

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

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

**Consolidated Interim Financial Statements**

**September 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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## 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 (together as the "Group") as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2017 and 2016, changes in equity and cash flows for the nine months ended September 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 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)  
November 8, 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 and nine months ended September 30, 2017 and 2016**

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

	For the three months ended September 30				For the nine months ended September 30				
	2017		2016		2017		2016		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes (6)(o) and (7))	\$ 1,275,599	100	1,197,349	100	3,527,121	100	3,004,928	100
5000	Operating costs (notes (6)(d), (7) and (12))	<u>1,053,827</u>	<u>83</u>	<u>1,002,200</u>	<u>84</u>	<u>3,018,991</u>	<u>86</u>	<u>2,620,677</u>	<u>87</u>
5900	Gross profit from operations	<u>221,772</u>	<u>17</u>	<u>195,149</u>	<u>16</u>	<u>508,130</u>	<u>14</u>	<u>384,251</u>	<u>13</u>
6000	Operating expenses (note (12)):								
6100	Selling expenses	33,896	3	42,300	4	87,899	2	85,966	3
6200	Administrative expenses	44,823	3	41,608	3	134,269	4	118,382	4
6300	Research and development expenses	<u>9,345</u>	<u>1</u>	<u>10,113</u>	<u>1</u>	<u>24,484</u>	<u>1</u>	<u>27,901</u>	<u>1</u>
		<u>88,064</u>	<u>7</u>	<u>94,021</u>	<u>8</u>	<u>246,652</u>	<u>7</u>	<u>232,249</u>	<u>8</u>
6900	Net operating income (loss)	<u>133,708</u>	<u>10</u>	<u>101,128</u>	<u>8</u>	<u>261,478</u>	<u>7</u>	<u>152,002</u>	<u>5</u>
7000	Non-operating income and expenses:								
7050	Finance costs	(1,303)	-	(2,131)	-	(4,019)	-	(5,739)	-
7100	Interest income	217	-	468	-	926	-	1,154	-
7110	Rent revenue (note (7))	3,570	-	3,279	-	10,433	-	9,589	-
7190	Other income	6,442	1	5,579	-	11,239	-	13,691	-
7230	Foreign exchange gains (losses), net (note 6(q))	(12,184)	(1)	(12,079)	(1)	(50,635)	(1)	(8,919)	-
7590	Other expenses and losses	<u>(1,577)</u>	<u>-</u>	<u>(1,888)</u>	<u>1</u>	<u>(2,107)</u>	<u>-</u>	<u>(11,160)</u>	<u>-</u>
		<u>(4,835)</u>	<u>-</u>	<u>(6,772)</u>	<u>-</u>	<u>(34,163)</u>	<u>(1)</u>	<u>(1,384)</u>	<u>-</u>
7900	Profit before tax	128,873	10	94,356	8	227,315	6	150,618	5
7950	Less: Income tax expenses (note 6(l))	<u>13,930</u>	<u>1</u>	<u>14,961</u>	<u>1</u>	<u>28,112</u>	<u>1</u>	<u>18,650</u>	<u>1</u>
	Profit	<u>114,943</u>	<u>9</u>	<u>79,395</u>	<u>7</u>	<u>199,203</u>	<u>5</u>	<u>131,968</u>	<u>4</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	11,868	1	(23,274)	(2)	(10,261)	-	(45,159)	(1)
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	-	-	-	-	-	-	(10,911)	-
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	<u>11,868</u>	<u>1</u>	<u>(23,274)</u>	<u>(2)</u>	<u>(10,261)</u>	<u>-</u>	<u>(56,070)</u>	<u>(1)</u>
8300	Other comprehensive income, net of tax	<u>11,868</u>	<u>1</u>	<u>(23,274)</u>	<u>(2)</u>	<u>(10,261)</u>	<u>-</u>	<u>(56,070)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 126,811</u>	<u>10</u>	<u>56,121</u>	<u>5</u>	<u>188,942</u>	<u>5</u>	<u>75,898</u>	<u>3</u>
	Profit belong to :								
8610	Parent entity	\$ 110,895	9	76,461	7	167,231	4	90,963	3
8620	Non-controlling interests	<u>4,048</u>	<u>-</u>	<u>2,934</u>	<u>-</u>	<u>31,972</u>	<u>1</u>	<u>41,005</u>	<u>1</u>
		<u>\$ 114,943</u>	<u>9</u>	<u>79,395</u>	<u>7</u>	<u>199,203</u>	<u>5</u>	<u>131,968</u>	<u>4</u>
	Other comprehensive income belongs to:								
	Parent entity	\$ 119,440	9	64,359	6	164,269	4	56,569	2
	Non-controlling interests	<u>7,371</u>	<u>1</u>	<u>(8,238)</u>	<u>(1)</u>	<u>24,673</u>	<u>1</u>	<u>19,329</u>	<u>1</u>
		<u>\$ 126,811</u>	<u>10</u>	<u>56,121</u>	<u>5</u>	<u>188,942</u>	<u>5</u>	<u>75,898</u>	<u>3</u>
9750	Basic net income per share (note (6)(n))	\$ <u>0.65</u>		<u>0.45</u>		<u>0.98</u>		<u>0.52</u>	
9850	Diluted net income per share (note (6)(n))	\$ <u>0.65</u>		<u>0.45</u>		<u>0.98</u>		<u>0.52</u>	

