

(Continued)

(i) Derivative instruments not used for hedging

The Company uses derivative instruments to hedge foreign currency risk the Company is exposed to arising from its operating, activities. The Company held the following derivative instruments not designated as hedging instruments presented as held-for-trading financial assets as of December 31, 2016 (foreign currencies were expressed in thousands) :

	December 31, 2016		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial liabilities			
Forward exchange contract**:**			
Forward exchange sold	USD600	USD to NTD	106.1.16~106.1.26

(ii) As of December 31, 2016 and 2015, the Company did not pledge financial instruments as collateral.

(c) Notes and accounts receivable and other receivables

	December 31, 2016	**December 31, 2015**
Accounts receivable	$ 767,723	633,781
Other receivables	-	557
	767,723	634,338
Less: allowance for uncollectible accounts	(20,855)	(767)
	$ 746,868	**633,571**
Notes and account receivable	**$ 746,868**	**633,014**
Other current financial assets	**$ -**	**557**

(i) The aging analysis of accounts receivable and other receivables which were past due but not impaired were as follows:

	December 31, 2016	**December 31, 2015**
Past due 0-30days	$ 2,434	8,108
Past due 31-150 days	34	6,019
Past over 150 days	-	732
	$ 2,468	**14,859**

(Continued)

Overseas client have been process the bankruptcy application on November, 2016, the management recorded the allowance in full and recognized $20,669 thousands for the bad debt losses.

(ii) The changes of allowance for notes and accounts receivable and other receivables were as follow：

	Loss from Individual-Estimated	Loss from Group-Estimated	Total
Balance on January 1, 2016	$ -	767	767
Impairment loss recognized	20,669	-	20,669
Reversal of impairment loss	-	(581)	(581)
Balance on December 31, 2016	**$ 20,669**	**186**	**20,855**

	Loss from Individual-Estimated	Loss from Group-Estimated	Total
Balance on January 1, 2015	$ -	846	846
Reversal of impairment loss	-	(79)	(79)
Balance on December 31, 2015	**$ -**	**767**	**767**

Allowance doubtful debts is based on the historical payment behavior and the analysis of customer's credit rating. The Company believes that the doubtful debts past due over 30 Days still receivable.

As of December 31, 2016 and 2015, the Company did not pledge account receivable as collateral.

(d) Inventories

	December 31, 2016	December 31, 2015
Raw materials	$ -	15
Work in progress	-	66
Finished goods	1,610	1,409
	$ 1,610	**1,490**

The Company Composition details of operating cost on December 31, 2016 and 2015 as follow:

	December 31, 2016	December 31, 2015
Cost of good sold	$ 2,426,157	2,283,556
Revenue from sale of scraps	-	(6)
	$ 2,426,157	**2,283,550**

Due to December 31, 2016 and 2015, the Group do not pledge inventories as collateral.

(Continued)

(e) Investments accounted for using equity method

Investments accounted for using the equity method at the report date is as folloss:

	December 31, 2016	December 31, 2015
Subsidiaries	$ 1,639,825	1,545,347

(i) Considering the future development strategy, in March 2016, the board of directors decided to purchase 42.7% shares of CHENMING ELECTRONIC (NINGBO). The Company increased its shareholding from 9.3% to 52% and acquired the controlling right of CHENMING ELECTRONIC (NINGBO). The Company invested the additional cash of $31,760 (US$1,000) in CITY INTERNATIONAL LIMITED in September 2016 to increase its capital.

(ii) As of December 31, 2016 and 2015, the company did not provide any investment accounted for using equity method as collateral for its loans.

(f) Property, Plant and Equipment

	Land	Property	Machinery and Equipment	Office equipment and others	Total
Cost					
Balance on January 1, 2016	$ 210,897	174,854	-	23,496	409,247
Additions	-	-	-	881	881
Disposal	-	(11,878)	-	(2,759)	(14,637)
Balance on December 31, 2016	$ 210,897	162,976	-	21,618	395,491
Balance on January 1, 2015	$ 210,897	174,854	43	39,305	425,099
Additions	-	-	-	850	850
Disposal	-	-	(43)	(16,659)	(16,702)
Balance on December 31, 2015	$ 210,897	174,854	-	23,496	409,247
Depreciation					
Balance on January 1, 2016	$ -	62,060	-	17,962	80,022
Depreciation of the year	-	5,413	-	3,147	8,560
Disposal	-	(11,878)	-	(2,759)	(14,637)
Balance on December 31, 2016	$ -	55,595	-	18,350	73,945
Balance on January 1, 2015	$ -	55,326	42	20,889	76,257
Depreciation of the year	-	6,734	1	6,245	12,980
Disposal	-	-	(43)	(9,172)	(9,215)
Balance on December 31, 2015	$ -	62,060	-	17,962	80,022
Book Value					
Balance on December 31, 2016	$ 210,897	107,381	-	3,268	321,546
Balance on December 31, 2015	$ 210,897	112,794	-	5,534	329,225

As of December 31, 2016 and 2015 the Company had provided parts of the property, plant and equipment at collateral for its long-term loans and credit lines. Please refer to notes 8 for details.

(Continued)

(g) Investment Property

		Land	Properties	Total
Cost				
Balance on January 1, 2016	$	152,640	63,116	215,756
Balance on January 1, 2015	$	152,640	63,116	215,756
Depreciation				
Balance on January 1, 2016	$	-	13,169	13,169
Depreciation of the year		-	1,238	1,238
Balance on December 31, 2016	$	-	14,407	14,407
Balance on January 1, 2015	$	-	11,932	11,932
Depreciation of the year		-	1,237	1,237
Balance on December 31, 2015	$	-	13,169	13,169
Book Value				
Balance on December 31, 2016	$	152,640	48,709	201,349
Balance on December 31, 2015	$	152,640	49,947	202,587
Fair Value				
Balance on December 31, 2016				$ 397,962
Balance on December 31, 2015				$ 441,215

The Company classify non-operating assets into investment properties, and investment properties was evaluated by market value. As of December 31, 2016 and 2015, the Company pledge investment properties as collateral. (refer to note (8))

(h) Short-term loans

The short-term loans were summarized as follows:

		December 31, 2016	December 31, 2015
Credit Loan	$	140,000	150,000
Unused credit line for short-term loans	$	643,400	663,675
Annual interest rates		1.0%~1.5%	1.0%~1.5%

