

Stock code : 3013

**uneec**<sup>®</sup> 晟銘電子科技股份有限公司  
**CHENMING MOLD IND. CORP.**

**2018 Shareholders' general  
meeting**

# **Meeting Agenda Handbook**

Date: June 13, 2018

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd.,  
Zhongshan Dist., Taipei City, Taiwan)

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Chenming Mold Ind. Corp.  
2018 Shareholders' general meeting agenda

Date and Time: 9:00 a.m. on June 13, 2018

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd., Zhongshan Dist., Taipei City, Taiwan)

One. Announcement of the Commencement of the Meeting.

Two. The Chairperson's Remarks

Three. Reporting Matters:

I. 2017 Business Report.

II. Supervisors' Review on 2017 Financial Statements.

III. Employees', Directors' and Supervisor's Remuneration Distribution Plan.

IV. Amendments to the "Board of Directors Conference Rules."

Four. Recognition Matters:

I. 2017 Business Report and Financial Statements.

II. 2017 Earnings Distribution Plan.

Five. Discussion Matters:

I. Amendments to the Company's "Articles of Incorporation".

Six. Extraordinary Motions.

Seven. Meeting Adjourned.

One. Announcement of the Commencement of the Meeting

Two. The Chairperson’s Remarks

Three. Reporting Matters

Reporting Matter I (Proposed by the Board of Directors)

Subject: 2017 Business Report, please kindly review.

- Explanation: I. Please refer to Attachment I for Business Report (Page 8 ~ 9).  
II. Please refer to Attachment III for financial information. (Page 11~24).

Reporting Matter II (Proposed by the Board of Directors)

Subject: Supervisors’ review on 2017 Financial Statements, please kindly review.

Explanation: Please refer to Attachment II for Supervisors’ Review Report (Page 10).

Reporting Matter III (Proposed by the Board of Directors)

Subject: Please kindly review Employees’, directors’ and supervisor’s remuneration distribution plan.

- Explanation: I. Pursuant to the Company’s Articles of Incorporation, if Company records a profit in a year, an amount not less than 2% shall be appropriated as remuneration to employees and an amount no more than 2% shall be appropriated as remuneration to directors and supervisors.  
II. Pursuant to the preceding provision, the Company will appropriate NT\$8 million as remuneration to employees and NT\$1.5 million as remuneration to directors and supervisors, and both will be distributed in cash. There is no difference between the actual amount paid and the estimated amount.

Reporting Matter IV (Proposed by the Board of Directors)

Subject: Amendments to the “Board of Directors Conference Rules”, please kindly review.

Explanation: According to the Jin-Guan-Zheng-Fa-Zi Letter No. 1060027112 issued by the Financial Supervisory Commission dated July 28, 2017, it is proposed to amend the Company’s “Board of Directors Conference Rules.” The amendments are listed as follows:

The Comparison Table of the “Board of Directors Conference Rules.”

Amended Article	Original Article	Explanation
Article 12 (Matters requiring discussion at a board meeting) The matters listed below as they relate	Article 12 (Matters requiring discussion at a board meeting) The matters listed below as they relate	I. “An assessment of the effectiveness of the internal control system”

<p>to the Company shall be raised for discussion at a board meeting:</p> <p>I. The Company’s Business Plan.</p> <p>II. Annual Financial and Semi-annual Financial Reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited by a certified public accountant.</p> <p>III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, <u>and an assessment of the effectiveness of the internal control system.</u></p> <p>IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p>VI. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders’ meeting or board of directors’ meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities</p>	<p>to the Company shall be raised for discussion at a board meeting:</p> <p>I. The Company’s Business Plan.</p> <p>II. Annual Financial and Semi-annual Financial Reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited by a certified public accountant.</p> <p>III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</p> <p>IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>V. The offering, issuance, or private placement of any equity-type securities.</p> <p>VI. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders’ meeting or board of directors’ meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities</p>	<p>specified in Article 14-5 of the Securities and Exchange Act as one of the Audit Committee’s responsibilities is deemed significant and shall be submitted to the board of directors’ meeting for discussion. Therefore, it is proposed to add subparagraph 3 of Paragraph 1.</p> <p>II. In order to clearly define the duties of independent directors and further enhance their involvement in the board of directors, it is proposed to amend Paragraph 5 herein specifying, if the Company has independent directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, an independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</p> <p>III. The preceding Paragraph 5 is a “Ban Provision” instead of a “Effect Provision”, and any violation of Paragraph 5 may result in administrative sanction as stipulated in subparagraph 7, Paragraph 1 of Article 178 of the Securities and Exchange Act; meanwhile, if the number of attending directors in a meeting is qualified as specified by relevant laws, any absence of the independent director is irrelevant to the effectiveness of the said meeting.</p> <p>IV. Minor adjustments to the wordings of Paragraph 2</p>
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<p>Issuers. The term “major donation to a non-related party” means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the audited financial report for the most recent year. The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>For foreign companies whose stock has no par value or a par value other than NT\$10, the “5 percent of paid-in capital” in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p><u>At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.</u> If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>	<p>Issuers. The term “major donation to a non-related party” means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the audited financial report for the most recent year. The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>For foreign companies whose stock has no par value or a par value other than NT\$10, the “5 percent of paid-in capital” in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors required by Article 14-3 of the Securities and Exchange Act that shall be discussed by the board of directors, the independent director shall attend the meeting in person. He or she shall not appoint another non-independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>	<p>and 3 are proposed.</p>
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## Four. Recognition Matters

### Recognition Matter I: (Proposed by the Board of Directors)

Subject: 2017 Business Report and Financial Statements, please kindly recognize.

- Explanation: I. The Company has prepared the 2017 Financial Statements, and Independent Auditors, Yen Hsing-Fu and Kuo Kuan-Ying of KPMG, have audited and issued the Independent Auditors' Report on the Financial Statements. Along with the Business Report and Earnings Distribution Plan, the Financial Statements were submitted and reviewed by the supervisors.
- II. Please refer to Attachment I~III of this Handbook for detail of the aforementioned Report and Statements. (Page 8~24)
- III. Please kindly recognize.

Resolution:

### Recognition Matter II: (Proposed by the Board of Directors)

Subject: 2017 Earnings Distribution Plan, please kindly recognize.

