

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

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

Consolidated Interim Financial Statements

June 30, 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 June 30, 2017 and 2016, and the related consolidated statements of comprehensive income for three months and six months ended June 30, 2017 and 2016, changes in equity and cash flows for the six months ended June 30, 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 of 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)
August 14, 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 the generally accepted auditing standards as of June 30, 2017 and 2016

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2017, December 31, 2016, and June 30, 2016

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents (note (6)(a))	\$ 299,055	8	604,885	15	325,155	9
1170 Notes and accounts receivable, net (notes (6)(c) and (7))	1,333,712	34	1,159,060	28	1,250,951	32
1310 Inventories, net (notes (6)(d))	560,422	14	629,934	15	441,591	12
1476 Other current financial assets (notes (6)(c) and (7))	611	-	13,693	-	2,109	-
1479 Other current assets	57,455	1	50,665	1	47,696	1
	<u>2,251,255</u>	<u>57</u>	<u>2,458,237</u>	<u>59</u>	<u>2,067,502</u>	<u>54</u>
Non-current assets:						
1600 Property, plant and equipment (notes (6)(f) and (8))	1,140,625	29	1,180,980	28	1,179,113	31
1760 Investment property, net (note (6)(g) and (8))	200,730	5	201,349	5	201,968	5
1780 Intangible assets	2,464	-	3,555	-	780	-
1840 Deferred tax assets	1,248	-	1,248	-	16,157	-
1980 Other non-current financial assets (note (8))	16,801	1	15,455	-	18,600	1
1985 Long-term prepaid rents	261,896	7	270,009	7	280,432	7
1990 Other non-current assets, others	53,659	1	38,662	1	94,330	2
	<u>1,677,423</u>	<u>43</u>	<u>1,711,258</u>	<u>41</u>	<u>1,791,380</u>	<u>46</u>
Total assets	<u>\$ 3,928,678</u>	<u>100</u>	<u>4,169,495</u>	<u>100</u>	<u>3,858,882</u>	<u>100</u>
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (note (6)(h))	\$ 150,000	4	140,000	4	170,000	4
2170 Notes and accounts payable	618,405	16	809,110	19	454,070	12
2200 Other payables (notes (6)(b) and (7))	243,262	6	277,646	7	249,227	6
2216 Dividends payable	84,968	2	-	-	53,381	1
2220 Other payables-related parties (note (7))	-	-	74,175	2	138,675	4
2230 Current tax liabilities	14,174	-	13,763	-	3,093	-
2300 Other current liabilities	2,371	-	1,451	-	843	-
2320 Long-term liabilities, current portion (note (6)(i))	-	-	-	-	28,000	1
	<u>1,113,180</u>	<u>28</u>	<u>1,316,145</u>	<u>32</u>	<u>1,097,289</u>	<u>28</u>
Non-Current liabilities:						
2540 Long-term borrowings (note (6)(i))	224,000	6	238,000	6	254,000	7
2570 Deferred tax liabilities	7,217	-	7,217	-	6,063	-
2645 Guarantee deposits received	8,537	-	9,552	-	9,023	-
	<u>239,754</u>	<u>6</u>	<u>254,769</u>	<u>6</u>	<u>269,086</u>	<u>7</u>
	<u>1,352,934</u>	<u>34</u>	<u>1,570,914</u>	<u>38</u>	<u>1,366,375</u>	<u>35</u>
Total liabilities						
Equity attributable to owners of parent:						
3100 Ordinary shares (note (6)(m))	1,699,350	43	1,699,350	41	1,779,350	46
3200 Capital surplus (note (6)(m))	14,722	-	14,722	-	15,415	-
3300 Retained earnings (note (6)(m))	505,893	13	534,525	13	392,201	10
3410 Exchange differences on translation of foreign financial statements	(41,485)	(1)	(29,978)	(1)	(11,381)	-
3500 Treasury shares	-	-	-	-	(60,025)	(1)
	<u>2,178,480</u>	<u>55</u>	<u>2,218,619</u>	<u>53</u>	<u>2,115,560</u>	<u>55</u>
36XX Non-controlling interests	397,264	11	379,962	9	376,947	10
Total equity	<u>2,575,744</u>	<u>66</u>	<u>2,598,581</u>	<u>62</u>	<u>2,492,507</u>	<u>65</u>
Total liabilities and equity	<u>\$ 3,928,678</u>	<u>100</u>	<u>4,169,495</u>	<u>100</u>	<u>3,858,882</u>	<u>100</u>

(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 and six months ended June 30, 2017 and 2016