(i) The information of rate, foreign currency and liquidity risk exposure please refer to note 6 (q)

(Continued)

(i) Long-term loans

The long-term loans were summarized as follows:

	December 31, 2016			
	Currency	**Range of interest rates**	**Expiration**	**Amount**
Secured bank loans	TWD	**1.0%~2.0%**	2018~2025	$ 168,000
Unsecured bank loans	TWD	**1.0%~1.7%**	2017~2018	70,000
Total				**$ 238,000**
Current				$ -
Non-current				238,000
Total				**$ 238,000**
Unused for long-term credit lines				**$ 270,000**

	December 31, 2015			
	Currency	**Range of interest rates**	**Expiration**	**Amount**
Secured bank loans	TWD	**1.5%~2.2%**	2016~2025	$ 216,000
Unsecured bank loans		**1.5%~1.9%**	2016~2018	100,000
Less: current portion				(36,000)
Total				**$ 280,000**
Current				$ 36,000
Non-current				280,000
Total				**$ 316,000**
Unused for long-term credit lines				**$ 270,000**

(i) The main management are the guarantor of long-term loan, Please refer to note 7.

(ii) The information of annual interest rate, and liquidity risk can refer to note 6(q).

(iii) As of December 31, 2016 and 2015, the Company provided part of its assets as collateral for long-term loans. Please refer to note 8 for details.

(Continued)

(j) Operating lease

The Company as lessor

The Company rents its investment property through operating lease, which refer to note 6 (g). Non-cancellable operating lease rentals that were receivable were as follows:

		December 31, 2016	December 31, 2015
Less than one year	$	13,968	6,383
Between two and five years		50,336	-
	$	**64,304**	**6,383**

The lease revenue from investment property are $13,649 and $12,950 in 2016 and 2015, respectively. Moreover, the relative depreciation expense are $1,238 and $1,237, respectively.

(k) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

		December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$	35,458	31,278
Fair value of plan assets		(60,192)	(59,769)
Recognized liabilities(assets) for defined benefit obligations	**$**	**(24,734)**	**(28,491)**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on the years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by the local banks.

(Continued)

The Company's Bank of Taiwan labor pension reserve account balance amounted to $60,192 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2016	2015
Defined benefit obligation at January 1	$	31,278	30,715
Current service costs and interest		668	726
Remeasurement in net defined benefit liability (assets)		3,512	(163)
Defined benefit obligation at December 31	**$**	**35,458**	**30,715**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2016	2015
Fair value of plan assets at January 1	$	(59,769)	(58,211)
Expected return on plan assets		(1,121)	(1,164)
Remeasurement in net defined benefit liability (assets)		698	(394)
Fair value of plan assets at December 31	**$**	**(60,192)**	**(59,769)**
Actual return on plan assets	**$**	**(423)**	**(1,558)**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2016	2015
Service cost	$	82	112
Interest cost		586	614
Expected rate of return on plan assets		(1,121)	(1,164)
	$	**(453)**	**(437)**
Management expense	**$**	**(453)**	**(438)**

(Continued)

5) Remeasurement in net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement in net defined benefit liability (assets) recognized in other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Cumulative amount at January 1	$ 1,134	1,691
Recognized during the period	4,210	(557)
Cumulative amount at December 31	**$ 5,344**	**1,691**

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions:

i) Present value of defined benefit obligations

	December 31, 2016	December 31, 2015
Discount rate as of December 31	1.375%	1.88%
Future salary increasing rate	1.00%	1.00%

The discount rate was based on the life of the related obligation, and was used as a reference to the return rate on bonds issued by the government, which was declared by GreTai Securities Market.

The department of labor from Taipei City Government has approved the Company to suspend the contribution of pension in 2016 and 2015.

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $0.

The weighted-average duration of the defined benefit obligation is 18.22 years.

(Continued)

7) Sensitivity Analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligation	
	Increased 0.25 %	**Decreased0.25 %**
December 31,2016		
Discount rate	$ (1,381)	1,450
Future salary increasing rate	1,435	(1,374)
December 31,2015		
Discount rate	(1,282)	1,340
Future salary increasing rate	1,335	(1,280)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for both periods.

(ii) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to $4,100 and $4,178 for the years ended December 31, 2016 and 2015, respectively.

(Continued)

(l) Income taxes

(i) income tax expenses

1) The amount of income tax for 2016 and 2015 was as follows:

		2016	2015
Current tax expense			
Recognized during the period	$	24,442	23,197
10% surtax on unappropriated earnings		-	10,460
Adjustment to the prior period		1,588	(738)
		26,030	32,919
Deferred tax expense			
Recognition and reversal of temporary differences		14,464	(4,394)
Movement of unrecognized deductible temporary difference		1,792	(2,566)
		16,256	(6,960)
Income tax expense	**$**	**42,286**	**25,959**

2) The amount of income tax recognized in other comprehensive income for 2016 and 2015 was as follows:

		2016	2015
Items that may not be reclassified subsequently to profit or loss			
Remeasurement in defined benefit plan	**$**	**(193)**	**95**

3) Reconciliation of income tax and profit before tax for 2016 and 2015 is as follows:

		2016	2015
Profit excluding income tax	$	240,086	95,531
Income tax using the Company's domestic tax rate		40,815	16,240
Under (over) provision in prior periods		1,588	(738)
10% surtax on unappropriated earnings		-	10,460
Other		(117)	(3)
	$	**42,286**	**25,959**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None

2) Unrecognized deferred tax assets

Details of unrecognized deferred tax assets as follow:

	December 31, 2016	December 31, 2015
Unrecognized temporary differences	$ 1,792	-

The Company assessed that the income tax deduction which can be offseted with the taxable income are not probable to be utilized, therefore, no deferred tax assets were recognized.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2016 and 2015 were as follows:

	Defined benefit Plans	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2016	$ 4,423	1,640	6,063
Recognized in (profit) or loss	270	1,077	1,347
Recognized in other comprehensive income	(193)	-	(193)
Balance on December 31, 2016	$ 4,500	2,717	7,217
Balance on January 1, 2015	4,255	6,081	10,336
Recognized in (profit) or loss	73	(4,441)	(4,368)
Recognized in other comprehensive income	95	-	95
Balance on December 31, 2015	$ 4,423	1,640	6,063

(Continued)

	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax assets:			
Balance on January 1, 2016	$ -	16,157	16,157
Recognized in profit or (loss)	-	(14,909)	(14,909)
Balance on December 31, 2016	**$ -**	**1,248**	**1,248**
Recognized in profit or (loss)	-	13,565	13,565
Recognized in other comprehensive income	-	2,592	2,592
Balance on December 31, 2015	**$ -**	**16,157**	**16,157**

(iii) The ROC tax authorities have examined the Company's income tax returns through 2014.