- Explanation: I. The Company's beginning balance of undistributed earnings was NT\$167,383,054, after the deduction of actuarial gains and losses, addition of net profit after tax of NT\$212,908,411 for current period, and offsets of 10% legal of NT\$21,290,841 and special reserves of NT\$1,118,740 in accordance with relevant laws and the Articles of Incorporation, the remaining distributable earnings was NT\$357,592,214. The dividend amounting NT\$ 84,967,509 is therefore proposed, and please find the Earnings Distribution Plan for details.
- II. It is proposed to authorized the board of directors to set up the ex-dividend date and handle other matter accordingly once the cash dividend amounting NT\$84,967,509 is resolved in the shareholders' meeting. The dividend shall be distributed pro rata based on the shareholding shown on shareholders register on the ex-dividend date. A cash dividend of NT\$0.5 per share will be distributed calculated based on current total outstanding shares, and the total dividends for a shareholder is rounded down to the nearest whole number. The fractional balance of dividends less than NT\$ 1 will be summed up and recognized as other income of the Company.
- III. In the event that the distribution ratio mentioned in preceding paragraph is subject to an adjustment due to any subsequent changes to the number of outstanding shares caused by conditions such as changes of laws, adjustments made by the competent authorities or shares repurchase by the Company, it is proposed to authorize the board of directors to make such an adjustment.
- IV. Please kindly recognize.

Resolution:

Chenming Mold Ind. Corp.  
2017 Earnings Distribution Plan

Unit: NT\$

Item	Amount
<b>Beginning retained earnings</b>	<b>167,383,054</b>
Less: Changes in actuarial gains or losses	(289,670)
Add: Net profit after tax for current period	212,908,411
Less: Legal reserve	(21,290,841)
Less: Special reserve	(1,118,740)
<b>Adjusted ending undistributed earnings</b>	<b>357,592,214</b>
<b>Distributable earnings</b>	<b>357,592,214</b>
Items of distribution	
<b>Dividend to shareholders – Cash dividend</b>	<b>(84,967,509)</b>
<b>Ending unappropriated earnings</b>	<b>272,624,705</b>

Note: 1. The 2017 earnings will be distributed first.

2. The cash dividend NT\$0.5 per share was calculated based on the number of outstanding shares, totaling 169,935,018 shares on March 15, 2018.

Chairman: Lin Mu-Ho      Manager: Lo Chih-Chi      Accounting Manager: Su Chung-Ching

**Five. Discussion Matters:**

Discussion Matter I: (Proposed by the Board of Directors)

Subject: Amendments to the Company's "Articles of Incorporation" is submitted for discussion.

Explanation: I. It is proposed to amend Article 14 of the Article of Incorporation due to practical needs. The amendments are listed as follows:

II. Please kindly resolve.

Resolution:

The comparison table of the Articles of Incorporation

Amended article	Original article	Explanation
Article 14: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman <u>and one vice chairman</u> shall be duly elected. The chairman shall represent the Company externally.	Article 14: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman shall be duly elected. The chairman shall represent the Company externally.	In accordance with Article 208 of the Company Act.
Article 21: These Articles were enacted on June 4, 1976. First amendment was made on July 20, 1976. Second amendment was made on January 10, 1977. Third amendment was made on June 26, 1982. Fourth amendment was made on July 12, 1985. Fifth amendment was made on April 6, 1987. Sixth amendment was made on October 8, 1992. Seventh amendment was made on October 28, 1997. Eighth amendment was made on January 7, 1998. Ninth amendment was made on June 30, 1998. 10th amendment was made on June 20, 1999. 11th amendment was made on May 24, 2000. 12th amendment was made on May 16, 2001.	Article 21: These Articles were enacted on June 4, 1976. First amendment was made on July 20, 1976. Second amendment was made on January 10, 1977. Third amendment was made on June 26, 1982. Fourth amendment was made on July 12, 1985. Fifth amendment was made on April 6, 1987. Sixth amendment was made on October 8, 1992. Seventh amendment was made on October 28, 1997. Eighth amendment was made on January 7, 1998. Ninth amendment was made on June 30, 1998. 10th amendment was made on June 20, 1999. 11th amendment was made on May 24, 2000. 12th amendment was made on May 16, 2001.	To add the date of amendment.



13th amendment was made on May 20, 2002.	13th amendment was made on May 20, 2002.	
14th amendment was made on March 10, 2003.	14th amendment was made on March 10, 2003.	
15th amendment was made on June 6, 2003.	15th amendment was made on June 6, 2003.	
16th amendment was made on June 11, 2004.	16th amendment was made on June 11, 2004.	
17th amendment was made on June 10, 2005.	17th amendment was made on June 10, 2005.	
18th amendment was made on June 15, 2007.	18th amendment was made on June 15, 2007.	
19th amendment was made on June 13, 2008.	19th amendment was made on June 13, 2008.	
20th amendment was made on June 10, 2009.	20th amendment was made on June 10, 2009.	
21st amendment was made on June 9, 2010.	21st amendment was made on June 9, 2010.	
22nd amendment was made on June 10, 2011.	22nd amendment was made on June 10, 2011.	
23rd amendment was made on June 17, 2016.	23rd amendment was made on June 17, 2016.	
24th amendment was made on June 13, 2018.		

Six. Extraordinary Motions

Seven. Meeting Adjourned

Chenming Mold Ind. Corp.  
2017 Business Report

In 2017, the management team of Chenming Mold Ind. Corp. (hereinafter referred to as “Chenming”) continue to strengthen management, optimize manufacturing process, introduce Intelligent Manufacturing and promote Industry 4.0. Relevant automation modules and equipment were planned, designed and integrated into current outperforming manufacturing process to improve productivity and product quality, balance quality and quantity, and enhance industrial competitiveness to gain customers recognition. Looking forwards, Chenming will take the advantage in manufacturing process to increase revenue and assets size continuously and seek for ceaseless growth of profits, so as to enhance shareholders’ equity. The 2017 business operation and 2018 business prospect are explained as follows:

2017 business operation and R&D outcomes in 2017

The Company delivered net consolidated revenues of NT\$4.840129 billion in 2017, grew by 13.22% from NT\$4.274785 billion in 2016. Net income was concluded at NT\$212.909 million for 2017, grew by 7.64% from NT\$197.801 million in 2016. Earnings per share was NT\$1.25 per share, grew by 9.65% as compared to NT\$1.14 in 2016.

R&D outcomes

- (1) We have successfully developed a proprietary POM binder for nitric acid debinding process and applied it in the water atomization and gas atomization metal powder feeding systems. This R&D result will later be published in the international MIM conferences in Asia, Europe and the U.S. in 2018.
- (2) We have developed specialty chemical and added it into the self-developed binder feeding system for terminal debinding and nitric acid debinding processes, capable of filling products with 0.10 mm thin feature under low injection pressure. The specialty chemical that enhances the binder liquidity for injection was filed for patent, and the application is undergoing the review process.
- (3) We have completed the development of high-performance soft magnetic material, Fe-50%Co. We have completed the development of CIM(Ceramic Injection Molding) manufacturing process.
- (4) We have completed the development of automated manufacturing equipment with the MIM framework for a series of USB Type-C connector receptacle (Receptacle).

2018 business prospect and R&D plan

Chenming will continue to place emphasis on cloud server products and introduce Industry 4.0 and intelligent manufacturing. In addition to the implementation of automated

manufacturing and continuous quality and cost-effectiveness improvement for competitiveness, we will also reinforce the comprehensive services to customers, so as to expand our market reach and customer services. Moreover, we will grow our advantage in MIM manufacturing (metal powder injection molding) and target the components of handheld devices and wearable products. Through the advance of manufacturing technology and differentiated services and products, we hope to expand applications in customers' product lines.