See accompanying notes to financial statements.

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

**Consolidated Statements of Changes in Equity**

**For the nine months ended September 30, 2017 and 2016**

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2016</b>	\$ 1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	-	-	2,236,756
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	6,957	-	(6,957)	(53,381)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(53,381)	(53,381)	-	-	-	-	-	(53,381)
Profit for the nine months period ended September 30, 2016	-	-	-	-	90,963	90,963	-	-	-	-	-	131,968
Other comprehensive income	-	-	-	-	-	-	(23,483)	(10,911)	-	-	(21,676)	(56,070)
Total comprehensive income	-	-	-	-	90,963	90,963	(23,483)	(10,911)	-	-	19,329	75,898
Purchase of treasury share	-	-	-	-	-	-	-	-	(117,651)	-	-	(117,651)
Retirement of treasury share	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-	349,381	349,381
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at September 30, 2016</b>	\$ 1,699,350	14,722	232,416	-	199,288	431,704	(23,483)	-	-	368,710	368,710	2,491,003
<b>Balance at January 1, 2017</b>	\$ 1,699,350	14,722	232,416	-	302,109	534,525	(29,978)	-	-	-	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)
Profit for the nine months period ended September 30, 2017	-	-	-	-	167,231	167,231	-	-	-	-	31,972	199,203
Other comprehensive income	-	-	-	-	-	-	(2,962)	-	-	-	(7,299)	(10,261)
Total comprehensive income	-	-	-	-	167,231	167,231	(2,962)	-	-	-	24,673	188,942
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	37,763	-	-	-	-	-	-	-	-	-	37,763
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(165,527)	(165,527)
<b>Balance at September 30, 2017</b>	\$ 1,699,350	52,485	252,196	29,978	334,614	616,788	(32,940)	-	-	239,108	239,108	2,574,791

See accompanying notes to financial statements.