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

	For the three months ended June 30				For the six months ended June 30				
	2017		2016		2017		2016		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Operating revenue (notes (6)(o) and (7))	\$ 1,179,945	100	1,077,717	100	\$ 2,251,522	100	1,807,579	100
5000	Operating costs (notes (6)(d), (7) and (12))	1,032,550	87	929,112	86	1,965,164	86	1,618,477	90
5900	Gross profit from operations	147,395	13	148,605	14	286,358	14	189,102	10
6000	Operating expenses (note (12)):								
6100	Selling expenses	24,059	2	17,307	2	54,003	2	43,666	2
6200	Administrative expenses	47,922	4	47,696	4	89,446	4	76,774	4
6300	Research and development expenses	8,471	1	9,296	1	15,139	1	17,788	1
		80,452	7	74,299	7	158,588	7	138,228	7
6900	Net operating income	66,943	6	74,306	7	127,770	7	50,874	3
7000	Non-operating income and expenses:								
7050	Finance costs, net	(1,361)	-	(1,762)	-	(2,716)	-	(3,608)	-
7100	Interest income	580	-	465	-	709	-	686	-
7110	Rent income (note (7))	3,551	-	3,202	-	6,863	-	6,310	-
7190	Other income, others	2,015	-	7,953	1	4,889	-	8,478	-
7230	Foreign exchange gains (losses), net (note 6(q))	(1,173)	-	15,015	1	(38,451)	(2)	3,160	-
7590	Other expenses and losses	(419)	-	(7,065)	-	(622)	-	(9,638)	-
		3,193	-	17,808	2	(29,328)	(2)	5,388	-
7900	Profit before tax	70,136	6	92,114	9	98,442	5	56,262	3
7950	Less: Tax income expense (note 6(l))	12,845	1	9,784	1	14,182	1	3,689	-
	Profit (loss)	57,291	5	82,330	8	84,260	4	52,573	3
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	14,797	1	(21,886)	(2)	(22,129)	(1)	(21,886)	(1)
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	-	-	(10,911)	(1)	-	-	(10,911)	(1)
8399	Other components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	14,797	1	(32,797)	(3)	(22,129)	(1)	(32,797)	(2)
8300	Other comprehensive income, net of tax	14,797	1	(32,797)	(3)	(22,129)	(1)	(32,797)	(2)
	Comprehensive income	\$ 72,088	6	49,533	5	\$ 62,131	3	19,776	1
	Profit belong to :								
8610	Parent entity	\$ 45,801	4	44,259	4	56,336	3	14,502	1
8620	Non-controlling interests	11,490	1	38,071	4	27,924	1	38,071	2
		\$ 57,291	5	82,330	8	84,260	4	52,573	3
	Other comprehensive income belongs to:								
	Parent entity	\$ 53,497	5	21,967	2	44,829	2	(7,790)	-
	Non-controlling interests	18,591	1	27,566	3	17,302	1	27,566	1
		\$ 72,088	6	49,533	5	62,131	3	19,776	1
9750	Basic earnings per share (note (6)(n))	\$ 0.27		0.25		0.33		0.08	
9850	Diluted earnings per share (note (6)(n))	\$ 0.27		0.25		0.33		0.08	

See accompanying notes to financial statements.

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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 six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity interest			
	Retained earnings					Total other equity								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent		Non-controlling interests	Total equity	
Balance at January 1, 2016	\$ 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 six months ended June 30, 2016	-	-	-	-	14,502	14,502	-	-	-	-	-	14,502	38,071	52,573
Other comprehensive income	-	-	-	-	-	-	(11,381)	(10,911)	-	-	-	(22,292)	(10,505)	(32,797)
Total comprehensive income	-	-	-	-	14,502	14,502	(11,381)	(10,911)	-	-	-	(7,790)	27,566	19,776
Purchase of treasury share	-	-	-	-	-	-	-	-	(60,025)	-	-	(60,025)	-	(60,025)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	349,381	349,381
Balance at June 30, 2016	\$ 1,779,350	15,415	232,416	-	159,785	392,201	(11,381)	-	(60,025)	-	(60,025)	2,115,560	376,947	2,492,507
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
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 six months ended June 30, 2017	-	-	-	-	56,336	56,336	-	-	-	-	-	56,336	27,924	84,260
Other comprehensive income	-	-	-	-	-	-	(11,507)	(11,507)	-	-	-	(11,507)	(10,522)	(22,129)
Total comprehensive income	-	-	-	-	56,336	56,336	(11,507)	(11,507)	-	-	-	44,829	17,302	62,131
Balance at June 30, 2017	\$ 1,699,350	14,722	252,196	29,978	223,719	505,893	(41,485)	-	-	-	-	2,178,480	397,264	2,575,744