#### R&D plan

- (1) We will continue to develop titanium and titanium alloy MIM manufacturing process.
- (2) We will continue to develop CIM (Ceramic Injection Molding) surface finish technique.
- (3) We will conduct a series of basic studies and analysis on 17-4PH stainless steel and build an internal material property database for 17-4PH stainless steel.
- (4) We will develop the MIM manufacturing technique for non-linear channel inside a metal product.
- (5) We will develop the applications of plastic micro injection molds and injection technique on MIM products (over molding).

Coping with the rapid global industrial evolution, the Company will ceaseless aim at intelligence, innovation, technological application, industrial evolution and cloud computing. Chenming will uphold the product innovation and manufacturing process optimization to sustain the steady and positive development for any competition from the industry in the future. We will endeavor for the sound corporate governance, implementation of corporate social responsibility and enhancement of shareholders' interests as a return of shareholders' supports and expectation.

Chairman: Lin Mu-Ho      President: Lo Chih-Chi      Accounting Manager: Su Chung-Ching

Chenming Mold Ind. Corp.  
Supervisors' Review Report

Please find enclosed herewith

The Financial Statements of the Company submitted by the Board of Directors have been audited by the independent auditors, Yen Hsing-Fu and Kuo Kuan-Ying of KPMG. Along with the Business Report and Earnings Distribution Plan, the Financial Statements were submitted and reviewed by the supervisors and deemed in compliance with the Company Act and relevant laws. The financial statements herewith, in accordance with Article 219 of the Company Act, are submitted for your review.

To:

2018 Shareholders' general meeting

Supervisor: Lin Po-Hsiang  
Lin Pei-Yu

March 16, 2018

## 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 and 2016 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 (“IAS”), 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 for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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.

### 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.

### **Other Matter**

CHENMING MOLD IND. CORP. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, 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 16, 2018

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in, New Taiwan Dollars)

		<u>December 31, 2017</u>		<u>December 31, 2016</u>				<u>December 31, 2017</u>		<u>December 31, 2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note (6)(a))	\$ 533,887	12	604,885	15	2100	Short-term loans (note (6)(h))	\$ 150,000	3	140,000	4
1170	Notes and Accounts receivable, net (note (6)(c))	1,464,769	32	1,159,060	28	2170	Notes and Accounts payable	1,196,776	26	809,110	19
1310	Inventories, net (note (6)(d))	774,879	17	629,934	15	2200	Other payables (notes (6)(b) and (7))	259,078	6	266,086	7
1476	Other current financial assets (notes 6(c))	13,709	-	13,693	-	2220	Other payables-related parties (note (6)(e))	47,616	1	74,175	2
1479	Other current assets	88,895	2	50,665	1	2230	Current tax liabilities (note (6)(l))	26,939	1	13,763	-
		<u>2,876,139</u>	<u>63</u>	<u>2,458,237</u>	<u>59</u>	2300	Other current liabilities	<u>16,119</u>	<u>-</u>	<u>13,011</u>	<u>-</u>
<b>Non-current assets:</b>											
1600	Property, plant and equipment (notes 6(f) and (8))	1,128,528	25	1,180,980	28			<u>1,696,528</u>	<u>37</u>	<u>1,316,145</u>	<u>32</u>
1760	Investment property, net (notes 6(g) and (8))	200,111	5	201,349	5	<b>Non-Current liabilities:</b>					
1780	Intangible assets	3,617	-	3,555	-	2540	Long-term loans (note (6)(i))	210,000	5	238,000	6
1840	Deferred tax assets (note (6)(l))	4,097	-	1,248	-	2570	Deferred tax liabilities (note (6)(l))	4,494	-	7,217	-
1980	Other non-current financial assets (note (8))	18,652	-	15,455	-	2645	Guarantee deposits	<u>5,732</u>	<u>-</u>	<u>9,552</u>	<u>-</u>
1985	Long-term prepaid rents (note (6)(j))	258,973	6	270,009	7			<u>220,226</u>	<u>5</u>	<u>254,769</u>	<u>6</u>
1990	Other non-current assets (note (6)(k))	50,265	1	38,662	1			<u>1,916,754</u>	<u>42</u>	<u>1,570,914</u>	<u>38</u>
		<u>1,664,243</u>	<u>37</u>	<u>1,711,258</u>	<u>41</u>	<b>Total liabilities</b>					
<b>Total assets</b>											
		<u>\$ 4,540,382</u>	<u>100</u>	<u>4,169,495</u>	<u>100</u>	<b>Equity attributable to owners of parent:</b>					
						3100	Ordinary shares (note (6)(m))	1,699,350	37	1,699,350	41
						3200	Capital surplus (note (6)(m))	52,485	1	14,722	-
						3300	Retained earnings (note (6)(m))	662,176	15	534,525	13
						3410	Exchange differences on translation of foreign financial statements	(31,096)	-	(29,978)	(1)
								<u>2,382,915</u>	<u>53</u>	<u>2,218,619</u>	<u>53</u>
						36XX	Non-controlling interests	240,713	5	379,962	9
								<u>2,623,628</u>	<u>58</u>	<u>2,598,581</u>	<u>62</u>
						<b>Total equity</b>					
						<b>Total liabilities and equity</b>		<u>\$ 4,540,382</u>	<u>100</u>	<u>4,169,495</u>	<u>100</u>