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

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2017 and 2016**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2017	2016
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	\$ 227,315	150,618
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	152,401	212,429
Amortization expense	1,764	1,924
Provision (reversal of provision) for bad debt expense	(3,438)	(17,658)
Interest expense	4,019	5,739
Interest income	(468)	(1,154)
Loss (gain) on disposal property, plant and equipment, net	2,260	7,535
Other	9,271	12,004
<b>Total adjustments to reconcile profit (loss)</b>	<u>165,809</u>	<u>220,819</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in financial assets at fair value through profit or losses	-	1,889
Decrease (increase) in notes and accounts receivable	(216,227)	53,271
Decrease (increase) in inventories	12,283	67,368
Decrease (increase) in other current assets	(27,463)	25,754
Decrease (increase) in other current financial assets	13,340	(4,734)
Increase (decrease) in notes (including related parties) payable	(1,396)	10,965
Increase (decrease) in other payable and other current liabilities	(4,020)	(19,717)
	<u>(223,483)</u>	<u>134,796</u>
<b>Total adjustments</b>	<u>(57,674)</u>	<u>355,615</u>
Cash flows from (used in) operation	169,641	506,233
Interest received	468	1,166
Income taxes paid	(26,007)	(43,713)
<b>Net cash flows from (used in) operating activities</b>	<u>144,102</u>	<u>463,686</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(119,024)	(125,242)
Proceeds from disposal of property, plant and equipment	-	3,662
Acquisition of intangible assets	(1,761)	(469)
Acquisition of subsidiary (reduce acquired cash)	(153,523)	35,762
Decrease (increase) in prepayments for business facilities	(14,739)	(17,887)
Decrease (increase) in refundable deposit	(3,123)	(11,873)
<b>Net cash flows from (used in) investing activities</b>	<u>(292,170)</u>	<u>(116,047)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	10,000	30,000
Increase in long-term loans	160,000	50,000
Decrease in long-term loans	(181,000)	(101,000)
Distribution in cash dividend	(84,968)	(53,381)
Payments to acquire treasury shares	-	(117,651)
Interest paid	(4,014)	(5,800)
Increase (decrease) in guarantee deposit	(2,793)	(490)
<b>Net cash flows from (used in) financing activities</b>	<u>(102,775)</u>	<u>(198,322)</u>
Effect of exchange rate changes on cash and cash equivalents	(6,879)	(30,551)
Net increase (decrease) in cash and cash equivalents	(257,722)	118,766
Cash and cash equivalents at beginning of period	604,885	333,278
Cash and cash equivalents at end of period	<u>\$ 347,163</u>	<u>452,044</u>

See accompanying notes to 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 September 30, 2017 and 2016

## CHENMING MOLD IND. CORP. AND ITS SUBSIDIARIES

### Notes to the Consolidated Interim Financial Statements

September 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 nine months ended September 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 November 8, 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

(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>
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

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

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

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 September 30, 2017 and hedging relationships designated under IAS 39.

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 reliably. 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 September 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.

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## CHENMING MOLD IND. CORP. AND ITS SUBSIDIARIES

### Notes to the Consolidated Interim Financial Statements

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.

#### 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.

- The 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.

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

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces the 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.

(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
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019

(Continued)

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

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"> <li>• 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.</li> <li>• A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.</li> </ul>
June 7, 2017	IFRIC 23 “Uncertainty over Income Tax Treatments”	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

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.

(Continued)

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

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

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

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.

**(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
			September 30, 2017	December 31, 2016	September 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	72 %	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. Another 20% interests was acquired in July 2017, and the ratio of the shareholding increased from 52% to 72%.

(Continued)

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

(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.

**(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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Cash on hand	\$ 1,025	1,009	866
Checking accounts and demand deposits	<u>346,138</u>	<u>603,876</u>	<u>451,178</u>
	<u>\$ 347,163</u>	<u>604,885</u>	<u>452,044</u>

(Continued)

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

## (b) Financial Asset

## (i)

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

As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group did not provide any aforementioned financial assets as collateral for its loans.

## (ii) Derivative instruments not used for hedging

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

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

## (c) Notes and accounts receivable and other receivables

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Accounts receivable	1,400,810	1,184,583	1,216,266
Other receivables	<u>353</u>	<u>13,693</u>	<u>8,359</u>
	1,401,163	1,198,276	1,224,625
Less: allowance for uncollectible accounts	<u>(21,968)</u>	<u>(25,523)</u>	<u>(6,644)</u>
	<b><u>\$ 1,379,195</u></b>	<b><u>1,172,753</u></b>	<b><u>1,217,981</u></b>

(Continued)

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Notes and account receivable, net	<u>\$ 1,378,842</u>	<u>1,159,060</u>	<u>1,209,622</u>
Other receivables – current	<u>\$ 353</u>	<u>13,693</u>	<u>8,359</u>