(iv) Information related to the unappropriated earnings and tax deduction ratio was summarized below:

	December 31, 2016	December 31, 2015
Unappropriated earnings of 1998 and after	**$ 302,109**	**205,621**
Balance of imputation credit account	**$ 67,497**	**40,856**
	2016 (Estimated)	**2015 (Actual)**
Creditable ratio for earnings distribution to ROC residents	**25.28 %**	**29.31 %**

The above stated information was prepared in accordance with the information letter No.10204562810 announced by the Ministry of Finance of R.O.C. on October 17, 2013.

(m) Capital and other equities

(i) Ordinary shares

The Company's board of director decided to retire its treasury stock of 2,065 thousand shares on August. 5, 2015, the effective date was August 7, 2015, and the registration process was completed.

The Company's board of director decided to retire its treasury stock of 8,000 thousand shares on August 10, 2016, the effective date was August 11, 2016, and the registration process was completed.

(Continued)

As of December 31, 2016 and 2015, the authorized common stocks were $2,472,000 with a par value of 10 New Taiwan dollars per share, and of which $169,935 and 177,935 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2016 and 2015, were as follows:

	December 31, 2016	December 31, 2015
Additional paid-in capital	$ 14,722	15,415

The Company retire its treasury stock and reduced the capital surplus $693 and $179 separately in 2016 and 2015.

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained Earning

Based on the Company's articles of incorporation in June 17, 2016, 10% of annual net income after covering the accumulated deficit, if any, must be set up as a legal reserve. The remaining balance after special reserves that are appropriated in accordance with SFB regulations, if any, shall distribute prior year's un-distribution by board of shareholders. The Company should consider financial, business and operating factors to decide the distribution of earnings; which can be distributed by cash dividends or share dividends. Earning distribution should be cash dividends as priority, and the cash dividends cannot be lower than 10% of the total cash and stock dividends.

The Company's industry is currently in a gentle growth phase. Consider long-term financial planning and funding demand, the company use balance and stable dividend strategy; After preserve enough accommodation fund, the remain earnings will be distributed by cans dividend. The amount of cash dividends should not be lower than 10% of the total dividends.

1) Legal reserve

In accordance with the Company Act, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

(Continued)

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the shareholders' meeting held on June 17, 2016, the dividend amount of shareholders was $53,381 by cash.

According to the shareholders' meeting held on June 11, 2015, in order to compensate the loss, the Company did not distribute employee and directors' remuneration. The final meeting result was same with the estimation of financial statement in December 31, 2014.

The related information about employee, bonuses and directors' and supervisors'remuneration in 2014 can be accessed from the Market Observation Post system after the stockholder's meeting for approval.

(iv) Treasury stock

Pursuant to Article 28-2 of the Securities and Exchange Act, in order to maintain the Company's credit and stock owners equity, the Company purchased treasury stock.

Movement of treasury share in 2016 and 2015

	For the years ended December 31			
	2016		2015	
	Share (thousands)	Amount	Share (thousands)	Amount
Balance on January 1	$ -	-	-	-
Additional	80,000	117,651	2,065	42,798
Retire treasury stock	(80,000)	(117,651)	(2,065)	(42,798)
Balance on December 31	$ -	-	-	-

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares that the company bought for transferring to employees should be transferred within three years, if not, the shares would become non-public shares and be written down. Furthermore, treasury shares can't be pledge as collateral and do not have the obligation of stock holders.

(Continued)

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2016 and 2015 were calculated as follows:

	2016	2015
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 197,801	69,572
Weighted-average number of ordinary shares	173,858	178,822
Diluted earnings per share:		
Profit attributable to ordinary shareholder of the Company (after adjusted the influence of potential ordinary shares)	$ 197,801	69,572
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	173,858	178,822
Effect of employee stock remuneration	549	373
Weighted-average number of ordinary shares(after adjusted the influence of potential ordinary shares)	174,407	179,195

(o) Revenue

	2016	2015
Computer and server case	$ 1,478,032	1,075,513
Mobile components	1,114,656	1,268,235
Mold revenue	148,140	152,660
	$ 2,740,828	2,496,408

(p) Employee bonuses, directors' and supervisor's remuneration

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be determined by the stockholders, require that earnings shall first be offset against any deficit, then, no less than 2% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

(Continued)

For the year ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounting to $8,000 and $6,000 , and directors' and supervisors' remuneration amounting to both $1,500 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2016 and 2015. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the board of directors' meeting. The amounts, as stated in the financial statements, are identical to those of the actual distributions in 2016 and 2015.

(q) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The customers of the Company are mainly high-tech companies, account receivable have 49% and 65% are composed by five clients in December 31, 2016 and 2015. Thus, the company has concentration to credit risk situation.

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Amount	Within a year	1 ~ 2 years	Over 2 years
December 31, 2016				
Secured loans	$ 168,000	-	72,000	96,000
Unsecured loans	210,000	140,000	70,000	-
Notes and accounts payable (inculding relative parties)	531,254	531,254	-	-
Other payables	5,661	5,661	-	-
Guarantee deposits	3,810	3,810	-	-
Derivative financial liabilities				
Other forward exchange：	153			
Outflow	-	(19,350)	-	-
Inflow	-	19,181	-	-
	$ 918,878	**680,556**	**142,000**	**96,000**

(Continued)

December 31, 2015				
Secured loans	$ 216,000	16,000	28,000	172,000
Unsecured loans	250,000	170,000	70,000	10,000
Notes and accounts payable (inculding relative parties)	176,399	176,399	-	-
Other payables	6,494	6,494	-	-
Guarantee deposits	3,810	-	-	3,810
	$ 652,703	**368,893**	**98,000**	**185,810**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follow:

	December 31, 2016			**December 31, 2015**		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	$ 31,521	32.250	1,016,552	24,065	32.825	789,934
Financial liabilities						
Monetary items						
USD to TWD	132	32.250	4,257	206	32.825	6,762

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivable, and accounts payable, that are denominated in foreign currency.

