

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

**CHEENMING MOLD IND. CORP
AND ITS SUBSIDIARIES**

Consolidated Interim Financial Statements

March 31, 2017 and 2016

(With Independent Auditors' Review Report Thereon)

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

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安侯建業聯合會計師事務所
KPMG

台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors
CHENMING MOLD IND. CORP:

We have reviewed the accompanying consolidated balance sheets of CHENMING MOLD IND. CORP (the "Company") and its subsidiaries as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the guidelines of ROC Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". Those guidelines require that we plan and perform the review, consisting principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Republic of China, with the objective of expressing an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
April 28, 2017

Notes to Readers

The accompanying consolidated interim financial statements financial statements are intended only to present the consolidated interim financial statements 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 review such consolidated interim financial statements financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2017 and 2016

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

| | | <u>For the three months ended March 31</u> | | | |
|------|---|--|------------|-----------------|------------|
| | | <u>2017</u> | | <u>2016</u> | |
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4110 | Operating revenue (notes (6)(o) and (7)) | \$ 1,071,577 | 100 | 729,862 | 100 |
| 5000 | Operating costs (notes (6)(d), (7) and (12)) | <u>932,614</u> | <u>87</u> | <u>689,365</u> | <u>93</u> |
| | Gross profit from operations | 138,963 | 13 | 40,497 | 7 |
| 6000 | Operating expenses (note (12)): | | | | |
| 6100 | Selling expenses | 29,944 | 3 | 26,359 | 4 |
| 6200 | Administrative expenses | 41,524 | 4 | 29,078 | 4 |
| 6300 | Research and development expenses | <u>6,668</u> | <u>1</u> | <u>8,492</u> | <u>1</u> |
| | | <u>78,136</u> | <u>8</u> | <u>63,929</u> | <u>9</u> |
| 6900 | Net operating income (loss) | <u>60,827</u> | <u>5</u> | <u>(23,432)</u> | <u>(2)</u> |
| 7000 | Non-operating income and expenses: | | | | |
| 7050 | Finance costs | (1,355) | - | (1,846) | - |
| 7100 | Interest income | 129 | - | 221 | - |
| 7110 | Rent income (note (7)) | 3,312 | - | 3,108 | - |
| 7190 | Other income | 2,874 | - | 159 | - |
| 7230 | Foreign exchange gains(losses), net (note 6(q)) | (37,278) | (3) | (11,855) | (2) |
| 7590 | Other expenses and losses | <u>(203)</u> | <u>-</u> | <u>(2,207)</u> | <u>-</u> |
| | | <u>(32,521)</u> | <u>(3)</u> | <u>(12,420)</u> | <u>(2)</u> |
| 7900 | Profit before tax | 28,306 | 2 | (35,852) | (4) |
| 7950 | Less: Tax income expense (note 6(l)) | <u>1,337</u> | <u>-</u> | <u>(6,095)</u> | <u>(1)</u> |
| | Profit (loss) | <u>26,969</u> | <u>2</u> | <u>(29,757)</u> | <u>(3)</u> |
| 8300 | Other comprehensive income: | | | | |
| 8360 | Other components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statement | (36,926) | (3) | - | - |
| 8399 | Other components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Components of other comprehensive income that will be reclassified to profit or loss | <u>(36,926)</u> | <u>(3)</u> | <u>-</u> | <u>-</u> |
| 8300 | Other comprehensive income, net of tax | <u>(36,926)</u> | <u>(3)</u> | <u>-</u> | <u>-</u> |
| | Comprehensive income | <u>\$ (9,957)</u> | <u>(1)</u> | <u>(29,757)</u> | <u>(3)</u> |
| | Profit belong to : | | | | |
| 8610 | Parent entity | \$ 10,535 | (1) | (29,757) | (3) |
| 8620 | Non-controlling interests | <u>16,434</u> | <u>3</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 26,969</u> | <u>2</u> | <u>(29,757)</u> | <u>(3)</u> |
| | Other comprehensive income belongs to: | | | | |
| | Parent entity | \$ (8,668) | (1) | (29,757) | (3) |
| | Non-controlling interests | <u>(1,289)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ (9,957)</u> | <u>(1)</u> | <u>(29,757)</u> | <u>(3)</u> |
| 9750 | Basic earnings per share (note (6)(n)) | <u>\$ 0.06</u> | | <u>(0.17)</u> | |
| 9850 | Diluted earnings per share (note (6)(n)) | <u>\$ 0.06</u> | | <u>(0.17)</u> | |

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | Total equity |
|--|---|-----------------|---------------|----------------------------------|-------------------------|---|--|---|---------------------------|--------------|--------------|
| | Retained earnings | | | | | Total other equity interest | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on available-for-sale financial assets | Total equity attributable to owners of parent | Non-controlling interests | Total equity | |
| Balance at January 1, 2016 | \$ 1,779,350 | 15,415 | 225,459 | 205,621 | 431,080 | - | 10,911 | 2,236,756 | - | 2,236,756 | |
| Loss for the three months ended March 31, 2016 | - | - | - | (29,757) | (29,757) | - | - | (29,757) | - | (29,757) | |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | |
| Total comprehensive income | - | - | - | - | - | - | - | - | - | - | |
| Balance at March 31, 2016 | \$ 1,779,350 | 15,415 | 225,459 | 175,864 | 401,323 | - | 10,911 | 2,206,999 | - | 2,206,999 | |
| Balance at January 1, 2017 | \$ 1,699,350 | 14,722 | 232,416 | 302,109 | 534,525 | (29,978) | - | 2,218,619 | 379,962 | 2,598,581 | |
| Profit for the three months ended March 31, 2017 | - | - | - | 10,535 | 10,535 | - | - | 10,535 | 16,434 | 26,969 | |
| Other comprehensive income | - | - | - | - | - | (19,203) | - | (19,203) | (17,723) | (36,926) | |
| Total comprehensive income | - | - | - | 10,535 | 10,535 | (19,203) | - | (8,668) | (1,289) | (9,957) | |
| Balance at March 31, 2017 | \$ 1,699,350 | 14,722 | 232,416 | 312,644 | 545,060 | (49,181) | - | 2,209,951 | 378,673 | 2,588,624 | |