(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, 2017 and 2016**

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

	2017		2016	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(o) and (7))</b>	\$ 4,840,129	100	4,274,785	100
5000 <b>Operating costs (notes (6)(d), (7), and (12))</b>	4,178,209	86	3,666,741	86
5900 <b>Gross profit from operations</b>	661,920	14	608,044	14
6000 <b>Operating expenses (note (12)):</b>				
6100 Selling expenses	118,210	2	117,575	3
6200 Administrative expenses	188,615	4	188,516	4
6300 Research and development expenses	34,036	1	40,737	1
	340,861	7	346,828	8
6900 <b>Net operating income</b>	321,059	7	261,216	6
7000 <b>Non-operating income and expenses:</b>				
7050 Finance costs, net	(5,295)	-	(7,052)	-
7100 Interest income	1,763	-	1,305	-
7110 Rent revenue (note (6)(j),(7))	14,116	-	12,865	-
7190 Other income	19,977	-	9,339	-
7230 Foreign exchange gains (losses), net (note (6)(q))	(67,540)	(1)	32,677	1
7590 Other expense and losses	(4,013)	-	(12,011)	-
	(40,992)	(1)	37,123	1
7900 <b>Profit before tax</b>	280,067	6	298,339	7
7950 Less: Income tax expenses (note (6)(l))	34,149	1	42,286	1
	245,918	5	256,053	6
8300 <b>Other comprehensive income:</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans (note (6)(k))	(349)	-	(4,210)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(l))	59	-	193	-
	(290)	-	(4,017)	-
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statement	(7,849)	-	(57,650)	(1)
8362 Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(10,911)	-
8399 Income tax relating to items that will be reclassified	-	-	-	-
	(7,849)	-	(68,561)	(1)
8300 <b>Other comprehensive income</b>	(8,139)	-	(72,578)	(1)
<b>Comprehensive income</b>	<b>\$ 237,779</b>	<b>5</b>	<b>183,475</b>	<b>5</b>
<b>Profit belongs to :</b>				
Parent entity	\$ 212,909	4	197,801	5
Non-controlling interests	33,009	1	58,252	1
	<b>\$ 245,918</b>	<b>5</b>	<b>256,053</b>	<b>6</b>
<b>Other comprehensive income belongs to:</b>				
Parent entity	\$ 211,501	4	152,895	4
Non-controlling interests	26,278	1	30,580	1
	<b>\$ 237,779</b>	<b>5</b>	<b>183,475</b>	<b>5</b>
<b>Basic net income per share (note (6)(n))</b>	<b>\$ 1.25</b>		<b>1.14</b>	
<b>Diluted net income per share (note (6)(n))</b>	<b>\$ 1.25</b>		<b>1.13</b>	

(English Translation of Consolidated 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, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Retained earnings				Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve								
<b>Balance at January 1, 2016</b>	\$ 1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756	-	2,236,756
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	6,957	-	(6,957)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(53,381)	(53,381)	-	-	-	(53,381)	-	(53,381)
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)
<b>Total comprehensive income</b>	-	-	-	-	193,784	193,784	(29,978)	(10,911)	-	152,895	30,580	183,475
Purchase of treasury share	-	-	-	-	-	-	-	-	(117,651)	(117,651)	-	(117,651)
Retirement of treasury share	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	349,382	349,382
<b>Balance at December 31, 2016</b>	1,699,350	14,722	232,416	-	302,109	534,525	(29,978)	-	-	2,218,619	379,962	2,598,581
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	19,780	-	(19,780)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	29,978	(29,978)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(84,968)	(84,968)	-	-	-	(84,968)	-	(84,968)
Profit for the year ended December 31, 2017	-	-	-	-	212,909	212,909	-	-	-	212,909	33,009	245,918
Other comprehensive income	-	-	-	-	(290)	(290)	(1,118)	-	-	(1,408)	(6,731)	(8,139)
<b>Total comprehensive income</b>	-	-	-	-	212,619	212,619	(1,118)	-	-	211,501	26,278	237,779
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	37,763	-	-	-	-	-	-	-	37,763	-	37,763
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(165,527)	(165,527)
<b>Balance at December 31, 2017</b>	\$ 1,699,350	52,485	252,196	29,978	380,002	662,176	(31,096)	-	-	2,382,915	240,713	2,623,628

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, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 280,067	298,339
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	206,639	265,020
Amortization expense	2,438	2,389
Provision (reversal of provision) for bad debt expense	(3,738)	696
Interest expense	5,295	7,052
Interest income	(1,763)	(1,305)
Loss (gain) on disposal property, plan and equipment, net	4,028	5,240
Other	10,880	11,402
	<u>223,779</u>	<u>290,494</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in financial assets at fair value through profit or losses	-	1,889
Decrease (increase) in notes and accounts receivable	(301,864)	84,954
Decrease (increase) in inventories	(144,945)	(45,792)
Decrease (increase) in other current assets	(38,230)	33,734
Decrease (increase) in other current financial assets	(16)	(10,068)
Increase (decrease) in notes and accounts payable (including related parties)	387,666	137,458
Increase (decrease) in other payable other current liabilities	(411)	(18,666)
	<u>(97,800)</u>	<u>183,509</u>
Total adjustments	<u>125,979</u>	<u>474,003</u>
Cash flows from (used in) operation	406,046	772,342
Interest received	1,763	1,317
Income taxes paid	(26,486)	(40,981)
<b>Net cash flows from (used in) operating activities</b>	<u>381,323</u>	<u>732,678</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of subsidiary (reduce acquired cash)	(74,175)	35,762
Acquisition of property, plant and equipment	(149,176)	(177,584)
Proceeds from disposal of property, plant and equipment	-	3,632
Acquisition of intangible assets	(2,503)	(3,828)
Decrease (increase) in prepayments for business facilities	(25,678)	(13,927)
Decrease (increase) in refundable deposit	(3,197)	(9,316)
<b>Net cash flows from (used in) investing activities</b>	<u>(254,729)</u>	<u>(165,261)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	10,000	(10,000)
Increase in long-term loans	230,000	50,000
Decrease in long-term loans	(258,000)	(128,000)
Distribution in cash dividend	(84,968)	(53,381)
Acquisition of non-controlling interests	(80,148)	-
Payments to acquire treasury shares	-	(117,651)
Interest paid	(5,333)	(7,146)
Increase (decrease) in guarantee deposit	(3,820)	190
<b>Net cash flows from (used in) financing activities</b>	<u>(192,269)</u>	<u>(265,988)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(5,323)</u>	<u>(29,822)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(70,998)	271,607
<b>Cash and cash equivalents at beginning of period</b>	604,885	333,278
<b>Cash and cash equivalents at end of period</b>	<u>\$ 533,887</u>	<u>604,885</u>

## **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, 2017 and 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2017 and 2016, 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, 2017 and 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and 2016 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.

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 safeguard.

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 16, 2018

#### **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.

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

**CHENMING MOLD IND. CORP**

**Balance Sheets**

**December 31, 2017 and 2016**

(Expressed in, New Taiwan Dollars)