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Past due 0-30 days	\$ 14,574	4,964	12,494
Past due 31-150 days	5,931	953	4,809
Past over 150 days	<u>156</u>	<u>313</u>	<u>388</u>
	<u>\$ 20,661</u>	<u>6,230</u>	<u>17,691</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>Individually assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance on January 1, 2017	\$ 20,669	4,854	25,523
Reversal of impairment loss	-	(3,438)	(3,438)
Influence from foreign exchange	<u>-</u>	<u>(117)</u>	<u>(117)</u>
Balance on September 30, 2017	<u>\$ 20,669</u>	<u>1,299</u>	<u>21,968</u>
	<u>Individually assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance on January 1, 2016	\$ 3,591	767	4,358
Acquire from merged	-	20,469	20,469
Reversal of impairment loss	(3,591)	(14,067)	(17,658)
Influence from foreign exchange	<u>-</u>	<u>(525)</u>	<u>(525)</u>
Balance on September 30, 2016	<u>\$ -</u>	<u>6,644</u>	<u>6,644</u>

Due to September 30, 2017, December 31, 2016 and September 30, 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>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Raw materials	\$ 199,014	291,120	250,974
Work in progress	150,020	132,692	127,431
Finished goods	<u>268,617</u>	<u>206,122</u>	<u>138,369</u>
	<u>\$ 617,651</u>	<u>629,934</u>	<u>516,774</u>

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of good sold	\$ 1,022,356	988,057	2,937,591	2,549,885
Revenue from sale of scraps	(7,545)	(5,061)	(17,104)	(15,024)
Inventory valuation and obsolescence losses	1,603	4,943	3,756	(33,663)
Loss on scrapping of inventory	37,413	14,261	94,731	119,479
Loss on shortage of inventory	-	-	17	-
	<u>\$ 1,053,827</u>	<u>1,002,200</u>	<u>3,018,991</u>	<u>2,620,677</u>

The company wrote down the inventories to net realizable value amounted to \$1,603 and \$3,756, respectively, in the three months and nine months ended September 30, 2017.

The company wrote down the inventories to net realizable value amounted to \$4,943 in the three months ended September 30, 2016. The company reversed its allowance for inventory valuation loss amounting to \$33,663 due to sales or obsolescence in the nine months ended September 30, 2016.

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

## (e) Investments accounted for using equity method

## (i) 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 September 30, 2017, 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**

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; and the related transfer procedures had been completed in July 2017. The Group further increased its shareholding in CHENMING ELECTRONIC (NINGBO) from 52% to 72%. As of September 30, 2017, the Group still has a remaining balance of \$48,416, which was recognized as other payable-related parties.

(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>
<b>Cost</b>					
Balance on January 1, 2017	\$ 210,897	835,623	400,333	129,468	1,576,321
Additions	-	-	102,487	15,577	118,064
Disposal	-	(52,757)	(40,484)	(14,337)	(107,578)
Reclassifications	-	-	7,629	3,252	10,881
Effect of changes in exchange rates	-	(2,725)	(693)	(71)	(3,489)
Balance on September 30, 2017	<u>\$ 210,897</u>	<u>780,141</u>	<u>469,272</u>	<u>133,889</u>	<u>1,594,199</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	-	-	108,638	11,989	120,627
Disposal	-	(19,421)	(317,984)	(23,639)	(361,044)
Reclassifications	-	-	8,455	2,975	11,430
Effect of changes in exchange rates	-	(11,977)	(3,431)	(398)	(15,806)
Balance on September 30, 2016	<u>\$ 210,897</u>	<u>853,119</u>	<u>430,849</u>	<u>117,340</u>	<u>1,612,205</u>
<b>Depreciation</b>					
Balance on January 1, 2017	\$ -	212,852	132,830	49,659	395,341
Depreciation of the period	-	26,383	98,489	26,601	151,473
Disposal	-	(52,757)	(39,049)	(13,512)	(105,318)
Effect of changes in exchange rates	-	(48)	41	(2)	(9)
Balance on September 30, 2017	<u>\$ -</u>	<u>186,430</u>	<u>192,311</u>	<u>62,746</u>	<u>441,487</u>
Balance on January 1, 2016	\$ -	210,693	309,316	40,384	560,393
Depreciation of the period	-	27,306	156,280	27,915	211,501
Disposal	-	(19,348)	(310,564)	(19,935)	(349,847)
Effect of movements in exchange rates	-	(366)	(266)	(41)	(673)
Balance on September 30, 2016	<u>\$ -</u>	<u>218,285</u>	<u>154,766</u>	<u>48,323</u>	<u>421,374</u>
<b>Book Value</b>					
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 September 30, 2017	<u>\$ 210,897</u>	<u>593,711</u>	<u>276,961</u>	<u>71,143</u>	<u>1,152,712</u>
Balance on September 30, 2016	<u>\$ 210,897</u>	<u>634,834</u>	<u>276,083</u>	<u>69,017</u>	<u>1,190,831</u>