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended March 31 | |
|--|--|-----------------|
| | 2017 | 2016 |
| Cash flows from (used in) operating activities: | | |
| Profit (loss) before tax | \$ 28,306 | (35,852) |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 49,551 | 72,445 |
| Amortization expense | 2,110 | 674 |
| Provision (reversal of provision) for bad debt expense | (4,002) | 1,300 |
| Interest expense | 1,355 | 1,846 |
| Interest income | (129) | (221) |
| Other | 6,120 | 3,722 |
| Total adjustments to reconcile profit (loss) | <u>55,005</u> | <u>79,766</u> |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in financial assets at fair value through profit or losses | - | 1,889 |
| Decrease (increase) in notes and accounts receivable | (22,888) | 29,917 |
| Decrease (increase) in inventories, net | (54,092) | (9,373) |
| Decrease (increase) in other current assets | (11,791) | 29,718 |
| Decrease (increase) in other financial current assets | 12,919 | 2,483 |
| Increase (decrease) in notes and accounts payable | (129,747) | (110,418) |
| Increase (decrease) in other payables and other current liabilities | (41,172) | (37,354) |
| Total adjustments | <u>(191,766)</u> | <u>(13,372)</u> |
| Cash inflow (outflow) generated from operations | (163,460) | (49,224) |
| Interest received | 129 | 229 |
| Income taxes refund (paid) | - | (5) |
| Net cash flows from (used in) operating activities | <u>(163,331)</u> | <u>(49,000)</u> |
| Cash flows from (used in) investing activities: | | |
| Payment of acquisition subsidiary | (73,025) | - |
| Acquisition of property, plant and equipment | (16,727) | (21,041) |
| Decrease (increase) in prepayments for business facilities | (11,026) | (10,158) |
| Decrease (increase) in refundable deposits | (30) | - |
| Net cash flows from (used in) investing activities | <u>(100,808)</u> | <u>(31,199)</u> |
| Cash flows from (used in) financing activities: | | |
| Increase (decrease) in short-term loans | 5,000 | 20,000 |
| Increase in long term borrowings | 40,000 | 50,000 |
| Decrease in long term borrowings | (47,000) | (77,000) |
| Increase (decrease) in guarantee deposits | (804) | (550) |
| Interest paid | (1,344) | (1,868) |
| Net cash flows from (used in) financing activities | <u>(4,148)</u> | <u>(9,418)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(25,523)</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (293,810) | (89,617) |
| Cash and cash equivalents at beginning of period | 604,885 | 333,278 |
| Cash and cash equivalents at end of period | <u>\$ 311,075</u> | <u>243,661</u> |

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2017 and 2016

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 2017 and 2016

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

(1) Company history

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

The consolidated financial statements of the Company as of and for the three months ended March 31, 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Please refer to note (4) (b) ii. for related information of the Group primarily business activities.

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

These consolidated financial statements were authorized for issuance by the board of directors on April 28, 2017.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already taken effect.

The Group was required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

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

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| <u>New, Revised or Amended Standards and Interpretations</u> | <u>Effective date per IASB</u> |
|--|--------------------------------|
| Amended IAS 39 " <i>Novation of Derivatives and Continuation of Hedge Accounting</i> " | January 1, 2014 |
| Annual Improvements: 2010-2012 and 2011-2013 cycles | July 1, 2014 |
| Annual Improvements to IFRS: 2012-2014 cycles | January 1, 2016 |
| Amended IFRIC 21 " <i>Levies</i> " | January 1, 2014 |

The Group have assessed that the initial application of the above new IFRSs, whenever applied, would not have any material impact on its interim consolidated financial statements.

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

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

| <u>New, Revised or Amended Standards and Interpretations</u> | <u>Effective date per IASB</u> |
|---|---|
| IFRS 9 " <i>Financial Instruments</i> " | January 1, 2018 |
| Amended IFRS 10 and IAS 28 " <i>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture</i> " | Effective date to be determined by IASB |
| IFRS 15 " <i>Revenue from Contracts with Customers</i> " | January 1, 2018 |
| IFRS 16 " <i>Leases</i> " | January 1, 2019 |
| Amended IFRS 2 " <i>Clarifications of Classification and Measurement of Share based Payment Transactions</i> " | January 1, 2018 |
| Amended IFRS 15 " <i>Revenue from Contracts with Customers-Clarifications of IFRS 15</i> " | January 1, 2018 |
| Amended IAS 7 " <i>Statement of Cash Flows-Disclosure Initiative</i> " | January 1, 2017 |
| Amended IAS 12 " <i>Income Taxes-Recognition of Deferred Tax Assets for Unrealized Losses</i> " | January 1, 2017 |
| Amended IFRS 4 " <i>Insurance Contracts</i> " (" <i>Applicable for IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts</i> ") | January 1, 2018 |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| <u>New, Revised or Amended Standards and Interpretations</u> | <u>Effective date per IASB</u> |
|---|--------------------------------|
| Annual Improvements to IFRS 2014–2016 Cycle: | |
| IFRS 12 <i>"Disclosure of Interests in Other Entities"</i> | January 1, 2017 |
| IFRS 1 <i>"First-time Adoption of International Financial Reporting Standards"</i> and IAS 28 <i>"Investments in Associates and Joint Ventures"</i> | January 1, 2018 |
| IFRIC 22 <i>"Foreign Currency Transactions and Advance Consideration"</i> | January 1, 2018 |
| Amended IAS 40 <i>"Investment Property"</i> | January 1, 2018 |

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

| <u>Issuance / Release Dates</u> | <u>Standards or Interpretations</u> | <u>Content of amendment</u> |
|---------------------------------|-------------------------------------|---|
| May 28, 2014 | IFRS 15 <i>"Revenue from</i> | <ul style="list-style-type: none"> • The new standard provides a single model for determining whether an entity recognizes revenue in accordance with the method, timing and amount by applying the five-step model. IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", and the relevant interpretations. • In April 12, 2016, the amendments clarify how to identify performance obligations in a contract; determine whether a company is a principal or an agent; and determine whether the revenue from granting a license should be recognized at a point in time or over time. |
| April 12, 2016 | <i>Contracts with Customers"</i> | |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| <u>Issuance / Release Dates</u> | <u>Standards or Interpretations</u> | <u>Content of amendment</u> |
|-------------------------------------|-------------------------------------|---|
| November 19, 2013 | IFRS 9 " <i>Financial</i> | The new standard will replace IAS 39 "Financial Instruments: Recognition and Measurement". The main amendments are as follows: <ul style="list-style-type: none"> • Classification and measurement: The financial asset is driven by the entity's business model and the contractual cash flow characteristics, which would be classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (OCI), and financial assets at fair value through profit or loss. The financial liabilities measured at fair value through profit or loss that have changes in fair value related to the changes in its credit risk are recognized in OCI. • Impairment: The new expected credit loss model is to replace the current incurred loss model. • Hedge accounting: More principle-based regulations are adopted to correspond hedge accounting with risk management. Such regulations include the revisions on the requirements of adoption, continuation, and discontinuation of hedge accounting, allowing more categories of risk exposure to conform with the hedged items. |
| July 24, 2014 | <i>Instruments</i> " | |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| <u>Issuance / Release Dates</u> | <u>Standards or Interpretations</u> | <u>Content of amendment</u> |
|-------------------------------------|-------------------------------------|---|
| January 13, 2016 | IFRS 16 " <i>Leases</i> " | <p>The new standard of accounting for lease is amended as follows:</p> <ul style="list-style-type: none"> • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present the interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17. |

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (hereinafter referred to as the Regulations) and the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by the FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for annual financial statements.