A weakening (strengthening) 5% of each major foreign currency against Company entities' functional currency as of December 31, 2016 and 2015 would have increased $50,615 and $39,159, respectively.

(Continued)

3) Exchange gains and losses of monetary items

Foreign exchange profit or loss (including realized and unrealized) as follow:

	2016		2015	
	Exchange profit(loss)	**Average rate**	**Exchange profit(loss)**	**Average rate**
TWD	$ 5,208	-	66,248	-

(iv) Interest Rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2016	**December 31, 2015**
Variable rate instruments:		
Financial assets	$ 278,244	195,749
Financial liabilities	378,000	466,000

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Company's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decrease by $249 and $676 for the years ended December 31, 2016 and 2015, respectively, which would be mainly resulted from the bank savings and loans with variable interest rates.

(v) Fair value

1) Procedure of valuation

The Company's accounting policies and disclosure include fair value method on financial assets and financial liabilities. The Company's management is responsible in performing independent test on fair value by using independent source of information to obtain the fair value which is close to the market status. The management also confirms the independence, reliability and matching of the information source, and regularly test the valuation model, update the input and other information, and make necessary adjustment to ensure the output of valuation is reasonable.

(Continued)

2) Fair value hierarchy

The Company uses observable market data to evaluate assets and liabilities when it is possible. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

3) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets, are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required.

	December 31, 2016				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Loans and receivables					
Cash and cash equivalents	$ 278,294	-	-	-	-
Accounts receivable (including related parties)	746,868	-	-	-	-
Refundable deposits	520	-	-	-	-
	$ 1,025,682				
Financial liabilities at fair value through profit or loss (recorded in other payable)					
Derivative financial liabilities	$ 153	-	153	-	153
Financial liabilities at amortized cost through profit or loss					
Bank loans	378,000	-	-	-	-
Notes and account payables (including related parties)	531,254	-	-	-	-
Other payables	5,661	-	-	-	-
Refundable deposits	3,810	-	-	-	-
Total	$ 918,878				

(Continued)

	December 31, 2015				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 2,004	2,004	-	-	2,004
Loans and receivables					
Cash and cash equivalents	195,799	-	-	-	-
Accounts receivable	633,014	-	-	-	-
Other current financial assets	557	-	-	-	-
Refundable deposits	520	-	-	-	-
	829,890				
	$ 831,894				
Financial liabilities at amortized cost through profit or loss					
Bank loans	$ 466,000	-	-	-	-
Notes and accounts payable (including related parties)	176,399	-	-	-	-
Other deposits payables	6,494	-	-	-	-
Refundable	3,810	-	-	-	-
Total	$ 652,703				

4) Fair value valuation technique of financial instruments not measured at fair value

The Company estimate instruments that are not measured at fair value, by method and presumption as follows:

a) Financial liability with amortized cost evaluation

Fair value measurement is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

5) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies’ equity instrument and debt instrument of the quoted price in an active market.

(Continued)

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

6) There were no transfers from one level to another in 2016 and 2015.

(r) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The financial risks management can be separated into management and operating related financial risks, the risks including credit risk, liquidity risk and market risk. In order to reduce financial risk, the Company dedicate to recognize, evaluate and avoid the uncertainty in the market. The important financial activity need to review by auditors in the broad and the Company have to follow the regulation of financial management and the process of division responsibility.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

The Company constantly evaluate clients' financial situation, if necessary, the company will buy credit guarantee insurance contract.

(Continued)

2) Guarantees

As of December 31, 2016 and 2015, the Company do not offer any endorsement and guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial assets. The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and liabilities. Make an effort to avoid any unacceptable loss or any harmful on their reputation.

The loans and borrowings from the bank form an important source of liquidity for the Company. Please refer to note 6(h) and note 6(i) for unused short-term and long-term bank facilities as of December 31, 2016 and 2015.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (TWD).

To avoid the fluctuation from foreign exchange, the Company use short-term loans and derivative (including forward exchange agreement) to avoid foreign rate risk. This kind of derivative can help the Company to reduce the influence of foreign currency exchange but can't exclude all the risk.

2) Interest rate risk

The Company borrows funds with variable interest rates, therefore there is risk of cash flows.

(s) Capital management

The Company decides the optimized capital by maintain the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, research and development expense and dividend payment and so on. To maintain a strong capital base, the Company might adjust the stock dividend, issue new share or buy treasury share. The Company also scrutiny the asset-liability ratio regularly to monitor the fund.

(Continued)

Debt-to-equity ratio in December 31, 2016 and 2015 as follow:

		December 31, 2016	December 31, 2015
Total liabilities	$	998,653	724,057
Total asset equity		3,217,272	2,960,813
Debt-to-equity ratio		31%	24%

As of December 31, 2016, the capital management method do not change.

(7) Related-party transactions:

(a) Relationships between Parents and Subsidiaries

A detailed list of the Company's subsidiaries is as follows:

		Ownership interest (shareholding%)	
	Country of incorporation	December 31, 2016	December 31, 2015
TOP CITY INTERNATIONAL LIMITED	Samoa	100	100
PEAK SHREWD INC	Samoa	100	100
GERSHWIN INTERNATIONAL LIMITED	Samoa	100	100
Dongguan Chenming Electronic Co., Ltd.	Dongguan City, Guangdong Province	100	100
Chenming Electronic (Ningbo) Co., Ltd.	Ningbo City, Zhejiang Province	52	9.3(Note)

Note: The board of directors decided to purchase 42.7% shares of CHENMING ELECTRONIC (NINGBO) on March 23, 2016, and acquired the controlling right.

(b) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(c) Significant transactions with relative parties

(i) The amounts of purchase transactions between the Company and its related parties were as follows:

		2016	2015
Subsidiaries	$	2,412,868	2,242,501
Other related parties		-	8,923
	$	2,412,868	2,251,424

(Continued)

The Company burys certain products manufactured by its related parties. The purchase prices for related parties are similar to those of the third-party vendors, and the collection period for related parties is 60 days and payment according to subsidiaries's financial needs.