Balance at January 1, 2016
Appropriation and distribution of retained earnings:

Legal reserve appropriated
Cash dividends of ordinary share
Profit for the six months ended June 30, 2016
Other comprehensive income
Total comprehensive income
Purchase of treasury share
Changes in non-controlling interests
Balance at June 30, 2016

Balance at January 1, 2017
Appropriation and distribution of retained earnings:

Legal reserve appropriated
Special reserve appropriated
Cash dividends of ordinary share
Profit for the six months ended June 30, 2017
Other comprehensive income
Total comprehensive income
Balance at June 30, 2017

See accompanying notes to financial statements.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months and six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2017	2016
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 98,442	56,262
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	99,820	146,058
Amortization expense	1,157	1,336
Provision (reversal of provision) for bad debt expense	(2,876)	(17,989)
Interest expense	2,716	3,608
Interest income	(709)	(655)
Loss on disposal of property, plant and equipment, net	683	9,157
Others	8,248	7,331
Total adjustments to reconcile profit (loss)	<u>109,039</u>	<u>148,846</u>
Change 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	(171,634)	11,898
Decrease (increase) in inventories	69,512	142,551
Decrease (increase) in other current assets	(13,551)	39,271
Decrease (increase) in other current financial assets	13,082	1,517
Increase (decrease) in notes and accounts payable	(190,705)	(217,582)
Increase (decrease) in other payables and other current liabilities	(22,953)	(43,054)
Total adjustments	<u>(207,210)</u>	<u>85,336</u>
Cash inflow (outflow) generated from operations	(108,768)	141,598
Interest received	709	666
Income taxes refund (paid)	(13,771)	(32,106)
Net cash flows from (used in) operating activities	<u>(121,830)</u>	<u>110,158</u>
Cash flows from (used in) investing activities:		
Payment of acquisition subsidiary	(73,025)	-
Acquisition of subsidiary (reduce acquired cash)	-	100,262
Acquisition of property, plant and equipment	(64,194)	(56,656)
Proceeds from disposal of property, plant and equipment	-	339
Decrease (increase) in prepayments for business facilities	(22,604)	(57,158)
Acquisition of intangible asset	(105)	-
Decrease (increase) in refundable deposit	(1,346)	(12,461)
Net cash flows from (used in) investing activities	<u>(161,274)</u>	<u>(25,674)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	10,000	20,000
Increase in long term borrowings	60,000	50,000
Decrease in long term borrowings	(74,000)	(84,000)
Payment of acquire treasury shares	-	(60,025)
Increase (decrease) in guarantee deposits	(1,015)	(339)
Interest paid	(2,711)	(3,654)
Net cash flows from (used in) financing activities	<u>(7,726)</u>	<u>(78,018)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(15,000)</u>	<u>(14,589)</u>
Net increase (decrease) in cash and cash equivalents	<u>(305,830)</u>	<u>(8,123)</u>
Cash and cash equivalents at beginning of period	<u>604,885</u>	<u>333,278</u>
Cash and cash equivalents at end of period	<u>\$ 299,055</u>	<u>325,155</u>

See accompanying notes to financial statements.

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Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2017 and 2016

CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

June 30, 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 six months ended June 30, 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 August 14, 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 been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 "Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010 2012 Cycle and 2011 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

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

Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendment to IFRS 2 "Classification and Measurement of Share based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at June 30, 2017 and hedging relationships designated under IAS 39.

(Continued)

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

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its preliminary assessment, the Group does not believe that the new classification requirements, if applied at June 30, 2017, would have had a material impact on its accounting for trade receivables.

2) Impairment-Financial assets and contract assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group believes that the adoption of the IFRS9 would not have any material impact on its consolidated interim financial statements.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". It establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

For the sale of the Group's products, revenue is currently recognized when the goods are delivered to the *customers' premises*, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group preliminary assessment that products rewards of ownership transfer are similar to customer obtains control of the goods. It would not have any material impact on its consolidated interim financial statement.

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

(iii) Amendments to IAS 7 “Disclosure Initiative”

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Those which may be relevant to the Group are set out below:

<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>
January 13, 2016	IFRS 16 “Leases”	<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 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.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>
June 7, 2017	IFRIC 23 “Uncertainty over Income Tax Treatments”	<ul style="list-style-type: none"> • In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group is evaluating the impact on its consolidated financial position and consolidated 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.