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the annual consolidated financial statement for the year ended December 31, 2016. Please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016 for related information.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(b) Basis of consolidation

- (i) The principles of preparation have been applied consistently with those described in the annual consolidated financial statements for the year ended December 31, 2016. For detailed information, please refer to note 4(c) of the annual consolidated financial statements for the year ended December 31, 2016.
- (ii) The list of subsidiaries in the consolidated financial statements are as follows:

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Description |
|--------------------------------|---------------------------------------|---|----------------|-------------------|----------------|-------------|
| | | | March 31, 2017 | December 31, 2016 | March 31, 2016 | |
| The Company | TOP CITY INTERNATIONAL LIMITED | Investment | 100 % | 100 % | 100 % | |
| TOP CITY INTERNATIONAL LIMITED | PEAK SHREWD INC. | Investment | 100 % | 100 % | 100 % | |
| " | GERSHWIN INTERNATIONAL LIMITED | Investment | 100 % | 100 % | 100 % | |
| GERSHWIN INTERNATIONAL LIMITED | Dongguan Chenming Electronic Co., Ltd | Computer case and production of relative components | 100 % | 100 % | 100 % | |
| PEAK SHREWD INC. | CHENMING ELECTRONIC (NINGBO)CO.,LTD. | Computer case and production of relative components | 52 % | 52 % | 9 % | Note |

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

(c) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

The preparation of the consolidated financial statements in conformity with IFRSs (in accordance with IAS 34 “Interim Financial Reporting” endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of this consolidated financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with those in note 5 of the annual consolidated financial statements for the year ended December 31, 2016.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|---------------------------------------|---------------------------|------------------------------|---------------------------|
| Cash on hand | \$ 930 | 1,009 | 734 |
| Checking accounts and demand deposits | 310,145 | 603,876 | 162,465 |
| Time deposits | - | - | 80,462 |
| | <u>\$ 311,075</u> | <u>604,885</u> | <u>243,661</u> |

(b) Financial Asset

(i)

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|---|---------------------------|------------------------------|---------------------------|
| Non current available-for-sale financial assets-non listed stocks | \$ - | - | 175,215 |
| Financial liabilities as at fair value through profit and loss | | | |
| Derivative instruments not used for hedging (recorded in other payables) | \$ - | 153 | - |

The Group bought 42.7% of CHENMING ELECTRONIC (NINGBO) interests in April, 2016, the shareholding ratio increased from 9.3%% to 52% and aquired controlling right. Therefore, start from the second quarter of 2016, CHENMING ELECTRONIC (NINGBO) have to disclosure in consolidated financial statements. Other related information can refer to note 6(e).

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group did not provide any aforementioned financial assets as collateral for its loans.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Derivative instruments not used for hedging

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

| | December 31, 2016 | | |
|---|-----------------------------------|------------|---------------------|
| | Contract amount (in thousands) | Currency | Maturity date |
| Derivative financial liabilities | | | |
| Forward exchange contract: | | | |
| Forward exchange sold | USD 600 | USD to TWD | 2017.1.16~2017.1.26 |

(iii) Sensitivity Analysis-Risk of equity price

When the price of equity securities changes over 5% in the report date, other comprehensive income increased \$0 and decrease \$8,761 in March 31, 2017 and 2016. The two period base on the same-based and assume other variety factors unchanged.

(iv) Information of foreign investment

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

| | March 31, 2017 | | | December 31, 2016 | | | March 31, 2016 | | |
|-----|------------------|---------------|-----|-------------------|---------------|-----|------------------|---------------|---------|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| USD | \$ - | 30.330 | - | - | 32.25 | - | 5,338 | 32.825 | 175,215 |

(c) Notes and accounts receivable and other receivables

| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
|--|---------------------|----------------------|-------------------|
| Accounts receivable | 1,207,471 | 1,184,583 | 855,557 |
| Accounts receivable-related parties | - | - | 7 |
| Other receivables | 774 | 13,693 | 48 |
| | 1,208,245 | 1,198,276 | 855,612 |
| Less: allowance for uncollectible accounts | (21,521) | (25,523) | (5,658) |
| | <u>\$ 1,186,724</u> | <u>1,172,753</u> | <u>849,954</u> |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
|-----------------------------------|---------------------|----------------------|-------------------|
| Notes and account receivable, net | \$ <u>1,185,950</u> | <u>1,159,060</u> | <u>849,906</u> |
| Other receivables – current | \$ <u>774</u> | <u>13,693</u> | <u>48</u> |

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

| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
|----------------------|-------------------|----------------------|-------------------|
| Past due 0-30days | \$ 8,635 | 4,964 | 3,691 |
| Past due 31-150 days | 1,794 | 953 | 965 |
| Past over 150 days | <u>323</u> | <u>313</u> | <u>1,285</u> |
| | \$ <u>10,752</u> | <u>6,230</u> | <u>5,941</u> |

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

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

| | Loss from Individual- Estimated | Loss from Group- Estimated | Total |
|---------------------------------|--|---|---------------|
| Balance on January 1, 2017 | \$ 20,669 | 4,854 | 25,523 |
| Reversal of impairment loss | - | (3,862) | (3,862) |
| Influence from foreign exchange | - | (140) | (140) |
| Balance on March 31, 2017 | \$ <u>20,669</u> | <u>852</u> | <u>21,521</u> |
| | Loss from Individual- Estimated | Loss from Group- Estimated | Total |
| Balance on January 1, 2016 | \$ 3,591 | 767 | 4,358 |
| Impairment loss recognized | - | 1,300 | 1,300 |
| Balance on March 31, 2016 | \$ <u>3,591</u> | <u>2,067</u> | <u>5,658</u> |

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group do not pledge account receivable as collateral.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(d) Inventories

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|------------------|---------------------------|------------------------------|---------------------------|
| Raw materials | \$ 280,885 | 291,120 | 167,763 |
| Work in progress | 155,350 | 132,692 | 137,229 |
| Finished goods | <u>247,791</u> | <u>206,122</u> | <u>205,262</u> |
| | <u>\$ 684,026</u> | <u>629,934</u> | <u>510,254</u> |

The Group Composition details of operating cost on March 31, 2017 and 2016 as follow:

| | <u>March 31, 2017</u> | <u>March 31, 2016</u> |
|---|-----------------------|-----------------------|
| Cost of good sold | \$ 921,492 | 664,935 |
| Revenue from sale of scraps | (5,182) | (3,190) |
| Inventory valuation and obsolescence losses | (1,005) | 1,800 |
| Loss on scrapping of inventory | <u>17,309</u> | <u>25,820</u> |
| | <u>\$ 932,614</u> | <u>689,365</u> |

The write-down of the inventories to net realizable value amounted to \$1,005 in the three months ended March 31, 2017.