	<b>December 31, 2017</b>		<b>December 31, 2016</b>			<b>December 31, 2017</b>		<b>December 31, 2016</b>			
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note (6)(a))	\$ 200,956	6	278,294	9	2100	Short-term loans (note (6)(h))	\$ 150,000	4	140,000	5
1170	Accounts receivable, net (notes (6)(c) and (7))	758,672	22	746,868	23	2170	Notes and accounts payable	10,596	-	9,203	-
1310	Inventories, net (note (6)(d))	-	-	1,610	-	2180	Accounts payable to related parties (note (7))	554,040	17	522,051	16
1479	Other current assets	404	-	515	-	2230	Current tax liabilities	26,939	1	13,763	-
		<u>960,032</u>	<u>28</u>	<u>1,027,287</u>	<u>32</u>	2200	Other payables	60,120	2	59,369	2
						2300	Other current liabilities	<u>5,290</u>	<u>-</u>	<u>5,240</u>	<u>-</u>
								<u>806,985</u>	<u>24</u>	<u>749,626</u>	<u>23</u>
<b>Non-current assets:</b>											
1550	Investments accounted for using equity method, net(note (6)(e))	1,902,981	56	1,639,825	51	<b>Non-Current liabilities:</b>					
1600	Property, plant and equipment (notes (6)(f) and (8))	314,933	9	321,546	10	2540	Long-term loans (note (6)(i))	210,000	6	238,000	8
1760	Investment property, net (notes (6)(g) and (8))	200,111	6	201,349	6	2570	Deferred tax liabilities (note (6)(l))	4,494	-	7,217	-
1840	Deferred tax assets (note (6)(l))	4,097	-	1,248	-	2645	Guarantee deposits received	3,810	-	3,810	-
1980	Other non-current financial assets	270	-	520	-			<u>218,304</u>	<u>6</u>	<u>249,027</u>	<u>8</u>
1990	Other non-current assets, others (note (6)(k))	25,780	1	25,497	1			<u>1,025,289</u>	<u>30</u>	<u>998,653</u>	<u>31</u>
		<u>2,448,172</u>	<u>72</u>	<u>2,189,985</u>	<u>68</u>	<b>Total liabilities</b>					
<b>Total assets</b>											
		<u>\$ 3,408,204</u>	<u>100</u>	<u>3,217,272</u>	<u>100</u>	<b>Share capital:</b>					
						3100	Ordinary shares (note (6)(m))	1,699,350	50	1,699,350	53
						3200	Capital surplus(note (6)(m))	52,485	2	14,722	-
						3300	Retained earnings (note (6)(m))	662,176	19	534,525	17
						3410	Exchange differences on translation of foreign financial statements	(31,096)	(1)	(29,978)	(1)
								<u>2,382,915</u>	<u>70</u>	<u>2,218,619</u>	<u>69</u>
						<b>Total equity</b>					
						<b>Total liabilities and equity</b>					
								<u>\$ 3,408,204</u>	<u>100</u>	<u>3,217,272</u>	<u>100</u>

(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, 2017 and 2016

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

		2017		2016	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes (6)(o) and (7))	\$ 2,808,551	100	2,740,828	100
5000	<b>Operating costs</b> (notes (6)(d) and (7))	2,461,515	88	2,426,157	89
	<b>Gross profit from operations</b>	347,036	12	314,671	11
6000	<b>Operating expenses</b> (note (12)):				
6100	Selling expenses	34,990	1	47,594	2
6200	Administrative expenses	75,213	3	103,805	4
6300	Research and development expenses	21,465	-	40,737	1
		131,668	4	192,136	7
6900	<b>Net operating income (loss)</b>	215,368	8	122,535	4
7000	<b>Non-operating income and expenses:</b>				
7050	Finance costs, net	(5,257)	-	(7,052)	-
7100	Interest income	985	-	698	-
7110	Rent income (note (6)(j))	12,748	-	12,411	1
7190	Other income (note (7))	3,980	-	3,175	-
7230	Foreign exchange gains (losses), net (note (6)(q))	(58,313)	(2)	5,208	-
7590	Other expense and losses	153	-	(495)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	77,394	3	103,607	4
		31,690	1	117,552	5
7900	<b>Profit before tax</b>	247,058	9	240,087	9
7950	Less: Tax expense(note (6)(l))	34,149	1	42,286	2
	<b>Profit (loss)</b>	212,909	8	197,801	7
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(k))	(349)	-	(4,210)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(note (6)(l))	59	-	193	-
		(290)	-	(4,017)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statement	(1,118)	-	(29,978)	(1)
8380	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(10,911)	-
8399	Income tax relating to items that will be reclassified(note (6)(l))	-	-	-	-
		(1,118)	-	(40,889)	(1)
8300	<b>Other comprehensive income, net</b>	(1,408)	-	(44,906)	(1)
	<b>Total comprehensive income</b>	<b>\$ 211,501</b>	<b>8</b>	<b>152,895</b>	<b>6</b>
	Basic net income per share (note (6)(n))	\$	1.25	\$	1.14
	Diluted net income per share (note (6)(n))	\$	1.25	\$	1.13



(English Translation of and Report Originally Issued in Chinese)  
**CHENMING MOLD IND. CORP**

**Statements of Changes in Equity**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>Retained earnings</u>					<u>Other components of equity</u>				
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on available-for-sale financial assets</u>	<u>Treasury shares</u>	<u>Total equity</u>
<b>Balance at January 1, 2016</b>	\$ 1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	6,957	-	(6,957)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(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)
Total comprehensive income	-	-	-	-	193,784	193,784	(29,978)	(10,911)	-	152,895
Purchase of treasury share	-	-	-	-	-	-	-	-	(117,651)	(117,651)
Retirement of treasury share	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-
<b>Balance at December 31, 2016</b>	1,699,350	14,722	232,416	-	302,109	534,525	(29,978)	-	-	2,218,619
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	19,780	-	(19,780)	-	-	-	-	-
Special reserve appropriated	-	-	-	29,978	(29,978)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(84,968)	(84,968)	-	-	-	(84,968)
Profit (loss) for the year ended December 31, 2017	-	-	-	-	212,909	212,909	-	-	-	212,909
Other comprehensive income	-	-	-	-	(290)	(290)	(1,118)	-	-	(1,408)
Total comprehensive income	-	-	-	-	212,619	212,619	(1,118)	-	-	211,501
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	37,763	-	-	-	-	-	-	-	37,763
<b>Balance at December 31, 2017</b>	\$ 1,699,350	52,485	252,196	29,978	380,002	662,176	(31,096)	-	-	2,382,915

Note: Employees' compensation amounting to \$1,500 and directors' compensation amounting to 8,000, were recognized statements of comprehensive income for the year ended December 31, 2017 and 2016, respectively. °

(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, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2017	2016
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 247,058	240,087
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	8,325	9,798
Amortization expense	1,182	1,652
Interest expense	5,257	7,052
Interest income	(985)	(698)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(77,394)	(103,607)
Provision (reversal of provision) for bad debt expense	172	20,088
<b>Total adjustments to reconcile profit (loss)</b>	(63,443)	(65,715)
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivable	(11,977)	(133,942)
Decrease (increase) in inventories	1,610	(120)
Decrease (increase) in other current assets	111	1,168
Changes in financial assets at fair value through profit or loss	-	2,004
Increase (decrease) in notes and accounts payable (including related parties)	33,382	354,855
Increase (decrease) in other payable and other current liabilities	529	23,964
Other	(4)	160
	23,651	248,089
Total adjustments	(39,792)	182,374
Cash flow from (used in) operation	207,266	422,461
Interest received	985	699
Income taxes paid	(26,486)	(40,981)
<b>Net cash flows from (used in) operating activities</b>	181,765	382,179
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of investments accounted for using equity method	(149,117)	(31,760)
Acquisition of property, plant and equipment	(474)	(881)
Acquisition of intangible assets	(1,499)	(865)
Other	250	-
<b>Net cash flows from (used in) investing activities</b>	(150,840)	(33,506)
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	10,000	(10,000)
Increase in long-term loans	230,000	50,000
Decrease in long-term loans	(258,000)	(128,000)
Distribution in cash dividend	(84,968)	(53,381)
Payments to acquire treasury shares	-	(117,651)
Interest paid	(5,295)	(7,146)
<b>Net cash flows from (used in) financing activities</b>	(108,263)	(266,178)
<b>Net increase (decrease) in cash and cash equivalents</b>	(77,338)	82,495
<b>Cash and cash equivalents at beginning of period</b>	278,294	195,799
<b>Cash and cash equivalents at end of period</b>	\$ 200,956	278,294