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

(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
			June 30, 2017	December 31, 2016	June 30, 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 %	52 %	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.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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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.

(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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Cash on hand	\$ 972	1,009	929
Checking accounts and demand deposits	298,083	603,876	291,951
Time deposits	-	-	32,275
	<u>\$ 299,055</u>	<u>604,885</u>	<u>325,155</u>

(b) Financial Asset

(i)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Financial liabilities at fair value through profit and loss			
Derivative instruments not used for hedging (recorded in other payables)	\$ -	153	-

As of June 30, 2017, December 31, 2016 and June 30, 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

(c) Notes and accounts receivable and other receivables

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Accounts receivable	1,356,217	1,184,583	1,253,541
Other receivables	<u>611</u>	<u>13,693</u>	<u>2,109</u>
	1,356,828	1,198,276	1,255,650
Less: allowance for uncollectible accounts	<u>(22,505)</u>	<u>(25,523)</u>	<u>(2,590)</u>
	<u>\$ 1,334,323</u>	<u>1,172,753</u>	<u>1,253,060</u>
Notes and account receivable	<u>\$ 1,333,712</u>	<u>1,159,060</u>	<u>1,250,951</u>
Other receivables – current	<u>\$ 611</u>	<u>13,693</u>	<u>2,109</u>

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Past due 0-30days	\$ 30,451	4,964	36,974
Past due 31-150 days	9,971	953	11,357
Past over 150 days	<u>10</u>	<u>313</u>	<u>1,519</u>
	<u>\$ 40,432</u>	<u>6,230</u>	<u>49,850</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 :

	<u>Loss from Individual- Estimated</u>	<u>Loss from Group- Estimated</u>	<u>Total</u>
Balance on January 1, 2017	\$ 20,669	4,854	25,523
Reversal of impairment loss	-	(2,876)	(2,876)
Influence from foreign exchange	<u>-</u>	<u>(142)</u>	<u>(142)</u>
Balance on June 30, 2017	<u>\$ 20,669</u>	<u>1,836</u>	<u>22,505</u>

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

	Loss from Individual- Estimated	Loss from Group- Estimated	Total
Balance on January 1, 2016	\$ 3,591	767	4,358
Acquie from merged	-	16,371	16,371
Reversal of impairment loss	(3,591)	(14,398)	(17,989)
Influence from foreign exchange	-	(150)	(150)
Balance on June 30, 2016	<u>\$ -</u>	<u>2,590</u>	<u>2,590</u>

As of June 30, 2017, Decmeber 31, 2016 and September 30, 2016, the group do not pledge account receivable as collateral.

(d) Inventories

	June 30, 2017	December 31, 2016	June 30, 2016
Raw materials	\$ 190,489	291,120	172,125
Work in progress	113,643	132,692	102,273
Finished goods	<u>256,290</u>	<u>206,122</u>	<u>167,193</u>
	<u>\$ 560,422</u>	<u>629,934</u>	<u>441,591</u>

The Group Composition details of operating cost on June 30, 2017 and 2016 as follow:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Cost of good sold	\$ 993,743	896,893	1,915,235	1,561,828
Revenue from sale of scraps	(4,377)	(6,773)	(9,559)	(9,963)
Inventory valuation and obsolescence losses	3,158	(40,406)	2,153	(38,606)
Loss on scrapping of inventory	40,009	79,398	57,318	105,218
Loss on shortage of inventory	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>
	<u>\$ 1,032,550</u>	<u>929,112</u>	<u>1,965,164</u>	<u>1,618,477</u>

The Company wrote down the inventories to net realizable value amounted to \$3,158 and \$2,153 in the three months and six month ended June 30, 2017, the Company reversed its allowance for inventory valuation loss amounting to 40,406 and 38,606 due to the sale the obsolete inventories in the three months ended June 30, 2016 and six months ended June 30, 2016.

As of June 30, 2017, December 31, 2016 and June 30, 2106, the Group do not pledge inventory as collateral.

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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(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 in CHENMING ELECTRONIC (NINGBO) from 9.3% to 52% and acquired its controlling right in April 2016. As of June 30, 2017, the Group has already paid off its payment.

On June 27, 2017, the board of directors decided to purchase 20% shares of CHENMING ELECTRONIC (NINGBO) amounting to \$127,764 (US\$4,200 thousand) in which the contract was signed on June 28, 2017. The Group further increased its shareholding from 52% to 72%. As of June 30, 2017, the transfer procedures haven't been finished.