The Company reversed its allowance for inventory valuation loss amounting to \$1,800 due to the sale and disposal of its obsolete inventories in the three months ended March 31, 2016.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group do not pledge inventory as collateral.

(e) CHENMING ELECTRONIC (NINGBO)

Considering the future development strategy, on March 23, 2016, the board of directors decided to purchase 42.7% shares of CHENMING ELECTRONIC (NINGBO) amounting to \$203,175 (US\$6,300 thousand), in which the contract was signed on March 27, 2016. The Group increased its shareholding from 9.3% to 52% and acquired the controlling right of CHENMING ELECTRONIC (NINGBO) in April 2016. As of March 31, 2016, the Group has already paid off its payment.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(f) Property, Plant and Equipment

| | <u>Land</u> | <u>Property</u> | <u>Machinery and Equipment</u> | <u>Office equipment and others</u> | <u>Total</u> |
|-------------------------------------|-------------------|-----------------|--|--|------------------|
| Cost | | | | | |
| Balance on January 1, 2017 | \$ 210,897 | 835,623 | 400,333 | 129,468 | 1,576,321 |
| Additions | - | - | 16,515 | 499 | 17,014 |
| Disposal | - | (28,796) | (5,821) | (1,951) | (36,568) |
| Reclassifications | - | - | 7,142 | - | 7,142 |
| Effect of changes in exchange rates | - | (8,674) | (3,727) | (289) | (12,690) |
| Balance on March 31, 2017 | <u>\$ 210,897</u> | <u>798,153</u> | <u>414,442</u> | <u>127,727</u> | <u>1,551,219</u> |
| Balance on January 1, 2016 | \$ 210,897 | 681,287 | 592,696 | 119,139 | 1,604,019 |
| Additions | - | - | 1,858 | 3,714 | 5,572 |
| Disposal | - | (12,426) | (19,236) | (13,193) | (44,855) |
| Reclassifications | - | - | - | 2,695 | 2,695 |
| Balance on March 31, 2016 | <u>\$ 210,897</u> | <u>668,861</u> | <u>575,318</u> | <u>112,355</u> | <u>1,567,431</u> |
| Depreciation | | | | | |
| Balance on January 1, 2017 | \$ - | 212,852 | 132,830 | 49,659 | 395,341 |
| Depreciation of the period | - | 8,741 | 31,603 | 8,897 | 49,241 |
| Disposal | - | (28,796) | (5,626) | (1,878) | (36,300) |
| Effect of changes in exchange rates | - | (619) | (661) | (69) | (1,349) |
| Balance on March 31, 2017 | <u>\$ -</u> | <u>192,178</u> | <u>158,146</u> | <u>56,609</u> | <u>406,933</u> |
| Balance on January 1, 2016 | \$ - | 210,693 | 309,316 | 40,384 | 560,393 |
| Depreciation of the period | - | 7,024 | 54,737 | 10,374 | 72,135 |
| Disposal | - | (12,407) | (17,488) | (12,868) | (42,763) |
| Balance on March 31, 2016 | <u>\$ -</u> | <u>205,310</u> | <u>346,565</u> | <u>37,890</u> | <u>589,765</u> |
| Book Value | | | | | |
| Balance on January 1, 2017 | <u>\$ 210,897</u> | <u>622,771</u> | <u>267,503</u> | <u>79,809</u> | <u>1,180,980</u> |
| Balance on March 31, 2017 | <u>\$ 210,897</u> | <u>605,975</u> | <u>256,296</u> | <u>71,118</u> | <u>1,144,286</u> |
| Balance on March 31, 2016 | <u>\$ 210,897</u> | <u>463,551</u> | <u>228,753</u> | <u>74,465</u> | <u>977,666</u> |

The process of land leasehold right and building right information can refer to note 6(f) of consolidate financial statements December 31, 2016.

As of March 31, 2017, December 31, 2016 and March 31, 2016 the Group had provided parts of the property, plant and equipment at collateral for its long-term loans and credit lines. Please refer to notes 8 for details.

(g) Investment Property

| | <u>Land</u> | <u>Properties</u> | <u>Total</u> |
|------------------------------|-------------------|-------------------|----------------|
| Book value: | | | |
| Balance on March 31, 2017 | <u>\$ 152,640</u> | <u>48,399</u> | <u>201,039</u> |
| Balance on December 31, 2016 | <u>\$ 152,640</u> | <u>48,709</u> | <u>201,349</u> |
| Balance on March 31, 2016 | <u>\$ 152,640</u> | <u>49,637</u> | <u>202,277</u> |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

There were no material addition, disposal, impairment or reversal situation of investment properties on March 31, 2017 and 2016. Please refer to note (12)(a) for details. For other related information, please refer to note (6)(g) of the 2016 consolidate financial statements.

There were no significant difference between the fair value of investment properties and that disclosed in the 2016 consolidate financial statements. Please refer to note (6)(g) of the 2016 consolidate financial statement.

Please refer to note (8) for information on investment properties pledged as collateral as of December 31, 2016, and March 31, 2017 and 2016.