**Chenming Mold Ind. Corp.**  
**Articles of Incorporation**

Chapter I General Provisions

- Article I: This Company is duly incorporated in accordance with the Company Act in the full name of Chenming Mold Ind. Corp. (hereinafter referred to as the “Company”).
- Article II: The Company may engage in the following business activities:
- I. A variety of metallic machines, punching machines, steel molds, metallic electrical parts & components purchase, manufacturing, import and export, buy & sales.
  - II. CC01030 Electric appliance and audiovisual electric products manufacturing
  - III. CC01060 Wired communication equipment and apparatus manufacturing
  - IV. CC01050 Data storage & processing equipment manufacturing
  - V. CC01070 Telecommunication equipment and apparatus manufacturing
  - VI. CC01080 Electronic parts and components manufacturing
  - VII. E605010 Computing equipment installation construction
  - VIII. F113070 Wholesale of telecom instruments
  - IX. F213060 Retail Sale of telecom instruments
  - X. F601010 Intellectual property
  - XI. I301010 Software design services
  - XII. I301020 Data processing services
  - XIII. I301030 Digital information supply services
  - XIV. I501010 Product designing
  - XV. IE01010 Telecommunications number agencies
  - XVI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article II~I: The Company is entitled to render guarantee business externally.
- Article II~II: The Company is entitled to invest externally where the aggregate total of such outward investment may exceed 40% of the Company’s paid-in capital.
- Article III: The Company is headquartered in Taipei City, Taiwan and may have branches set elsewhere at home and abroad as duly resolved by the Board of Directors.
- Article IV: Public announcements of the Company shall be duly made according to Article 28 of Company Act.

## Chapter II Shares

- Article V: The Company has aggregate total capital in an amount of NT\$2.472 billion, divided into 247,200,000 shares at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments.  
Within the total capital mentioned in the preceding Paragraph, a NT\$200 million sum shall be reserved ready for issuance of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New Taiwan Dollars par value.
- Article V~I: Where the Company intends to issue employee stock option certificates at price of issue below the price of the Company's common shares closed on the day of issue, a decision shall be duly resolved by two-thirds majority vote in the shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.  
Where the Company intends to transfer shares to employees at a price below the average price in actual buyback, a decision shall be duly resolved by two-thirds majority vote in the latest shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.
- Article VI: For the shares issued by the Company, the Company may be exempted from printing any share certificate for the shares issued but shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.
- Article VII: The Company's share certificates shall be the registered ones and shall be duly signed and sealed by the minimum of three directors and duly authenticated before issuance.
- Article VIII: Transfer of shares shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, or within thirty (30) days prior to a special shareholders meeting, or within five (5) days prior to the base day scheduled to allocate dividend, bonus or other interests.

## Chapter III Shareholders' meeting

- Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according

to law whenever necessary.

- Article X: A shareholder who is unavailable to attend a shareholders' meeting may duly issue a written proxy in the Company provided form, expressly bearing the scope of authorized powers to authorize a proxy to attend the meeting on his or her behalf.
- Article XI: Each share held by a shareholder of the Company is entitled to one voting power except an event as set forth under Article 179 of the Company Act which is not entitled to voting power.
- Article XII: Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

#### Chapter IV Directors and supervisors

- Article XIII: The Company's directors and supervisors shall be elected by shareholders' meeting from candidates of disposing capacity, with a three-year tenure of office and eligible for reelection.
- Article XIII~I: Pursuant to Article 14~2 of Securities and Exchange Act, the Company has seven directors, including two independent directors and five non-independent directors.  
In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.
- Article XIII~II: The Company's independent directors shall be duly elected in candidate nomination system. The Company's shareholders who hold over 1% of the total outstanding shares and the board of directors may nominate the candidates for independent directors. The board of directors shall review and screen those nominees and then submit the qualified nominees to the shareholders' meeting. The shareholders' meeting shall elect independent directors out of those qualified candidates for independent directors.  
The nominated candidates for independent directors shall be duly accepted and promulgated in accordance with Company Act, Securities and Exchange Act and laws and ordinances concerned.
- Article XIII~III. The Company may set two supervisors. In election of supervisors,

each share is entitled to the electing power equivalent to the number of supervisors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the supervisors.

Article XIV: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman shall be duly elected. The chairman shall represent the Company externally.

Article XV: During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act The Board meeting shall be duly convened in accordance with Article 204 of the Company Act. The notices for a Board meeting may be served in writing, by e-mail or by FAX. Where a director commissions another director to attend a Board meeting, the proxies shall be duly handled in accordance with Article 205 of the Company Act.

Article XVI: For the remuneration to all directors and supervisors, the board of directors is authorized with full powers to fix based on the normal level prevalent in horizontal trades. The amount of travel or transportation allowance to directors and supervisors shall be duly resolved by the board of directors. The remuneration to directors and supervisors for their performance of duty shall be granted disregarding whether the Company operates at a profit. The Company may acquire liability insurance for the directors and supervisors to lower or disperse their potential risks of critical impairment to the Company and to shareholders in case of a fault in their exercise of their duties.

#### Chapter V Managers

Article XVII: The Company has one general manager whom shall be duly appointed, discharged and paid in accordance with Article 29 of the Company Act.

#### Chapter VI Accounting

Article XVIII: Upon closing of each fiscal year of the Company, the board of directors shall work out: I. Business report; II. Financial statements and III. the following documents to be audited by supervisors thirty(30) days prior to the regular meeting of shareholders before being acknowledged by the shareholders.

Article XIX: With the Company's profit before tax of a year after deduction of the

remuneration to employees and remuneration to directors and supervisors as well as the sum to make up previous loss, if any, a sum 2% minimum shall be appropriated with the balance as the remuneration to employees and a sum 2% maximum shall be appropriated with the balance as the remuneration to directors and supervisors.

The remuneration to employees and remuneration to directors and supervisors may be distributed either in stocks or in cash at the percentages which shall be resolved by a majority vote in the Board meeting which is attended by directors who account for two-thirds of the aggregate total of director seats. The percentages so resolved shall be reported to the shareholders' meeting.

The remuneration to employees may be distributed either in stocks or in cash and may be distributed to employees of subordinate company (ies) who satisfy the specified qualification requirements.