(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	-	-	53,346	5,786	59,132
Disposal	-	(28,796)	(22,641)	(7,216)	(58,653)
Reclassifications	-	-	7,629	-	7,629
Effect of changes in exchange rates	-	(5,410)	(2,286)	(176)	(7,872)
Balance on June 30, 2017	<u>\$ 210,897</u>	<u>801,417</u>	<u>436,381</u>	<u>127,862</u>	<u>1,576,557</u>
Balance on January 1, 2016	\$ 210,897	681,287	592,696	119,139	1,604,019
Acquired from merge	-	203,230	42,475	7,274	252,979
Additions	-	-	35,108	6,807	41,915
Disposal	-	(13,572)	(125,247)	(20,200)	(159,019)
Reclassifications	-	-	-	2,975	2,975
Effect of changes in exchange rates	-	(5,699)	(1,784)	(204)	(7,687)
Balance on June 30, 2016	<u>\$ 210,897</u>	<u>865,246</u>	<u>543,248</u>	<u>115,791</u>	<u>1,735,182</u>
Depreciation					
Balance on January 1, 2017	\$ -	212,852	132,830	49,659	395,341
Depreciation of the period	-	17,840	63,745	17,616	99,201
Disposal	-	(28,796)	(22,194)	(6,980)	(57,970)
Effect of changes in exchange rates	-	(314)	(293)	(33)	(640)
Balance on June 30, 2017	<u>\$ -</u>	<u>201,582</u>	<u>174,088</u>	<u>60,262</u>	<u>435,932</u>
Balance on January 1, 2016	\$ -	210,693	309,316	40,384	560,393
Depreciation of the period	-	17,308	108,857	19,274	145,439
Disposal	-	(13,533)	(118,387)	(17,603)	(149,523)
Effect of movements in exchange rates	-	(145)	(77)	(18)	(240)
Balance on June 30, 2016	<u>\$ -</u>	<u>214,323</u>	<u>299,709</u>	<u>42,037</u>	<u>556,069</u>

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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	<u>Land</u>	<u>Property</u>	<u>Machinery and Equipment</u>	<u>Office equipment and others</u>	<u>Total</u>
Book Value					
Balance on January 1, 2017	\$ 210,897	622,771	267,503	79,809	1,180,980
Balance on June 30, 2017	\$ 210,897	599,835	262,293	67,600	1,140,625
Balance on June 30, 2016	\$ 210,897	650,923	243,539	73,754	1,179,113

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 June 30, 2017 December 31 and June 30, 2015, the Group had provided parts of the property, plant and equipment at collateral for its long-term loans and credit lines. Please refer to notes 8 for details.

(g) Investment Property

	<u>Land</u>	<u>Properties</u>	<u>Total</u>
Book value:			
Balance on June 30, 2017	\$ 152,640	48,090	200,730
Balance on December 31, 2016	\$ 152,640	48,709	201,349
Balance on June 30, 2016	\$ 152,640	49,328	201,968

There were no material addition, disposal, impairment or reversal situation of investment properties on June 30, 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 statements.

Please refer to note (8) for information on investment properties pledged as collateral as of December 31, 2016, and June 30, 2017 and 2016.

(h) Short-term borrowings

The short-term loans were summarized as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Credit Loan	\$ 150,000	140,000	170,000
Unused credit line for short-term loans	\$ 617,980	643,400	633,225
Annual interest rates	1.0%~1.4%	1.0%~1.5%	1.0%~1.5%

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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(i) Long-term borrowings

The long-term loans were summarized as follows:

	<u>June 30,</u> <u>2017</u>	<u>December</u> <u>31, 2016</u>	<u>June 30,</u> <u>2016</u>
Secured bank loans	\$ 154,000	168,000	182,000
Unsecured bank loans	70,000	70,000	100,000
Less: current portion	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Total	<u>\$ 224,000</u>	<u>238,000</u>	<u>254,000</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) 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 lease contracts of the Group for the six months ended June 30, 2017 and 2016. For related information, please refer to note 6(j) of the 2016 annual consolidated 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>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating expense	<u>\$ (79)</u>	<u>(113)</u>	<u>(158)</u>	<u>(227)</u>

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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(ii) Defined contribution plans

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2017	2016	2017	2016
Cost of sales	\$ 18,377	12,883	35,195	24,467
Operating expense	\$ 2,433	3,087	4,036	4,592
	<u>\$ 20,810</u>	<u>15,970</u>	<u>39,231</u>	<u>29,059</u>

(l) Income taxes

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2017	2016	2017	2016
Current tax expense	\$ 12,845	9,784	\$ 14,182	3,689

(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>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Unappropriated earnings of 1998 and after	\$ 223,719	302,109	159,785
Balance of imputation credit account	\$ 81,249	67,497	73,510
	<u>2016 Estimated</u>	<u>2015 Actual</u>	
Creditable ratio for earnings distribution to ROC residents	<u>25.28 %</u>	<u>29.31 %</u>	

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 six months ended June 30, 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 June 30, 2017 and 2016, were as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Additional paid-in capital	\$ 14,722	14,722	15,415

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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 2016 approved in the shareholders' meeting on June16, 2017 was \$84,968 by cash dividends.