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|---|---------------------------|------------------------------|---------------------------|
| Credit Loan | \$ <u>145,000</u> | <u>140,000</u> | <u>170,000</u> |
| Unused credit line for short-term loans | \$ <u>621,270</u> | <u>643,400</u> | <u>631,515</u> |
| Annual interest rates | <u>1.0%~1.4%</u> | <u>1.0%~1.5%</u> | <u>1.0%~1.5%</u> |

(i) Long-term borrowings

The long-term borrowings were summarized as follows:

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|------------------------------|---------------------------|------------------------------|---------------------------|
| Secured bank loans | \$ 161,000 | 168,000 | 189,000 |
| Unsecured bank loans | 70,000 | 70,000 | 100,000 |
| Less: current portion | <u>-</u> | <u>-</u> | <u>(28,000)</u> |
| Total | \$ <u>231,000</u> | <u>238,000</u> | <u>261,000</u> |
| Unused long-term credit line | \$ <u>270,000</u> | <u>270,000</u> | <u>240,000</u> |
| Range of interest rate | <u>1.0%~1.5%</u> | <u>1.0%~2.0%</u> | <u>1.5%~2.0%</u> |

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

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

(iii) As of March 31, 2017 and 2016, the Group provided part of its assets as collateral for long-term loans. Please refer to note 8 for details.

(j) Operating lease

There were no significant change in the new lease contracts of the Group for the three months ended March 31, 2017 and 2016. For related information, please refer to note 6(j) of the 2016 annual consolidated financial statements.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(k) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year, the consolidated financial statements shall be measured and disclosed in accordance with the actuarial report measured on December 31, 2016 and 2015.

The pension costs of the defined benefit plans were as follows:

| | <u>Three months ended March 31,</u> | |
|-------------------|-------------------------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Operating expense | \$ <u>(79)</u> | <u>(114)</u> |

(ii) Defined contribution plans

The group recognized its pension costs under the defined contribution plans were as follows:

| | <u>Three months ended March 31,</u> | |
|-------------------|-------------------------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Cost of sales | \$ 16,818 | 11,584 |
| Operating expense | <u>1,603</u> | <u>1,505</u> |
| | <u>\$ 18,421</u> | <u>13,089</u> |

(l) Income taxes

(i) The amount of income tax was as follows:

| | <u>Three months ended March 31,</u> | |
|---------------------|-------------------------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| Current tax expense | \$ <u>1,337</u> | <u>(6,095)</u> |

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

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

| | <u>March 31,</u> <u>2017</u> | <u>December</u> <u>31, 2016</u> | <u>March 31,</u> <u>2016</u> |
|---|---------------------------------|------------------------------------|---------------------------------|
| Unappropriated earnings of 1998 and after | \$ <u>312,644</u> | <u>302,109</u> | <u>175,864</u> |
| Balance of imputation credit account | \$ <u>67,497</u> | <u>67,497</u> | <u>40,856</u> |
| | <u>2016 Estimated</u> | <u>2015 Actual</u> | |
| Creditable ratio for earnings distribution to ROC residents | <u>25.28 %</u> | <u>29.31 %</u> | |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

(m) Capital and other equities

Except as described below, there were no significant changes in the capital and other equities of the Group for the three months ended March 31, 2017 and 2016. For related information, please refer to note 6(m) of 2016 annual consolidated financial statements.

(i) Capital surplus

The balances of capital surplus as of March 31, 2017 and 2016, were as follows:

| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
|----------------------------|-------------------|----------------------|-------------------|
| Additional paid-in capital | \$ <u>14,722</u> | <u>14,722</u> | <u>15,415</u> |

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

(ii) Retained Earning

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

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

1) Earnings distribution

The appropriations of earnings for 2015 approved in the shareholders' meeting on June 17, 2016 was \$53,381 by cash dividends.

The appropriations of earnings for 2016 had been proposed by the board of directors on April 28, 2017 was \$84,968 by cash dividends.

The appropriations are subject to the resolution of shareholders' meeting.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

(n) Earnings per share

Basic earnings per share

The calculation of basic earnings per share at March 31, 2017 and 2016 were calculated as follows:

| | For the three months ended March 31, | |
|--|---|-----------------|
| | 2017 | 2016 |
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | \$ <u>10,535</u> | <u>(29,757)</u> |
| Weighted-average number of ordinary shares | <u>169,935</u> | <u>177,935</u> |
| Diluted earnings per share: | | |
| Profit attributable to ordinary shareholder of the Company (after adjusted the influence of potential ordinary shares) | \$ <u>10,535</u> | <u>(29,757)</u> |
| Weighted-average number of ordinary shares | 169,935 | 177,935 |
| Effect of employee stock remuneration (note) | <u>106</u> | <u>-</u> |
| Weighted-average number of ordinary shares(after adjusted the influence of potential ordinary shares) | <u>170,041</u> | <u>177,935</u> |

Note: There is no diluted effect in the stock remuneration in 2016.

(o) Revenue

| | For the three months ended March 31 | |
|--------------------------|--|----------------|
| | 2017 | 2016 |
| Computer and server case | \$ 840,613 | 497,991 |
| Mobile components | 215,014 | 175,448 |
| Mold revenue | <u>15,950</u> | <u>56,423</u> |
| | <u>\$ 1,071,577</u> | <u>729,862</u> |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

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

The Group estimated its remuneration to employees amounting to \$350; and the remuneration to directors and supervisors was \$200 in January 1 to March 31, 2017. The estimated multiplied by the percentage of the remuneration to employees, directors and supervisors, as specified in the Company's article. The estimations are recorded under operating expenses and cost. The differences between the estimated amounts in financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in following year.

There was no benefits for the Group in the three months ended in March 31, 2015; therefore, there were no employee remuneration estimated for the said year.

The remuneration to employees were \$8,000 and \$6,000; and the remuneration to directors and supervisors were both \$1,500 in 2016 and 2015 respectively. The actual amount and the estimated amount, which was estimated in financial statement on December 31, 2015, and December 31, 2016, has no difference.

(q) Financial Instruments

Except as described below, the fair value of financial instruments do not material affected by credit risk, liquidity risk and market risk. For related information, please refer to not (6)(q) for 2016 annual consolidated financial statement.