Article XIX~I: From the profit earned by the Company as shown through the final account, if any, the sum to pay tax and make good previous loss, if any, shall be first amortized, then 10% for legal reserve and then the sum for special reserve for amortization or rotation as required by law or by the competent authority of the government. The final balance, if any, added with unappropriated retained earnings accumulated in previous year(s), shall be duly distributed at the percentages as proposed by the board of directors and resolved in the shareholders' meeting.

The Company may distribute earnings through cash dividend or stock dividend given consideration of the Company's financial standing and business performance and such factors and shall be preferentially distributed in cash dividend. The cash dividend shall be at the ratio not below 10% of the aggregate total dividend to be distributed in the year.

#### Chapter VII Supplementary provisions

Article XX: Any matters inadequately provided for in these Articles of Incorporation shall be duly handled according to Company Act

Article XXI:

These Articles were duly enacted on June 4, 1976;  
Duly amended on July 20, 1976 as the 1st amendment;  
amended on January 10, 1977 as the 2nd amendment;  
amended on June 26, 1982 as the 3rd amendment;  
amended on July 12, 1985 as the 4th amendment;  
amended on April 6, 1987 as the 5th amendment;  
amended on October 8, 1992 as the 6th amendment;  
amended on October 28, 1997 as the 7th amendment;

amended on January 7, 1998 as the 8th amendment;  
amended on June 30, 1998 as the 9th amendment;  
amended on June 20, 1999 as the 10th amendment;  
amended on May 24, 2000 as the 11th amendment;  
amended on May 16, 2001 as the 12th amendment;  
amended on May 20, 2002 as the 13th amendment;  
amended on March 10, 2003 as the 14th amendment;  
amended on June 6, 2003 as the 15th amendment;  
amended on June 11, 2004 as the 16th amendment;  
amended on June 10, 2005 as the 17th amendment;  
amended on June 15, 2007 as the 18th amendment;  
amended on June 13, 2008 as the 19th amendment;  
amended on June 10, 2009 as the 20th amendment;  
amended on June 9, 2010 as the 21st amendment;  
amended on June 10, 2011 as the 22nd amendment;  
amended on June 17, 2016 as the 23rd amendment; .



**Chenming Mold Ind. Corp.**  
**Procedure Rules for Shareholders' Meeting**

- I. The Company's shareholders' meeting shall be duly convened in accordance with these Procedure Rules unless otherwise prescribed in laws concerned.
- II. In a shareholders' meeting, the sign-in book shall be prepared for the present shareholders to sign in. Or the present shareholders' meetings may submit sign-in cards instead of the sign-in process. The number of shares represented by present shareholders shall be duly calculated based on the sign-in book or the sign-in cards submitted by present shareholders.
- III. The presence and voting in a shareholders' meeting shall be duly calculated based on the number of shares so represented.
- IV. A shareholders' meeting shall be convened at a venue where the Company is located or a location appropriate for a shareholders' meeting to be convened. A shareholders' meeting shall be convened at a timeframe not earlier than 9:00 a.m. or later than 3:00 p.m.
- V. A shareholders' meeting shall be chaired by the chairman if convened by the board of directors. Where the chairman is on leave or unavailable to exercise his responsibilities and powers, the vice chairman shall act as the substitute. If there is no vice chairman or where the vice chairman is unavailable to exercise the responsibilities and powers as well, the chairman shall appoint one managing director to act as the substitute. Where the chairman does not appoint a managing director, a managing director or a director shall be elected from among themselves to act as the substitute.  
Where a shareholders' meeting is convened by a convener beyond the board of directors, that shareholders' meeting shall be chaired by that convener.
- VI. An Attorney-at-Law, a Certified Public Accountant or a person concerned commissioned by the Company may participate in a shareholders' meeting as a non-voting (guest) participant.  
The staff taking charge of a shareholders' meeting shall wear identity certificates or armbands.
- VII. The entire process of a shareholders' meeting shall be audio recorded or videotaped and such audio record or videotape shall be archived for one year minimum.
- VIII. The chairperson shall call the meeting to order when the time is up. In the event that the present shareholders are not up to the quorum for a majority of the total outstanding shares, the chairperson may announce a postponement of the meeting. The aggregate total of the postponements shall not exceed twice and the aggregate total of postponements in accumulation shall not be in excess of one hour. Where the number of shareholders present does not

constitute the specified quorum after postponements twice but those present shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act.

In the event that the issued shares represented by present shareholders are up to a majority of the total issued shares before the current meeting ends, the chairperson may pose the tentative resolution so resolved to the shareholders' meeting for voting anew in accordance with Article 174 of the Company Act.

- IX. Where a shareholders' meeting is convened by the board of directors, the agenda shall be fixed by the board of directors. The shareholders' meeting shall be duly handled in accordance with the scheduled agenda which shall not be changed unless duly resolved in the shareholders' meeting.

The provision set forth under the preceding Paragraph is applicable mutatis mutandis to shareholders' meeting which is convened by a person beyond the board of directors.

Unless duly resolved, the chairperson shall not declare adjournment of the meeting until the issues set in the agenda in the two preceding Paragraphs (including extraordinary motions) are concluded.

After a shareholders' meeting is Adjourned, the shareholders shall not elect another chairperson to continue the meeting at the same venue or a new venue. Where the chairperson proves in contravention of Procedure Rules for Shareholders' Meeting by declaring adjournment of the meeting unlawfully, nevertheless, a new chairperson may be elected by a majority vote of the present shareholders to continue the meeting.

- X. A present shareholder shall fill out and submit the floor note, giving the gist of the speech, shareholder number (or code of the participation certificate) and name of account holder before he or she takes the floor. Then the chairperson may fix the order of floor.

A present shareholder who has submitted the floor note but does not takes the floor is deemed as having not taken the floor. Where a present shareholder speaks contents inconsistent with the contents shown on the floor note, the contents actually spoken shall prevail.

While a present shareholder takes the floor, other shareholder(s) shall not speak to interfere with the floor unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.

- XI. On the same issue, every shareholder shall not speak more than twice and shall not speak in excess of five (5) minutes in each floor.

Where a shareholder violates the provision set forth under the preceding Paragraph or speaks beyond the scope of the subject issue, the chairperson may stop his or her speech.

- XII. Where a juristic person is commissioned to participate in a shareholders'

meeting as a proxy, that juristic person may assign only one person to participate in the shareholders' meeting.

A juristic person who assigns two or more representatives to participate in a shareholders' meeting may appoint only one person to take the floor on the same issue.