The appropriations of earnings for 2015 approved in the shareholders' meeting on June17, 2016 was \$53,381 by cash dividends.

(iii) Treasury stock

Pursuant to Article 28-2 of the securities and exchange Act, the Company purchased treasury shares to maintain Group's reputation and shareholders' equities during the period of January 1 to June 30 in 2016. The Group's treasury stock were as follow:

	For the six months ended June 30, 2017		For the six months ended June 30, 2016	
	Shares (thousand)	Amount	Shares (thousand)	Amount
Balance on previous period	-	\$ -	-	\$ -
Add	-	-	4,286	60,025
Balance on final period	-	\$ -	4,286	\$ 60,025

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According to SFB regulation, the proportion of shares that the Group purchased cannot be higher than 10% of the total issued shares; and cannot be higher than the total amount of retain earning, share premium and recognized capital surplus. The Company's shares to be distributed to its employees should be transferred within 3 years. Otherwise, they would be deemed as non-public shares and will be written down. Furthermore, treasury shares cannot be pledged as collateral nor they are deemed as ordinary shares prior to being transferred to employees.

(n) Earnings per share

The calculation of basic earnings per share were calculated as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>45,801</u>	<u>44,259</u>	<u>56,336</u>	<u>14,502</u>
Weighted-average number of ordinary shares (share in thousands)	<u>169,935</u>	<u>177,276</u>	<u>169,935</u>	<u>177,604</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholder of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>45,801</u>	<u>44,259</u>	<u>56,336</u>	<u>14,502</u>
Weighted-average number of ordinary shares (share in thousands)	169,935	177,276	169,935	177,604
Effect of employee stock remuneration	<u>85</u>	<u>64</u>	<u>194</u>	<u>64</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>170,020</u>	<u>177,340</u>	<u>170,129</u>	<u>177,668</u>

(o) Revenue

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Computer and server case	\$ 738,344	725,541	1,578,957	1,223,532
Mobile components	326,865	267,181	541,879	442,629
Mold revenue	<u>114,736</u>	<u>84,995</u>	<u>130,686</u>	<u>141,418</u>
	<u>\$ 1,179,945</u>	<u>1,077,717</u>	<u>2,251,522</u>	<u>1,807,579</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 \$1,650, \$933, \$2,000 and \$933; and the remuneration to directors and supervisors was \$550, \$280, \$750 and \$280 for the three months and nine months ended June 30, 2017 and 2016. 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.

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>
June 30, 2017				
Secured loans	\$ 154,000	-	72,000	82,000
Unsecured loans	220,000	150,000	70,000	-
Notes and accounts payable	618,405	-	-	-
Other payables (including related parties)	83,138	-	-	-
Guarantee deposits	8,537	-	-	-
	<u>1,084,080</u>	<u>150,000</u>	<u>142,000</u>	<u>82,000</u>

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CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES
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	<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>
June 30, 2016				
Secured loans loan	\$ 182,000	28,000	88,000	66,000
Unsecured loans	270,000	170,000	100,000	-
Notes and accounts payable (including related parties)	454,070	454,070	-	-
Other payables	81,961	81,961	-	-
Guarantee deposits	9,023	-	-	9,023
	<u>\$ 997,054</u>	<u>734,031</u>	<u>188,000</u>	<u>75,023</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>June 30, 2017</u>			<u>December 31, 2016</u>			<u>June 30, 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	\$	28,371	30.420	863,046	31,708	32.25	1,022,583	25,884	32.28	835,406
USD to CNY		13,338	6.774	405,742	12,548	6.94	404,673	13,750	6.631	443,773
CNY to TWD		71,076	4.486	318,847	65,100	4.62	300,567	51,909	4.845	251,499
Financial liabilities										
Monetary items										
USD to TWD		3,772	30.420	114,744	4,769	32.25	153,800	3,627	32.275	117,061
USD to CNY		1,585	6.774	48,216	1,803	6.94	58,147	1,390	6.631	44,862
CNY to TWD		86,339	4.486	387,317	112,427	4.62	519,075	57,579	4.845	278,970