(i) Liquidity Risk

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

| | <u>Amount</u> | <u>Within a year</u> | <u>1 ~ 2 years</u> | <u>Over 2 years</u> |
|--|-------------------------|--------------------------|-----------------------|-------------------------|
| March 31, 2017 | | | | |
| Secured loans | \$ 161,000 | - | 72,000 | 89,000 |
| Unsecured loans | 215,000 | 145,000 | 70,000 | - |
| Notes and accounts payable | 679,363 | - | - | - |
| Other payables (including related parties) | 73,643 | - | - | - |
| Guarantee deposits | 8,748 | - | - | - |
| | <u>1,137,754</u> | <u>145,000</u> | <u>142,000</u> | <u>89,000</u> |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| | <u>Amount</u> | <u>Within a year</u> | <u>1 ~ 2 years</u> | <u>Over 2 years</u> |
|---|---------------------|--------------------------|--------------------|-------------------------|
| December 31, 2016 | | | | |
| Secured loans | \$ 168,000 | - | 72,000 | 96,000 |
| Unsecured loans | 210,000 | 140,000 | 70,000 | - |
| Accounts payable | 809,110 | 809,110 | - | - |
| Other payables | 152,373 | 152,373 | - | - |
| Guarantee deposits | 9,552 | - | - | - |
| Other forward exchange contracts: | 153 | | | |
| Outflow | - | (19,350) | - | - |
| Inflow | - | 19,181 | - | - |
| | <u>\$ 1,349,188</u> | <u>1,101,314</u> | <u>142,000</u> | <u>96,000</u> |
| March 31, 2016 | | | | |
| Secured loans loan | \$ 189,000 | 28,000 | 28,000 | 133,000 |
| Unsecured loans | 270,000 | 170,000 | 100,000 | - |
| Notes and accounts payable (including related parties) | 390,447 | 390,447 | - | - |
| Other payables | 59,215 | 59,215 | - | - |
| Guarantee deposits | 8,812 | - | - | 8,812 |
| | <u>\$ 917,474</u> | <u>647,662</u> | <u>128,000</u> | <u>141,812</u> |

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

| | <u>March 31, 2017</u> | | | <u>December 31, 2016</u> | | | <u>March 31, 2016</u> | | |
|------------------------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|
| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> |
| Financial assets | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD to TWD | \$ 25,522 | 30.330 | 774,082 | 31,708 | 32.25 | 1,022,583 | 25,099 | 32.19 | 807,811 |
| USD to CNY | 13,324 | 6.899 | 404,117 | 12,548 | 6.94 | 404,673 | - | | - |
| CNY to TWD | 67,283 | 4.407 | 296,516 | 65,100 | 4.62 | 300,567 | 53,913 | 4.972 | 268,055 |
| Financial liabilities | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD to TWD | 4,596 | 30.330 | 139,397 | 4,769 | 32.25 | 153,800 | 3,915 | 32.185 | 126,004 |
| USD to CNY | 2,083 | 6.899 | 63,177 | 1,803 | 6.94 | 58,147 | - | - | - |
| CNY to TWD | 89,436 | 4.407 | 394,144 | 112,427 | 4.62 | 519,075 | 63,777 | 4.972 | 317,099 |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

2) Sensitivity analysis

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

A weakening (strengthening) 5% of each major foreign currency against Group entities' functional currency as of March 31, 2017 and 2016 would have affected the net profit before tax as followings:

| | <u>March 31, 2017</u> | <u>March 31, 2016</u> |
|-----------------------|-----------------------|-----------------------|
| USD (against the TWD) | | |
| Strengthening 5% | \$ 31,734 | 34,090 |
| Weakening 5% | (31,734) | (34,090) |
| USD (against the CNY) | | |
| Strengthening 5% | 17,048 | - |
| Weakening 5% | (17,048) | - |
| CNY (against the TWD) | | |
| Strengthening 5% | (4,881) | (2,452) |
| Weakening 5% | 4,881 | 2,452 |

3) Exchange gains and losses of monetary items

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

| | <u>For the three months ended March 31</u> | | | |
|-----|--|---------------------|----------------------------------|---------------------|
| | <u>2017</u> | | <u>2016</u> | |
| | <u>Exchange profit(loss)</u> | <u>Average rate</u> | <u>Exchange profit(loss)</u> | <u>Average rate</u> |
| TWD | \$ (34,625) | - | (11,855) | - |
| RMB | (602) | 4.407 | - | - |

(iii) Interest Rate analysis

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

| | <u>Carrying amount</u> | |
|----------------------------|------------------------|-----------------------|
| | <u>March 31, 2017</u> | <u>March 31, 2016</u> |
| Variable rate instruments: | | |
| Financial assets | \$ 310,145 | 162,465 |
| Financial liabilities | 376,000 | 459,000 |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decrease by \$ 41 and \$185 for the three months ended March 31, 2017 and 2016, respectively, which would be mainly resulted from the bank savings and loans with variable interest rates.

(iv) Fair value

1) The kinds of financial instruments and fair value

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

| | March 31, 2017 | | | | |
|--|----------------------------|------------|---------|---------|-------|
| | Book value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Loans and receivables | | | | | |
| Cash and cash equivalents | \$ 311,075 | - | - | - | - |
| Accounts receivable, net | 1,185,950 | - | - | - | - |
| Other current financial assets | 774 | - | - | - | - |
| Refundable deposits | <u>15,485</u> | - | - | - | - |
| | <u>\$ 1,513,284</u> | | | | |
| Amortized financial liabilities at cost | | | | | |
| Borrowing | \$ 376,000 | - | - | - | - |
| Notes and account payables | 679,363 | - | - | - | - |
| Other payables (including related parties) | 73,643 | - | - | - | - |
| Guarantee deposits | <u>8,748</u> | - | - | - | - |
| Total | <u>\$ 1,137,754</u> | | | | |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| | | December 31, 2016 | | | |
|---|---------------------|-------------------|---------|---------|---------|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Loans and receivables | | | | | |
| Cash and cash equivalents | \$ 604,885 | - | - | - | - |
| Accounts receivable, net | 1,159,060 | - | - | - | - |
| Other current financial assets | 13,693 | - | - | - | - |
| Refundable deposits | <u>15,455</u> | - | - | - | - |
| | <u>\$ 1,793,093</u> | | | | |
| Amortized financial liabilities at cost | | | | | |
| Borrowing | \$ 378,000 | - | - | - | - |
| Notes and account payables | 809,110 | - | - | - | - |
| Other payables (including related parties) | 152,373 | - | - | - | - |
| Guarantee deposits | 9,552 | - | - | - | - |
| Financial liabilities at fair value through profit or loss (record in other payable) | | | | | |
| Derivative financial liabilities | <u>153</u> | - | 153 | - | 153 |
| Total | <u>\$ 1,349,188</u> | | | | |
| | | March 31, 2016 | | | |
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Available-for-sale financial assets: | | | | | |
| Non-public shares | <u>\$ 175,215</u> | - | - | 175,215 | 175,215 |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 243,662 | - | - | - | - |
| Notes and accounts receivable, net | 849,906 | - | - | - | - |
| Other current financial assets | 48 | - | - | - | - |
| Refundable deposits | <u>6,139</u> | - | - | - | - |
| | <u>1,099,755</u> | | | | |
| | <u>\$ 1,274,970</u> | | | | |
| Amortized financial liabilities at cost | | | | | |
| Borrowing | \$ 459,000 | - | - | - | - |
| Notes and account payables (including related parties) | 390,447 | - | - | - | - |
| Other payables | 59,215 | - | - | - | - |
| Guarantee deposits | <u>8,812</u> | - | - | - | - |
| Total | <u>\$ 917,474</u> | | | | |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

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

a) Financial liability with amortized cost evaluation

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

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

a) Non-derivative financial instruments

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

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

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

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

b) Derivative financial instruments

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

4) There were no transfers from one level to another at three months ended on March 31, 2017 and 2016.