(ii) The amounts of payable to related parties were as follows:

Account	Related party categories	December 31, 2016	December 31, 2015
Accounts payable	Subsidiaries	$ 522,051	167,320

(iii) Selling products to related parties

	2016	2015
Subsidiaries	$ 93	-
Other related parties	7	190
	$ 100	190

The price and accounts receivable period are no different between related parties and general supplier; the open account date is 60 days for related parties. ◦

(iv) The amounts of receivable to related parties were as follows:

Account	Related party categories	December 31, 2016	December 31, 2015
Accounts receivable	Subsidiaries	$ 26	-

(v) Lease

The Company rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them. Each rental for both years December 31, 2016 and 2015 amounted to $3,429.

(vi) Property transactions

In 2016, the Company sold other equipment to its subsidiaries. The accounts receivable above had already been received as of December 31, 2016.

(vii) Other

The Company has to pay the expenses for its related parties in accordance with the business contract. .As of December 31, 2016 and 2015, the related fees amounted to $0 and $556 which were recognized as current other financial assets.

The Company dispatched its employees to its subsidiaries for providing management services. As of December 31, 2016, the relative revenue amounted to $2,981, which was recognized in other income.

(Continued)

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

		2016	2015
Short-term employee benefits	$	8,593	10,210
Post-employment benefits		216	216
	$	8,809	10,426

(ii) Guarantee

The main management are guarantor of the syndication contract, and the amount of syndication are $238,000 and $316,000 in December 31, 2016 and 2015.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	December 31, 2016	December 31, 2015
PPE and investment	Long-term loans and loan within 1 year		
properties- land		$ 347,804	347,804
－properties	Long-term loans and loan within 1 year	146,032	149,607
		$ 493,836	497,411

(9) Commitments and contingencies:None

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2016 Cost of sales	2016 Operating expenses	2016 Total	2015 Cost of sales	2015 Operating expenses	2015 Total
Employee benefits						
Salary	-	108,214	108,214	-	93,817	93,817
Labor and health insurance	-	6,683	6,683	-	7,463	7,463
Pension	-	3,647	3,647	-	3,740	3,740
Others	-	3,488	3,488	-	3,723	3,723
Depreciation	-	8,560	8,560	-	12,980	12,980
Amortization	-	1,652	1,652	-	2,650	2,650

(Continued)

Note: The depreciation expense, which subtract the depreciation expense from investment properties, are $1,238 and $1,237 in 2016 and 2015, and recognized in the subtraction of rent revenue.

(b) The Company had 90 and 93 employees as of December 31, 2016 and 2015, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 2	Maximum limit of fund financing (note 1)
													Item	Value		
1	CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Accounts receivable due from related parties	Yes	225,750 (RMB3,052)	193,500	129,000	1.1162% 1.63417%	Demand for funding	-	Depending on demand for funding	-	-	-	1,639,825 (note 1)	1,639,8 (no
2	CHENMING ELECTRONIC (NINGBO)CO.,LTD	Dongguan Chenming Electronic Co,. Ltd	〃	〃	69,255	69,255	46,170	4.5%	〃	-	〃	-	-	-	79,159 (note 2)	79,159 (note 2)

Note 1：The total amount of the guarantee provided by the Lender Company shall not exceed hundred percent (100%) of the Lender Company's net worth
Note2: The total amount of the guarantee provided by the Lender Company shall not exceed ten percent (10%) of the Lender Company's net worth

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of December 31, 2016 (excluding investment in subsidiaries, associates and joint ventures):None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details: Purchase/ (Sale)	Transaction details: Amount	Transaction details: Percentage of total purchases/ (sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment Terms	Notes/Accounts receivable (payable): Ending Balance	Notes/Accounts receivable (payable): Percentage of total notes/ accounts receivable (payable)	Note
The Company	Dongguan Chenming Electronic Co,. Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	2,412,868	99 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(522,051)	(98) %	
Dongguan Chenming Electronic Co,. Ltd	The Company	Ultimate holding company	(Sale)	(2,412,868)	71 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	522,051	81 %	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue: Amount	Overdue: Action taken	Amounts received in subsequent period	Allowance for bad debts	Note
Dongguan Chenming Electronic Co,. Ltd	The Company	Subsidiaries	522,051	7.00	-		522,051	-	

(ix) Trading in derivative instruments: Please refer to note (6)(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2016 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2016	Original investment amount: December 31, 2015	Balance as of December 31, 2016: Shares (thousands)	Balance as of December 31, 2016: Percentage of ownership	Balance as of December 31, 2016: Carrying value	Net income (losses) of the investment	Investment income (losses)	Note
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	1,696,833	1,665,073	52,148	100%	1,639,825	103,607	103,607	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Computer case and production of relative components	1,471,994	1,471,994	45,988	100%	1,176,195	37,848	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	Subsidiaries
〃	PEAK SHREWD INC	Samoa	Investment	332,655	203,835	10,000	100%	330,731	67,481	〃	〃

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2016	Net income (losses) of the investment	Percentage of ownership	Investment income (losses)	Carrying amount as of December 31, 2016 (note 3)	Accumulated remittance of earnings as of December 31, 2016
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO)CO.,LTD	Computer case and production of relative components	2,080,125 (USD64,500)	note1 and 7	193,500 (USD6,000)	129,000 (USD4,000) (note 6)	-	322,500 (USD10,000)	125,513	52%	63,107	411,626	-
Dongguan Chenming Electronic Co,. Ltd	〃	934,541 (note 4)(USD28,978) (note 5)	note 1 and 8	803,025 (USD24,900)	-	-	803,025 (USD24,900)	60,367	100%	60,367	800,797	-

Note1: Investment in Mainland China through existing company from third region.
Note2: The investment gains and losses of the current period are recognized according to the financial statements which have been audited and certified by the Company's independent external auditors.
Note3: The USD was translated into New Taiwan Dollars at the exchange rate of $32.25 as of December 31, 2016; gains and losses were translated into New Taiwan Dollars at the average exchange rate of $32.263 for the year.
Note4: Invested the amount of USD 3,000 in Dongguan Chenming Electronic Co., Ltd. through GERSHWIN INTERNATIONAL LIMITED by TOP CITY INTERNATIONAL LIMITED.
Note5: Invested the amount of USD 1,078 on equipment in Dongguan Chenming Electronic Co,. Ltd by GERSHWIN INTERNATIONAL LIMITED
Note6: Investment through PEAK SHREWD INC by the Company and TOP CITY INTERNATIONAL LIMITED
Note7: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and PEAK SHREWD INC
Note8: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and GERSHWIN INTERNATIONAL LIMITED

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	1,222,275 (USD 37,900)	1,296,450 (USD 40,200)	1,559,148

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in “Information on significant transactions”.