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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 June 30, 2017 and 2016 would have affected the net profit before tax as followings:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
USD (against the TWD)		
Strengthening 5%	\$ 37,415	35,917
Weakening 5%	(37,415)	(35,917)
USD (against the CNY)		
Strengthening 5%	17,876	19,946
Weakening 5%	(17,876)	(19,946)
CNY (against the TWD)		
Strengthening 5%	(3,424)	(1,374)
Weakening 5%	3,424	1,374

3) Exchange gains and losses of monetary items

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

	<u>For the six months ended June 30</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	\$ (28,941)	-	(8,788)	-
RMB	(2,132)	4.4607	2,412	4.953

(iii) Interest Rate analysis

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

	<u>Carrying amount</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Variable rate instruments:		
Financial assets	\$ 298,083	324,226
Financial liabilities	374,000	452,000

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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 decreased or increased by \$ 95 and \$160 for the six months ended June 30, 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 reasonable 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.

	June 30, 2017				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Loans and receivables					
Cash and cash equivalents	\$ 299,055	-	-	-	-
Accounts receivable, net	1,333,712	-	-	-	-
Other current financial assets	611	-	-	-	-
Refundable deposits	<u>16,801</u>	-	-	-	-
	<u>\$ 1,650,179</u>				
Amortized financial liabilities at cost					
Borrowing	\$ 374,000	-	-	-	-
Notes and account payables	618,405	-	-	-	-
Other payables (including related parties)	83,138	-	-	-	-
Guarantee deposits	<u>8,537</u>	-	-	-	-
Total	<u>\$ 1,084,080</u>				

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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	15,455	-	-	-	-
	<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	153	-	153	-	153
Total	<u>\$ 1,349,188</u>				
		June 30, 2016			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	\$ 325,155	-	-	-	-
Notes and accounts receivable, net	1,250,951	-	-	-	-
Other current financial assets	2,109	-	-	-	-
Refundable deposits	18,600	-	-	-	-
	<u>1,596,815</u>				
	<u>\$ 1,596,815</u>				
Amortized financial liabilities at cost					
Borrowing	\$ 452,000	-	-	-	-
Notes and account payables (including related parties)	454,070	-	-	-	-
Other payables	81,961	-	-	-	-
Guarantee deposits	9,023	-	-	-	-
Total	<u>\$ 997,054</u>				

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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 six months ended on June 30, 2017 and 2016.

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

- 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:

	Equity instruments of non-active quotation
Balance on January 1, 2017	\$ -
Total profit recognize in other comprehensive income	-
Balance on June 30, 2017	\$ -
Balance on January 1, 2016	\$ 172,215
Recognized disposal	(172,215)
Balance on June 30, 2016	\$ -

- (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 statements.

- (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.

Related parties	Relation
CHENMING (H.K.) CORPORATION LIMITED	Same chairman with the Company
UNECC Culture and Education Foundation	Same chairman with the Company
Lin, Mu-Ho	Chairman of the Company

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

(b) Significant transactions with related parties

(i) Selling products to related parties

	Sales				Account receivable from relative parties		
	For the three months ended June 30		For the six months ended June 30		June 30,	December 31,	June 30,
	2017	2016	2017	2016	2017	2016	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 June 30, 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 both periods from April to June and January to June amounted to \$857 and \$1,714 in 2017 and 2016, respectively.

(iii) Technical service contract with relative parties

According to the contract, the technical service expense provided by the related party, CHENMING (H.K.) CORPORATION LIMITED, to the Group amounted to \$6,871, which was recognized as operating expense, for the period from April to June in 2016. The said payments had been fully paid as of June 30, 2017.

(iv) Equity trading

Considering its 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 accounts payable above had been fully paid as of June 30, 2017. Please refer to note 6(e) for related information.

(v) Others

According to the agreement entered into by the Group and its related parties, the Group has to pay the expenses on behalf of its related parties. As of December 31, 2016, and June 30, 2017 and 2016, the related fees amounted to \$0, \$0 and \$42, respectively, which were recognized as other current financial assets.

In January to June 2017, the total salary expenses paid by ChenMing (Ningbo) through its related parties amounted to \$3,466, which was recognized as operating cost. As of June 30, 2017, the said payment had been fully paid by ChenMing (Ningbo).