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

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

As of September 30, 2017, December 31, 2016 and September 30, 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 September 30, 2017	\$ <u>152,640</u>	<u>47,781</u>	<u>200,421</u>
Balance on December 31, 2016	\$ <u>152,640</u>	<u>48,709</u>	<u>201,349</u>
Balance on September 30, 2016	\$ <u>152,640</u>	<u>49,018</u>	<u>201,658</u>

There were no material addition, disposal, impairment or reversal situation of investment properties on September 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 statement.

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 September 30, 2017 and 2016.

(h) Short-term borrowings

The short-term loans were summarized as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Credit Loan	\$ <u>150,000</u>	<u>140,000</u>	<u>180,000</u>
Unused credit line for short-term loans	\$ <u>614,940</u>	<u>643,400</u>	<u>605,840</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 loans were summarized as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Secured bank loans	\$ 147,000	168,000	175,000
Unsecured bank loans	70,000	70,000	90,000
Total	\$ <u>217,000</u>	<u>238,000</u>	<u>265,000</u>
Unused credit line for long-term loans	\$ <u>270,000</u>	<u>270,000</u>	<u>250,000</u>
Range of interest rate	<u>1.0%~1.5%</u>	<u>1.0%~2.0%</u>	<u>1.0%~2.0%</u>

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

(Continued)

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

- (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

Except following description, there were no significant differences between the new lease contracts and the long-term prepaid rents of the Group for the nine months ended September 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:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Operating expense	\$ (78)	(113)	(236)	(340)

(ii) Defined contribution plans

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

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Cost of sales	\$ 17,494	14,475	52,689	38,942
Operating expense	\$ 1,925	3,911	5,961	8,503
	<u>\$ 19,419</u>	<u>18,386</u>	<u>58,650</u>	<u>47,445</u>

(l) Income taxes

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

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Current tax expense	\$ 13,930	14,961	28,112	18,650

(Continued)

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

**Notes to the Consolidated Interim Financial Statements**

- (ii) The ROC tax authorities have examined the Group's income tax returns through 2015.
- (iii) Information related to the unappropriated earnings and tax deduction ratio was summarized below:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Unappropriated earnings of 1998 and after	<u>\$ 334,614</u>	<u>302,109</u>	<u>199,288</u>
Balance of imputation credit account	<u>\$ 47,191</u>	<u>67,497</u>	<u>55,825</u>
	<b>2016 Actual</b>	<b>2015 Actual</b>	
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 nine months ended September 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 were as follows:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Additional paid-in capital	\$ 14,722	14,722	14,722
Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u>37,763</u>	<u>-</u>	<u>-</u>
	<u>\$ 52,485</u>	<u>14,722</u>	<u>14,722</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.

(Continued)

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

(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 June 16, 2017 was \$84,968 by cash dividends.