- XIII. After a present shareholder completes the floor, the chairperson may answer the floor either in person or by assigning a person concerned to respond.
- XIV. Where an issue is found having been discussed enough up to the extent of resolution, the chairperson may announce discontinuance from discussion and put that issue to vote.
- XV. For the voting process, the ballot scrutinizer and the tally clerk shall be appointed by the chairperson. The ballot scrutinizer shall, nevertheless, be appointed from among the shareholders. The outcome of the voting process shall be reported on-the-spot and put into the minutes.
- XVI. During progress of the meeting, the chairperson may set an intermission as appropriate.
- XVII. Unless otherwise provided for in the Company Act and the Articles of Incorporation, the decision of an issue shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.  
During the voting process, an issue which proves to meet no objection in response to the inquiry by the chairperson is deemed duly passed in the validity same as an issue duly resolved through balloting process.
- XVIII. Where a same issue is accompanied with an amendment or an alternate, the chairperson shall rule the voting order for the amendment or alternate in consolidation with the original bill. Where one bill among them is passed, other bill(s) is(are) deemed having been vetoed without a need for voting any more.
- XIX. The chairperson may command picket personnel (or security guard(s) to maintain the order of the meeting venue. The picket personnel (or security guard(s) shall wear "picket personnel" armbands while serving the meeting site to maintain the order.
- XX. This same provision is applicable mutatis mutandis to an event of amendment. There Regulations shall be put into enforcement after being resolved in the shareholders' meeting.

**Chenming Mold Ind. Corp.**  
**Board of Directors Conference Rules**

- Article 1 (Basis for the adoption of these Rules)  
To establish a strong governance system and sound supervisory capabilities for this Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2 (Scope of these Rules)  
With respect to the board of directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3 (Convening and notice of board meetings)  
The board of directors shall meet at least quarterly.  
A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.  
The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.
- Article 4 (Meeting notification and meeting materials)  
The designated unit responsible for the board meetings of the Company shall be Finance Department.  
The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.  
A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5 (Preparation of attendance book and other documents; attendance by proxy)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's Articles of Incorporation. Attendance by video conference will be deemed attendance in person. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in preceding paragraph may be the appointed proxy of only one person.

Article 6 (Principles for determining the place and time of a board meeting)

A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 (Chair and acting chair of a board meeting)

Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the acting chair shall be appointed pursuant to Article 208 of the Company Act.

Article 8 (Reference materials, non-voting participants, and holding board meetings)

When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If

one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2. The number of “all directors,” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 9 (Commencement of board of directors’ meeting)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10 (Agenda items)

Agenda items for regular board meetings of the Company shall include at least the following:

- I. Reporting matters:
  - (I) Minutes of the last meeting and action taken.
  - (II) Important financial and business matters.
  - (III) Internal audit activities.
  - (IV) Other important matters to be reported.
- II. Discussion matters:
  - (I) Items for continued discussion from the last meeting.
  - (II) Items for discussion at this meeting.
- III. Extraordinary motions.

Article 11 (Discussion of proposals)

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case

Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12 (Matters requiring discussion at a board meeting)

The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:

- I. The Company's Business Plan.
- II. Annual Financial and Semi-annual Financial Reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited by a certified public accountant.
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Act")
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of any equity-type securities.
- VI. The appointment or discharge of a financial, accounting, or internal audit officer.
- VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors' meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the audited financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and

passed by a resolution of the board are exempted from inclusion in the calculation.

For foreign companies whose stock has no par value or a par value other than NT\$10, the “5 percent of paid-in capital” in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.

In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors required by Article 14-3 of the Securities and Exchange Act that shall be discussed by the board of directors, the independent director shall attend the meeting in person. He or she shall not appoint another non-independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

#### Article 13 (Voting-I)

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

- I. A show of hands or a vote by voting machine.
- II. A roll call vote.
- III. A vote by ballot.
- IV. A vote by a method selected at the Company’s discretion.

“Attending directors,” as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

#### Article 14 (Voting-II and methods for vote monitoring and counting)

Except where otherwise provided by the Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.



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

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

The outcome of the voting process shall be reported on-the-spot and put into the minutes.

Article 15 (Recusal system for directors)

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting.

When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply *mutatis mutandis* in accordance with Article 206, paragraph 3 of the same Act.

Article 16 (Meeting minutes and sign-in matters)

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

- I. The meeting session (or year) and the time and place of the meeting.
- II. The name of the chairperson.
- III. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
- IV. The names and titles of those attending the meeting as non-voting participants.
- V. The name of the minute taker.
- VI. The matters reported at the meeting.
- VII. Agenda items: The method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing

objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 5.

VIII. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

IX. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

- I. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
- II. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of Company.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

Article 17 (Principles with respect to the delegation of powers by the board)

With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, the chairperson is fully authorized to exercise the powers of the board for the following matters:

- (I) Based on the Company's funding needs, the chairperson is authorized to handle the credit lines, credit terms and other related matters with financial institutions and shall report the execution status to the board of directors.

- (II) Based on the Company's funding needs, the chairperson is authorized to handle matters regarding the endorsements and guarantees and transactions within the amount limit set forth in the Asset Acquisition and Disposal Procedures and shall report the execution status to the board of directors.
- (III) Appointment of a subsidiary's (including overseas branches) directors, supervisors and representatives.
- (IV) Adjustment to the Company's organization and amendments to organizational regulations.

Article 18 (Supplementary provisions)

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.

Appendix IV

**Chenming Mold Ind. Corp.**  
**Shareholding status of directors and supervisors**

Record date: April 15, 2018

Title	Name	Date when elected	Number of shares held when elected			Number of shares held currently.			Remarks
			Type of share	Number of shares	Percentage to total outstanding shares (%)	Type of share	Number of shares	Percentage to total outstanding shares (%)	
Chairman	Lin Mu-Ho	June 16, 2017	common shares	25,000,230	14.71%	common shares	25,000,230	14.71%	
Director	Chen Hsiao-Chun	June 16, 2017	common shares	259,456	0.15%	common shares	259,456	0.15%	
Director	Lin Feng-Ran	June 16, 2017	common shares	6,612,310	3.89%	common shares	6,612,310	3.89%	
Director	Lo Chih-Chi	June 16, 2017	common shares	573,958	0.34%	common shares	573,958	0.34%	
Director	Ching Chi-Ben	June 16, 2017	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Chang Yi-Min	June 16, 2017	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Lin Chiang-Feng	June 16, 2017	common shares	0	0.00%	common shares	0	0.00%	
Supervisor	Lin Pei-Yu	June 16, 2017	common shares	4,512,755	2.66%	common shares	4,512,755	2.66%	
Supervisor	Lin Po-Hsiang	June 16, 2017	common shares	0	0.00%	common shares	0	0.00%	
Total				36,958,709			36,958,709		

Total number of shares issued on June 16, 2017: 169,935,018 shares

Total number of shares issued on April 15, 2018: 169,935,018 shares

Note: The total number of shares required to be held by all directors of the Company: 10,196,101 shares. As of April 15, 2018, the total shareholding is: 32,445,954 share

The total number of shares required to be held by all supervisors of the Company: 1,019,610 shares. As of April 15, 2018, the total shareholding is: 4,512,755 share

© The shares held by independent directors are not counted towards directors' shareholding.