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

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits \$	3,721	3,238	6,533	6,510
Post-employment benefits	<u>187</u>	<u>187</u>	<u>295</u>	<u>207</u>
	<u>\$ 3,908</u>	<u>3,425</u>	<u>6,828</u>	<u>6,717</u>

(ii) Guarantee

The main management are guarantor of the syndication contract, and the amount of syndication are \$224,000, \$238,000 and \$282,000 in June 30, 2017, December 31, 2016 and June 30, 2016.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>June 30,</u> <u>2017</u>	<u>December</u> <u>31, 2016</u>	<u>June 30,</u> <u>2016</u>
PPE and investment properties- land	Long-term loans and loan within 1 year	\$ 347,804	347,804	347,804
— properties	"	144,244	146,032	147,819
Other financial asset- noncurrent	Customs deposits	<u>13,444</u>	<u>12,359</u>	<u>-</u>
		<u>\$ 505,492</u>	<u>506,195</u>	<u>495,623</u>

(9) Commitments and contingencies:None

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

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

(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 June 30, 2017			Three months ended June 30, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	234,801	37,394	272,195	196,188	42,401	238,589
Labor and health insurance	-	1,567	1,567	-	1,665	1,665
Pension	18,377	2,354	20,731	12,883	2,974	15,857
Others	10,687	2,863	13,550	5,587	2,776	8,363
Depreciation	46,081	3,879	49,960	68,199	5,105	73,304
Amortization	337	225	562	173	489	662

By function By item	Six months ended June 30, 2017			Six months ended June 30, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	471,785	74,214	545,999	390,499	74,294	464,793
Labor and health insurance	-	3,230	3,230	-	3,362	3,362
Pension	35,195	3,878	39,073	24,467	4,365	28,832
Others	19,520	10,286	29,806	12,425	4,492	16,917
Depreciation	91,507	7,694	99,201	138,074	7,365	145,439
Amortization	674	483	1,157	347	989	1,336

The depreciation expense, which subtract the depreciation expense from investment properties, are both \$309, \$619, \$309 and \$619 in three months ended June 30, 2017 and 2016, and six months ended in June 30, 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 INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Accounts receivable due from related parties	Yes	182,520	182,520	121,680	1.63417%~1.764%	Demand for funding	-	Depending on demand for funding	-	-	-	1,750,829 (note 1)	1,750,829 (note 1)
2	CHENMING ELECTRONIC (HONGKONG) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	"	67,290	67,290	31,402	4.5%	"	-	"	-	-	-	82,763 (note 2)	82,763 (note 2)

Note1: 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 June 30, 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	1,129,006	99 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(430,409)	99 %	Note
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(1,129,006)	72 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	430,409	61 %	"

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	430,409	4.74	-		76,956	-	The transactions have been eliminated in the consolidated financial statement.

Note1: The recovered amounts were as of July 21, 2017

- (ix) Trading in derivative instruments: None
- (x) 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	121,680	Rate 1.63417%~1.764%	3.00%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	1,129,006	The price is based on the fix ratio of final sales price, and the credit period is depending on the demand for funding	50.00%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Accounts receivable	430,409		11.00%

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 six months ended June 30, 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 June 30, 2017			Net income (losses) of the investment	Investment income (losses)	Note
				June 30, 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 %	1,750,829	52,407	52,407	Subsidiaries (note)
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,198,027	21,831	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 %	426,373	37,045	"	"

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 June 30, 2017	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (notes 2 and 3)	Carrying amount as of June 30, 2017 (note 3)	Accumulated remittance of earnings as of June 30, 2017
					Outflow	Inflow						
CHENMING ELECTRONIC (INDONESIA) CO., LTD	Computer case and production of relative components	1,962,090 (USD64,500)	note 1 and 7	304,200 (USD10,000)	69,966 (USD24,000) (note 6)	-	374,166 (USD12,500)	58,175	52 %	30,251	450,370	-
Dongguan Chenming Electronic Co., Ltd	#	881,511 (note 4)(USD28,978) (note 5)	note 1 and 8	757,458 (USD24,900)	-	-	757,458 (USD24,900)	30,804	100 %	30,804	851,601	-

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 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 (note 9)
The Company	1,222,884 (USD 40,200)	1,222,884 (USD 40,200)	None

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.

(Continued)

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- Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$30.42 as of June 30, 2017; gains and losses were translated into New Taiwan Dollars at the average exchange rate of \$30.675 for the year.
- 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
- Note9: according to the "REGULATIONS GOVERNING THE APPROVAL OF INVESTMENT OR TECHNICAL COOPERATION IN MAINLAND CHINA" amended in August 29, 2008 by the MOEAIC, the Company has acquired related documents. Therefore, there is no restriction to the Company's investing amount in Mainland China.

(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.