The appropriations of earnings for 2015 approved in the shareholders' meeting on June 17, 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 September 30 in 2017 and 2016. The Group's treasury stock were as follow:

	<u>For the nine months ended September 30, 2017</u>		<u>For the nine months ended September 30, 2016</u>	
	<u>Shares (thousand)</u>	<u>Amount</u>	<u>Shares (thousand)</u>	<u>Amount</u>
Balance on previous period	-	\$ -	-	\$ -
Increase in the period	-	-	80,000	117,651
Write off in this period	-	-	(80,000)	(117,651)
Balance on final period	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

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.

(Continued)

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

**Notes to the Consolidated Interim Financial Statements**

(n) Earnings per share

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

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
<b>Basic earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>110,895</u>	<u>76,461</u>	<u>167,231</u>	<u>90,963</u>
Weighted-average number of ordinary shares (shares in thousands)	<u>169,935</u>	<u>170,410</u>	<u>169,935</u>	<u>175,179</u>
<b>Diluted earnings per share:</b>				
Profit attributable to ordinary shareholder of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>110,895</u>	<u>76,461</u>	<u>167,231</u>	<u>90,963</u>
Weighted-average number of ordinary shares (shares in thousands)	169,935	170,410	169,935	175,179
Effect of employee stock remuneration	<u>211</u>	<u>301</u>	<u>435</u>	<u>425</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>170,146</u>	<u>170,711</u>	<u>170,370</u>	<u>175,604</u>

(o) Revenue

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Computer and server case	\$ 872,081	826,570	2,451,038	2,050,102
Mobile components	363,833	326,619	905,712	769,248
Mold revenue	<u>39,685</u>	<u>44,160</u>	<u>170,371</u>	<u>185,578</u>
	<u>\$ 1,275,599</u>	<u>1,197,349</u>	<u>3,527,121</u>	<u>3,004,928</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 \$4,000, \$5,007, \$6,000 and \$6,000; and the remuneration to directors and supervisors was \$375, \$845, \$1,125 and \$1,125 in July 1 to September 30 and January 1 to September 30, 2017 and 2016, respectively. 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, 2016, and December 31, 2015 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>
<b>September 30, 2017</b>				
Secured loans	\$ 147,000	-	72,000	75,000
Unsecured loans	220,000	150,000	70,000	-
Notes and accounts payable	807,714	-	-	-
Other payables (including related parties)	158,596	-	-	-
Guarantee deposits	6,759	-	-	-
	<u>\$ 1,340,069</u>	<u>150,000</u>	<u>142,000</u>	<u>75,000</u>

(Continued)

**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>
<b>December 31, 2016</b>				
Secured loans	\$ 168,000	-	72,000	96,000
Unsecured loans	210,000	140,000	70,000	-
Note and accounts payable	809,110	809,110	-	-
Other payables (including related parties)	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>
<b>September 30, 2016</b>				
Secured loans loan	\$ 175,000	-	72,000	103,000
Unsecured loans	270,000	180,000	90,000	-
Notes and accounts payable (including related parties)	682,617	682,617	-	-
Other payables	164,379	164,379	-	-
Guarantee deposits	8,872	-	-	8,872
	<u>\$ 1,300,868</u>	<u>1,026,996</u>	<u>162,000</u>	<u>111,872</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>September 30, 2017</u>			<u>December 31, 2016</u>			<u>September 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	\$	29,322	30.260	887,284	31,708	32.250	1,022,583	29,115	31.360	913,046
USD to CNY		13,338	6.6369	403,608	12,548	6.937	404,673	11,133	6.6778	349,135
CNY to TWD		76,365	4.551	347,537	65,100	4.617	300,567	74,515	4.693	349,699

(Continued)

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

	September 30, 2017			December 31, 2016			September 30, 2016		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
Monetary items									
USD to TWD	5,590	30.260	169,153	4,769	32.250	153,800	5,831	31.360	182,860
USD to CNY	2,232	6.6369	67,540	1,803	6.937	58,147	1,216	6.6778	38,134
CNY to TWD	98,513	4.551	448,333	112,427	4.617	519,075	93,536	4.693	438,964