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

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

| | Equity instruments of non-active quotation |
|--|---|
| Balance on January 1, 2017 | \$ - |
| Total profit recognize in other comprehensive income | - |
| Balance on March 31, 2017 | \$ - |
| Balance on January 1, 2016 | \$ 175,215 |
| Total profit recognize in other comprehensive income | - |
| Balance on March 31, 2016 | \$ 175,215 |

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

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

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

The quantitative information about significant unobservable inputs was as follows:

Significant input of unobservable fair value as follow:

| Items | Valuation Technique | Significant input of unobservable | The relative between input and fair value |
|--|--------------------------------|--|--|
| Available-for-sale financial assets- equity instrument without active market | Discount Cash Flow Method | <ul style="list-style-type: none"> • Forecast annual revenue growth rate (10~12% on Marhc 31, 2016) • Long-term pre-tax income (0.55%~14.35% on March 31, 2016) • Lack-of-Marketability discount rate (21.5% on March 31, 2016) • Weighted average cost of capital(13.68% on March 31, 2016) | <ul style="list-style-type: none"> • The higher the long-term revenue growth and pre-tax income, the higher the fair value • The higher the WACC and Lack-of-Marketability discount is, the lower the fair value will be |

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

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

| <u>March 31, 2017</u> | <u>Input</u> | <u>Variation</u> | <u>Impacts of fair value change on other comprehensive income</u> | |
|-------------------------------------|---------------|------------------|---|-------------------------------|
| | | | <u>Advantageous change</u> | <u>Disadvantageous change</u> |
| Available-for-sale financial assets | Discount rate | 1% | <u>18,540</u> | <u>15,279</u> |

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

(r) Financial risk management

There were no significant changes in the financial risk management and policies of the Group with those disclosed in note (6)(r) of the 2016 annual consolidated financial statement.

(s) Capital management

The management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in note 6(s) of the 2016 annual consolidated financial statements. Also, the management believes that there were no significant differences in the capital management information of the Group with those disclosed in the 2016 annual financial statements.

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| <u>Related parties</u> | <u>Relation</u> |
|--|--------------------------------|
| CHENMING (H.K.) CORPORATION LIMITED | Same chairman with the Company |
| UNEEC Culture and Education Foundation | Same chairman with the Company |
| Lin, Mu-Ho | Chairman of the Company |

(Continued)

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(b) Significant transactions with relative parties

(i) Selling products to related parties

| | Purchase | | Account receivables from relative parties | | |
|--|-----------------------|------|--|----------------------|-------------------|
| | 2017 | 2016 | March 31, 2017 | December 31, 2016 | March 31, 2016 |
| | Other related parties | \$ - | 351 | - | - |

The price and the credit terms for related parties are similar to those of the general suppliers, which is 60 days. All accounts receivable above had been received as of March 31, 2017.

(ii) Lease

The Group receives a monthly rental for leasing a part of its office and facilities to UNEEC Culture and Education Foundation. The rental revenue for the periods from January to March amounted to \$857 in the year of 2017 and 2016.

(iii) Equity trading

Considering future industry strategy, on March 27, 2016, the Group entered into an equity trading agreement with CHENMING (H.K.) CORPORATION LIMITED amounting to \$203,175 (USD \$6,300 thousand). The account payable above already had been fully paid as of March 31, 2017. Please refer to note 6(e) for related information.

(iv) Others

In January to March 2017 and 2016, the total salary expenses paid by ChenMing (Ningbo) through its related parties amounted to \$3,466 and \$4,999 respectively, which were recognized as operating costs. As of March 31, 2017, the related fees amounted to \$2,651, which was recognized as current other financial asset.

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

| | 2017 | 2016 |
|------------------------------|----------|-------|
| Short-term employee benefits | \$ 2,812 | 3,272 |
| Post-employment benefits | 108 | 20 |
| | \$ 2,920 | 3,292 |

(ii) Guarantee

The main management are guarantor of the syndication contract, and the amount of syndication are \$231,000, \$238,000 and \$289,000 in March 31, 2017, December 31, 2016 and March 31, 2016.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

| <u>Assets</u> | <u>Subject</u> | <u>March 31, 2017</u> | <u>December 31, 2016</u> | <u>March 31, 2016</u> |
|--|---|---------------------------|------------------------------|---------------------------|
| PPE and investment properties- land | Long-term loans and loan within 1 year | \$ 347,804 | 347,804 | 347,804 |
| — properties | " | 145,138 | 146,032 | 148,713 |
| Other financial asset-noncurrent | Customs deposits | <u>12,351</u> | <u>12,359</u> | <u>-</u> |
| | | <u>\$ 505,293</u> | <u>506,195</u> | <u>496,517</u> |

(9) Commitments and contingencies:None**(10) Losses Due to Major Disasters:None****(11) Subsequent Events:None****(12) Other:**

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

| By function By item | Three months ended March 31, 2017 | | | Three months ended March 31, 2016 | | |
|----------------------------|-----------------------------------|-----------------------|---------|-----------------------------------|-----------------------|---------|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 236,984 | 36,820 | 273,804 | 194,311 | 32,268 | 226,579 |
| Labor and health insurance | - | 1,663 | 1,663 | - | 1,697 | 1,697 |
| Pension | 16,818 | 1,524 | 18,342 | 11,584 | 1,391 | 12,975 |
| Others | 8,833 | 7,423 | 16,256 | 6,838 | 1,716 | 8,554 |
| Depreciation | 45,426 | 3,815 | 49,241 | 69,875 | 2,260 | 72,135 |
| Amortization | 1,852 | 258 | 2,110 | 174 | 500 | 674 |

The depreciation expense, which subtract the depreciation expense from investment properties, are both \$310 in three months ended March 31, 2017 and 2016, which are recognized in the subtraction of rent revenue.