(14) Segment information:

The Company has provided the operating segments disclosure in the consolidated financial statements.

VI. Any financial distress experienced by the company or its affiliated enterprise and impacts on the company's financial status in the last year up till the publication date of this annual report: None.

Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

I. Financial position

Unit: NTD thousand

Items \ Year	2015	2016	Variation	
			Amount	%
Current assets	1,787,706	2,458,237	670,531	37.51
Long-term investments	175,215	-	(175,215)	(100.00)
Fixed assets	1,043,626	1,180,980	137,354	13.16
Other assets	436,642	530,278	93,636	21.44
Total assets	3,443,189	4,169,495	726,306	21.09
Current liabilities	911,008	1,316,145	405,137	44.47
Long-term liabilities	280,000	238,000	(42,000)	(15.00)
Other liabilities	15,425	16,769	1,344	8.71
Total liabilities	1,206,433	1,570,914	364,481	30.21
Share capital	1,779,350	1,699,350	(80,000)	(4.50)
Capital reserve	15,415	14,722	(693)	(4.50)
Retained earnings	431,080	534,525	103,445	24.00
Total shareholders' equity	2,236,756	2,598,581	361,825	16.18

Explanation to major variations:

1. Increase in current assets: Mainly due to consolidation of a new entity - Chenming Electronic (Ningbo) this year.
2. Decrease in long-term investments: Due to the inclusion of Chenming Electronic (Ningbo) into consolidated financial statements.
3. Increase in other assets: Mainly due to consolidation of a new entity - Chenming Electronic (Ningbo) this year.
4. Increase in other liabilities: Mainly due to consolidation of a new entity - Chenming Electronic (Ningbo) this year.
5. Increase in retained earnings: Mainly due to increase in current net income.

Note 1: All above financial information was taken from audited consolidated financial statements.

Note 2: Explanations are provided for variations above 20% and amounting to NT$10 million or higher.

Note 3: Percentages are calculated on same accounts shown in different financial statements

Note 4: Variation percentage is calculated by designating previous year's value at 100%

II. Financial performance

Unit: NTD thousand

Year / Items	2015	2016	Variation	Variation (%)
Operating revenue				
Sales revenue	3,241,910	4,274,785	1,032,875	31.86
Less: Sales return		-	-	-
Sales discount		-	-	-
Net operating revenues	3,241,910	4,274,785	1,032,875	31.86
Operating costs	2,926,135	3,666,741	740,606	25.31
Gross profit	315,775	608,044	292,269	92.56
Operating expenses	277,609	346,828	69,219	24.93
Operating profit	38,166	261,216	223,050	584.42
Non-operating revenues	75,439	56,186	(19,253)	(25.52)
Non-operating expenses	18,074	19,063	989	5.47
Pre-tax profit	95,531	298,339	202,808	212.30
Income tax expense	25,959	42,286	16,327	62.90
Net income	69,572	256,053	186,481	268.04

(1) Explanation to major variations:

1. Increase in sales revenue: Mainly due to additional purchase orders received and the inclusion of Chenming Electronic (Ningbo) into consolidated financial statements.
2. Increase in operating costs: The increase in costs was mostly proportional to the increase in operating revenues.
3. Increase in gross profit: Caused by increase in operating revenues.
4. Increase in operating expenses: Mainly due to additional purchase orders received and the inclusion of Chenming Electronic (Ningbo) into consolidated financial statements.
5. Increase in operating profit: The increase in profit was mainly caused by increased operating revenues.
6. Decrease in non-operating revenues: Caused by fluctuation of foreign currency exchange rate.
7. Increase in pre-tax profit: The increase in profit was mainly caused by increased operating revenues.
8. Increase in income tax expense: Caused by increased pre-tax profit.
9. Increase in net income: The increase in profit was mainly caused by increased operating revenues.

(2) Expected sales volume and basis of estimate: The Company does not produce financial forecasts, hence not applicable.

(3) Possible financial impacts and responsive plans: The Company does not produce financial forecasts, hence not applicable.

Note 1: All above financial information was taken from audited consolidated financial statements.

Note 2: Explanations are provided for variations above 20% and amounting to NT$10 million or higher.

Note 3: Percentages are calculated on same accounts shown in different financial statements

Note 4: Variation percentage is calculated by designating previous year's value at 100%

III. Cash flow

(I) Liquidity analysis for the last 2 years

Items / Year	2015	2016	Variation (%)
Cash flow ratio	36	56	56%
Cash flow adequacy ratio	100	146	46%
Cash reinvestment ratio	13	25	92%
1. Increase in cash flow ratio and cash reinvestment ratio: Due to increased cash flow from operating activities.			

(II) Improvements for lack of liquidity: The Company's current ratio stood at 186.77%, which presents no concern for lack of liquidity.

(III) Liquidity analysis for the next year

Unit: NTD thousand

Opening cash balance (1)	Projected net cash flow from operating activities (2)	Expected cash outflow for the year (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Financing of projected cash deficits	
				Investment plans	Financing plans
604,885	565,221	620,314	549,792	-	-

1. Analysis of cash flow for the year:
(1) Operating activities: Mainly due to increasing net income expected in the following year.
(2) Investing activities: Mainly due to increasing machinery/equipment investments expected in the following year.
(3) Financing activities: Mainly due to decreasing loans expected in the following year.
2. Responsive measures and liquidity analysis on expected cash flow deficits: Not applicable.

IV. Material capital expenditures in the last year and impact on business performance:

(I) Major capital spendings and source of capital: None.

(II) Expected benefits: None.

V. Causes of profits or losses incurred on investments in the last year, and any improvements or investments planned for the next year:

The Company operates as an operations center in Taiwan, and establishes production sites overseas. The Company earned profits on investment in 2016 mainly because of increased revenues and operating profits of its investees, which were recognized using the equity method. The Company will plan its investments for the next year based on the state of the industry and the Company's growth requirements. Investments will be carefully reviewed and presented to the board of directors for final approval.

VI. Evaluation of risk management issues in the last year up till the publish date of this annual report

(I) Impact of interest rate, exchange rate, and inflation on the company’s earnings, and responsive measures:

1. Exchange rate variations: The Company exports most of its products. Sales are mainly denominated in USD, while purchases made from suppliers are also mostly denominated in USD. This arrangement enables a natural hedge where proceeds from sales are directly offset against purchases in the same currency. As a result, the Company's currency exposure does not present risk to its profitability.