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

	September 30, 2017	September 30, 2016
USD (against the TWD)		
Strengthening 5%	\$ 35,907	36,509
Weakening 5%	(35,907)	(36,509)
USD (against the CNY)		
Strengthening 5%	16,803	15,550
Weakening 5%	(16,803)	(15,550)
CNY (against the TWD)		
Strengthening 5%	(5,040)	(4,463)
Weakening 5%	5,040	4,463

3) Exchange gains and losses of monetary items

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

	For the nine months ended September 30			
	2017		2016	
	Exchange profit(loss)	Average rate	Exchange profit(loss)	Average rate
TWD	\$ (32,947)	-	(22,859)	-
RMB	(3,943)	4.4859	2,873	4.852

(Continued)

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

**Notes to the Consolidated Interim Financial Statements**

(iii) Interest Rate analysis

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

	<u>Carrying amount</u>	
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Variable rate instruments:		
Financial assets	\$ 346,138	451,178
Financial liabilities	367,000	445,000

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decrease or increased by \$ 39 for the nine months ended September 30, 2017 and increase or decreased \$ 12 for the nine months ended September 30, 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.

	<u>September 30, 2017</u>				
	<u>Book value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Loans and receivables</b>					
Cash and cash equivalents	\$ 347,163	-	-	-	-
Note and accounts receivable, net	1,378,842	-	-	-	-
Other current financial assets	353	-	-	-	-
Refundable deposits	<u>18,578</u>	-	-	-	-
	<u>\$ 1,744,936</u>				

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

		September 30, 2017				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
<b>Amortized financial liabilities at cost</b>						
Borrowing	\$ 367,000	-	-	-	-	-
Notes and account payables	807,714	-	-	-	-	-
Other payables (including related parties)	158,596	-	-	-	-	-
Guarantee deposits	6,759	-	-	-	-	-
	<u>\$ 1,340,069</u>					
		December 31, 2016				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
<b>Loans and receivables</b>						
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>					
<b>Amortized financial liabilities at cost</b>						
Borrowing	\$ 378,000	-	-	-	-	-
Notes and account payables	809,110	-	-	-	-	-
Other payables (including related parties)	152,373	-	-	-	-	-
Guarantee deposits	9,552	-	-	-	-	-
<b>Financial liabilities at fair value through profit or loss (record in other payable)</b>						
Derivative financial liabilities	153	-	153	-	-	153
	<u>\$ 1,349,188</u>					
		September 30, 2016				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
<b>Loans and receivables</b>						
Cash and cash equivalents	\$ 452,044	-	-	-	-	-
Note and accounts receivable, net	1,209,622	-	-	-	-	-
Other current financial assets	8,359	-	-	-	-	-
Refundable deposits	18,012	-	-	-	-	-
	<u>\$ 1,688,037</u>					

(Continued)

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

	September 30, 2016				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Amortized financial liabilities at cost</b>					
Borrowing	\$ 445,000	-	-	-	-
Notes and account payables (including related parties)	682,617	-	-	-	-
Other payables	164,379	-	-	-	-
Guarantee deposits	<u>8,872</u>	-	-	-	-
	<b><u>\$ 1,300,868</u></b>				

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.

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

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 nine months ended on September 30, 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:

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

(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 note 6(s) of the 2016 annual financial statements.

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

(b) Significant transactions with relative parties

(i) Selling products to relative parties

	<u>Sales</u>				<u>Account receivable from relative parties</u>		
	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>		<u>September 30</u>	<u>December 31</u>	<u>September 30</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Other relative parties	\$ -	-	-	<u>351</u>	-	-	-

The price and credit terms for related parties are similar to those of general supplier; which is 60 days for relative parties. All accounts receivable above had been received as of September 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 July to September and January to September amounted to \$857 and \$2,571 in 2017 and 2016, respectively.

(iii) Technical service contract with relative parties

According to the contract, the technical service expense provided by CHENMING (H.K.) CORPORATION LIMITED, a related party, to the Group amounted to \$11,101, which was recognized as operating expense, for the period from April to September in 2016. The said payments had been fully paid as of September 30, 2017.