(b) Seasonal operating

The Group's operating conditions do not affected by seasonal or periodicity factors.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

| No | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits (note 2) | Maximum limit of fund financing (note 1) |
|----|---------------------------------------|---------------------------------------|--|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|-------|---|--|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | CITY INTERNAT IONAL LIMITED | GERSHWIN INTERNAT IONAL LIMITED | Accounts receivable due from related parties | Yes | 181,980 | 181,980 | 121,320 | 1.63417%-1.764% | Demand for funding | - | Depending on demand for funding | - | - | - | 1,729,618 (note 1) | 1,729,618 (note 1) |
| 2 | CHENMING ELECTRONIC (NINGBO) CO., LTD | Dongguan Chenming Electronic Co., Ltd | " | " | 66,105 | 66,105 | 44,070 | 4.5% | " | - | " | - | - | - | 78,890 (note 2) | 78,890 (note 2) |

Note 1 : The total amount of the guarantee provided by the Lender Company shall not exceed hundred percent (100%) of the Lender Company's net worth

Note2: The total amount of the guarantee provided by the Lender Company shall not exceed ten percent (10%) of the Lender Company's net worth

Note3: The transactions have been eliminated in the consolidated financial statement.

- (ii) Guarantees and endorsements for other parties:None
- (iii) Securities held as of March 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):None
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Company Name | Counter party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---------------------------------------|---------------------------------------|--|---------------------|-----------|---------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|---|------|
| | | | Purchase/(Sale) | Amount | Percentage of total purchases/(sales) | Payment terms | Unit price | Payment Terms | Ending Balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | Dongguan Chenming Electronic Co., Ltd | Subsidiaries of GERSHWIN INTERNATIONAL LIMITED | Purchases | 546,101 | 99 % | Depending on the demand for funding | Depending on price contract | Depending on the demand for funding | (386,419) | (99)% | Note |
| Dongguan Chenming Electronic Co., Ltd | The Company | Ultimate holding company | (Sale) | (546,101) | 72 % | Depending on the demand for funding | Depending on price contract | Depending on the demand for funding | 386,419 | 62 % | " |

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

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

(In Thousands of New Taiwan Dollars)

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts | |
|---------------------------------------|---------------|------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|--|
| | | | | | Amount | Action taken | | | |
| Dongguan Chenming Electronic Co., Ltd | The Company | Subsidiaries | 386,419 | 4.81 | - | | 140,456 | - | The transactions have been eliminated in the consolidated financial statement. |

Note1: The recoverd amounts were as of April 21, 2017

- (ix) Trading in derivative instruments:None

- (i) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

| No. | Name of company | Name of counter-party | Nature of relationship | Intercompany transactions | | | |
|-----|---------------------------------------|--------------------------------|------------------------|--------------------------------|---------|--|--|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 1 | TOP CITY INTERNATIONAL LIMITED | GERSHWIN INTERNATIONAL LIMITED | 2 | Other current financial assets | 121,320 | Rate 1.63417%~1.764% | 3.00% |
| 2 | Dongguan Chenming Electronic Co., Ltd | The Company | 1 | Sales | 546,101 | The price is based on the fix retio of final sales price, and the credit period is depending on the demand for funding | 51.00% |
| 2 | Dongguan Chenming Electronic Co., Ltd | The Company | 1 | Accounts receivable | 386,419 | " | 10.00% |

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2017 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of March 31, 2017 | | | Net income (losses) of the investment | Investment income (losses) | Note |
|--------------------------------|--------------------------------|----------|------------------------------|----------------------------|-------------------|------------------------------|-------------------------|----------------|---------------------------------------|---|---------------------------|
| | | | | March 31, 2017 | December 31, 2016 | Shares (thousands) | Percentage of ownership | Carrying value | | | |
| The Company | TOP CITY INTERNATIONAL LIMITED | Samoa | Investment | 1,696,833 | 1,696,833 | 54,448 | 100 % | 1,730,996 | 40,270 | 40,270 | Subsidiaries (note) |
| TOP CITY INTERNATIONAL LIMITED | GERSHWIN INTERNATIONAL LIMITED | Samoa | Investment | 1,471,994 | 1,471,994 | 45,988 | 100 % | 1,200,613 | 24,418 | The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED | A grandson company (note) |
| " | PEAK SHREWD INC | Samoa | Investment | 402,759 | 332,655 | 12,300 | 100 % | 404,865 | 23,233 | " | " |

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2017 | Investment flows | | Accumulated outflow of investment from Taiwan as of March 31, 2017 | Net income (losses) of the investment | Percentage of ownership | Investment income (losses) | Carrying amount as of March 31, 2017 (note 3) | Accumulated remittance of earnings as of March 31, 2017 |
|---------------------------------------|---|---------------------------------------|----------------------|---|----------------------------|--------|--|---------------------------------------|-------------------------|----------------------------|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| CHENMING ELECTRONIC (NINGBO) CO., LTD | Computer case and production of relative components | 1,956,285 (USD64,560) | note 1 and 7 | 303,300 (USD10,060) | 69,759 (USD2,300) (note 6) | - | 373,059 (USD12,300) | 34,239 | 52 % | 17,804 | 410,228 | - |
| Dongguan Chenming Electronic Co., Ltd | " | 878,903 (note 4) (USD28,978) (note 5) | note 1 and 8 | 755,217 (USD24,900) | - | - | 755,217 (USD24,900) | 19,251 | 100 % | 19,251 | 820,148 | - |

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

(ii) Limitation on investment in Mainland China:

| Company Name | Accumulated Investment in Mainland China as of March 31, 2017 | Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs | Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs |
|--------------|---|--|---|
| The Company | 1,219,266 (USD 40,200) | 1,219,266 (USD 40,200) | 1,553,174 |

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

Note2: The investment gains and losses of the current period are recognized according to the financial statements which have been audited and certified by the Company's independent external auditors.

Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$30.33 as of March 31, 2017; gains and losses were translated into New Taiwan Dollars at the average exchange rate of \$31.095 for the year.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES**Notes to the Consolidated Interim Financial Statements**

Note4: Invested the amount of USD 3,000 thousand in Dongguan Chenming Electronic Co., Ltd. through GERSHWIN INTERNATIONAL LIMITED by TOP CITY INTERNATIONAL LIMITED.

Note5: Invested the amount of USD 1,078 thousand on equipment in Dongguan Chenming Electronic Co., Ltd by GERSHWIN INTERNATIONAL LIMITED

Note6: Investment through PEAK SHREWD INC by the Company and TOP CITY INTERNATIONAL LIMITED

Note7: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and PEAK SHREWD INC

Note8: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and GERSHWIN INTERNATIONAL LIMITED

(iii) Significant transactions:

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

(14) Segment information:

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