   The Company adopts a conservative approach towards managing foreign currency risks and the likely impacts they have on overall profitability. In addition to hedging foreign currency risks through spot and forward transactions, the Company constantly monitors exchange rate movements and adjusts foreign currency positions whenever appropriate to minimize impact of exchange rate volatility on the Company's profits.

2. Interest rate variations: The Company pays close attention to local and foreign interest rates. It monitors borrowing rates on a regular basis and maintains good relationship with banks to make sure that loans are drawn at more favorable rates, and thereby reduce borrowing costs. As of the publication date of this annual report, interest rate variations had not caused any significant impact on the Company's profit and loss.

3. Inflation: The Company pays constant attention to changes in the environment, and adjusts selling price and inventory level to match movement of raw material prices in the market. As of the publication date of this annual report, inflation had not caused any significant impact to the Company.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

The Company adopts a conservative business philosophy and focuses only on its core production activities.

The Company was never involved in high-risk or highly leveraged investment. Transactions such as loan to third part, endorsement, guarantee, and derivatives are carried out according to the Company's "Asset Acquisition and Disposal Procedures," "Third Party Lending Procedures," and "Endorsement and Guarantee Procedures."

(III) Future research and development plans and projected expenses:

The Company continues to invest into research and development with the focus of improving the quality of its R&D personnel, the complexity of its technologies, and the added value of its products. R&D expenses are budgeted based on the development progress of new products and new technologies. R&D expenses are raised progressively and flexibly in line with business performance to secure the Company's competitive advantage.

1. Future R&D plans:
   (1) Continual development of soft magnetic materials, such as: Fe-3Si, Fe-50NiFe-50Co, etc.
   (2) Continual development of copper and copper alloy-based production procedures and testing standards.
   (3) Continual development of CIM (Ceramic Injection Molding) procedures, and establishment of quality testing standards.
   (4) Establishment of thermal-debinding adhesive database. Apart from clarifying reactions of different chemicals, the database can also be used to provide parameters for the debinding process, as well as more extensive technical information to support patent application.
   (5) Research and analysis on SUS316L and SUS17-4, and develop internal standards for the use of powder materials.
   (6) Continual development of PVD coating technology, and utilizing existing PVD decorative coating equipment to simulate coating of AlCrN layer. This simulation coating has the potential to be applied on tools, such as PVD coating on the stamping punch.
2. The Company expects to spend NT$45 million on R&D in 2017 in order to achieve the above targets.

(IV) Financial impacts and responsive measures in the event of changes in local and foreign regulations:

The Company has always complied and monitored changes in local as well as foreign policies and regulations, so that the management may have the most up-to-date information to review and revise the Company's policies in line with current regulations. As of the publication date of this annual report, the Company encountered no change in local or foreign policy/regulation that affected its financial or business performance.

(V) Financial impacts and responsive measures in the event of technological or industrial changes:

The Company has maintained good interaction with several world-renowned manufacturers for many years. It pays constant attention to gathering and analyzing new information in order to minimize impact of technological changes. Internally, the Company dedicates itself to innovation, research and development as a means to reduce and optimize cost structure, and develop new accessories and new production procedures. Externally, the Company devotes significant resources to increasing visibility of its products, exploring new customers, and maintaining existing customer relationships. This combination of internal and external practices is what enables the Company to stay competitive in the race and adjust products according to customers' demands, such as the need to comply with environmental regulations in Europe, USA and Japan. As a result, the Company has been able to minimize financial and business impacts whenever it encounters technological or industrial changes. As of the publication date of this annual report, the Company encountered no significant financial or business impact due to changes in technology or industry.

(VI) Crisis management, impacts, and responsive measures in the event of a change in corporate image:

The Company has maintained good reputation and encountered no significant change in the last year that resulted in corporate crisis. The Company remains committed to its existing business philosophy and encountered no change in corporate culture. Its comprehensive talent training program combined with a people-oriented management approach have successfully attracted outstanding talents and advanced knowledge into the organization. These advantages have been materialized into actual performance results and returned to shareholders in the form of profits, and to the public in the form of corporate social responsibilities. As of the publication date of this annual report, the Company encountered no change of corporate image that resulted in corporate crisis.

(VII) Expected benefits, risks and responsible measures in relation to mergers and acquisitions:

The Company had no merger or acquisition planned as at the publication date of this annual report.

(VIII) Expected benefits, risks and responsive measures associated with plant expansions:

The Company had no expansion planned as at the publication date of this annual report. It currently focuses on achieving the fullest utilization of existing production capacity, and maximizing benefits from economies of scale. If expansion opportunities arise in the future, the Company will carefully evaluate whether the expansion is likely to bring synergies to the benefit of existing shareholders before proceeding.

(IX) Risks and responsive measures associated with concentrated sales or purchases:

1. Risk of concentrated purchase and responsive measures: The Company chooses to work only with reputable and qualified suppliers. Doing so not only assures flexibility and consistency of its supplies, but also provides the Company with the bargaining power needed to reduce costs. Meanwhile, the Company actively sources new suppliers, explores alternative materials, and manages inventory to minimize risk of supply shortage. Overall, the Company is not prone to the risk of concentrated purchase or supply disruption.
2. Risk of concentrated sales and responsive measures: The Company sells its products mostly to renowned high-tech manufacturers local and abroad. Its customer base is diverse and stable, and exhibits no concentration of sales. In addition to maintaining sound relationship with existing customers, the Company also tries to diversify its customer base by developing new products, markets and customers, and thereby reduce sales concentration risk to the minimum.

(X) Impacts, risks and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

There had been no significant transfer of shareholding by directors, supervisors or major shareholders with more than 10% ownership up till the publication date of this annual report.

(XI) Impacts, risks and responsive measures associated with a change of management:

The Company encountered no change of management, hence not applicable.

(XII) Major litigations, non-contentious cases, or administrative litigations involving the company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders or security prices of the company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of this annual report:

Mr. Lin Mu-He, the Company's person-in-charge, received an indictment on January 9, 2017 from the Prosecutors Office of Shilin District Court for violation against the Securities and Exchange Act. The case is now undergoing legal procedures.

The Company continues to operate as normal and encounters no significant financial or business impact. The defendant has already engaged a legal representative to defend him and handle litigation affairs on his behalf.

(XIII) Other material risks and responsive measures: None.

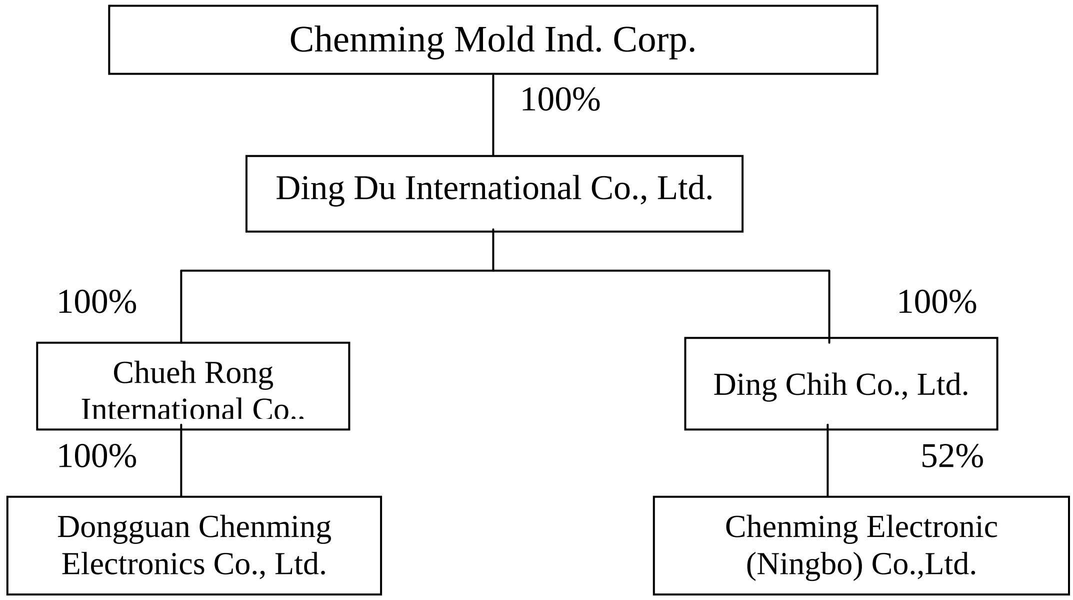
VII. Other important disclosures: None

Eight. Special Remarks

I. Information of affiliated companies

(I) Consolidated business report

1. Affiliated enterprises chart:



2. Profile of affiliated companies

Unit: $

Corporate name	Date of establishment	Address	Paid-up capital	Main business activities or products
Ding Du International Co., Ltd.	1999.09.30	Offshore Chambers P.O.Box217,Apia,Samoa	54,447,960 (USD)	Investment holding company
Chueh Rong International Co., Ltd.	2000.01.05	Offshore Chambers P.O.Box217,Apia,Samoa	45,987,960 (USD)	Manufacturing of computer chassis
Dongguan Chenming Electronics Co., Ltd.	2010.02.11	Dongguan City, Guangdong Province No. 442, Zhenan Road, Changan	24,900,000 (USD)	Manufacturing of computer chassis
Ding Chih Co., Ltd.	2002.04.12	Offshore Chambers P.O.Box217,Apia,Samoa	12,300,000 (USD)	Investment holding company
Chenming Electronic (Ningbo) Co.,Ltd.	2000.08.16	No. 25, Gangdong Avenue, Beilun District, Ningbo City, Zhejiang Province	64,500,000 (USD)	Manufacturing of computer chassis

3. Common shareholders in controlling and controlled companies: None.
4. Businesses covered by affiliated companies and job specialization:

The Company and affiliated companies are involved in: manufacturing and sale of PC/server chassis and components for notebook PCs and mobile devices.

In general, the affiliated companies support each other in terms of technology, production capacity, marketing and service to maximize synergy.

5. Directors, supervisors, and President of affiliated companies

Unit: shares; %

Corporate name	Position title	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
Ding Du International Co., Ltd.	Director	Chenming Mold Ind. Corp. (Representative: Lin Mu-He)	54,447,960	100%
Chueh Rong International Co., Ltd.	Director	Ding Du International Co., Ltd. (Representative: Lin Mu-He)	45,987,960	100%
Dongguan Chenming Electronics Co., Ltd.	Director	Chueh Rong International Co., Ltd. (Representative: Lin Mu-He)	24,900,000	100%
	Vice President	Fan Yu-Hsiang		
Ding Chih Co., Ltd.	Director	Ding Du International Co., Ltd. (Representative: Lin Mu-He)	12,300,000	100%
Chenming Electronic (Ningbo) Co.,Ltd.	Director	Ding Chih Co., Ltd. (Representative: Lin Mu-He)	64,500,000	52%
	President	Chung Fu-Chuan		

6. Performance of affiliated companies

Unit: NTD thousand; date:12.31, 2016

Corporate name	Share capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit	Current net profit	Earnings per share ($)
Ding Du International Co., Ltd.	1,696,833	1,656,939	0	1,656,939	0	0	103,607	-
Chueh Rong International Co., Ltd.	1,471,994	1,309,660	133,465	1,176,195	0	(23,003)	37,848	-
Dongguan Chenming Electronics Co., Ltd.	872,219	1,592,366	791,569	800,797	3,388,787	67,793	63,107	-
Ding Chih Co., Ltd.	332,655	411,725	80,994	330,731	0	(2)	67,481	-
Chenming Electronic (Ningbo) Co.,Ltd.	727,878	1,063,303	271,715	791,589	558,151	86,688	125,513	-

(II) Consolidated financial statements of affiliated companies

Declaration

Affiliated enterprises subject to the preparation of consolidated business reports under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under IFRS10 for financial year 2016 (from January 1 to December 31, 2016). All mandatory disclosures of the consolidated business report has been disclosed in the consolidated financial statements, therefore no separate consolidated business report was prepared.

Declaration made by the undersigned

Company name: Chenming Mold Ind. Corp.
Chairman: Lin Mu-He
Date: March 17, 2017

(III) Affiliation report: None.

II. Private placement of securities in the last year up till the publication date of this annual report.
None.

III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up till the publication date of this annual report.
None.

IV. Other supplementary information.
None.

Nine. Occurrences Significant to Shareholders' Equity or Securities Price, as Defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the Last Year Up Till the Publication Date of Annual Report.

None.

Chenming Mold Ind. Corp.

Chairman: Lin Mu-He