(iv) 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) and acquired 42.7% interests of CHENMING (NINGBO). As of September 30, 2017, the Group has already paid off its payable.

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

On June 28, 2017, the Group acquired another 20% interests of CHENMING (NINGBO) with (HENMING (H.K.) CORPORATION LIMITED amounting to \$127,764 (USD\$4,200 thousand). As of September 30, 2017, the Group still has a remaining balance of \$48,416 (USD\$1,600 thousand), which was recognized as other payables-related parties. Please refer to note 6(e) for related information.

(v) Others

The amounts of expenses CHENMING ELECTRONIC (NINGBO)CO., LTD paid through its related parties which was recognized as operating cost was \$3,466 in January to September in the year of 2017. As of September 30, 2017, CHENMING ELECTRONIC (NINGBO)CO.,LTD has already paid off its payment.

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Short-term employee benefits \$	1,684	2,405	8,217	8,915
Post-employment benefits	65	107	360	314
	<u>\$ 1,749</u>	<u>2,512</u>	<u>8,577</u>	<u>9,229</u>

(ii) Guarantee

The main management are guarantor of the syndication contract, and the amount of syndication are \$217,000, \$238,000 and \$265,000 in September 30, 2017, December 31, 2016 and September 30, 2016.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	September 30, 2017	December 31, 2016	September 30, 2016
PPE and investment properties- land	Long-term loans	\$ 347,804	347,804	347,804
— properties	Long-term loans	143,351	146,032	146,926
Other financial asset-noncurrent	Customs deposits	15,459	12,359	-
		<u>\$ 506,614</u>	<u>506,195</u>	<u>494,730</u>

(Continued)

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

(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 September 30, 2017			Three months ended September 30, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	183,937	47,974	231,911	238,852	51,908	290,760
Labor and health insurance	-	1,462	1,462	-	1,665	1,665
Pension	17,494	1,847	19,341	14,475	3,798	18,273
Others	19,302	5,226	24,528	6,560	2,756	9,316
Depreciation	48,588	3,683	52,271	59,129	6,933	66,062
Amortization	337	270	607	194	394	588

By function By item	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	655,722	122,188	777,910	629,351	126,202	755,553
Labor and health insurance	-	4,692	4,692	-	5,027	5,027
Pension	52,689	5,725	58,414	38,942	8,163	47,105
Others	38,822	15,512	54,334	18,985	7,248	26,233
Depreciation	140,095	11,378	151,473	197,203	14,298	211,501
Amortization	1,011	753	1,764	541	1,383	1,924

The depreciation expense, which subtract the depreciation expense from investment properties, are both \$309, \$928, \$309 and \$928 in three months ended September 30, 2017 and 2016, and nine months ended in September 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 INTERNAT IONAL LIM ITED	GERSHWIN INTERNAT IONAL LIM ITED	Accounts receivable due from related parties	Yes	181,560	181,560	121,040	1.63417%- 2.01778%	Demand for funding	-	Depending on demand for funding	-	-	-	1,945,109 (note 1)	1,945,109 (note 1)
2	CHENMIN G ELECTR ONIC (NIN GBO)CO.,L TD	Dongguan Chenming Electronic Co., Ltd	"	"	68,265	68,265	31,857	4.1%	"	-	"	-	-	-	85,396 (note 2)	85,396 (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.  
Note 2: The total amount of the guarantee provided by the Lender Company shall not exceed ten percent (10%) of the Lender Company's net worth.  
Note 3: The transactions have been eliminated in the consolidated financial statement.

- (ii) Guarantees and endorsements for other parties:None
- (iii) Securities held as of September 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

(Continued)

## 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	1,819,573	99 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(602,068)	99 %	
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(1,819,573)	74 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	602,068	72 %	"

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	602,068	4.32	-	-	129,911	-	The transactions have been eliminated in the consolidated financial statement.

Note1: The recover amounts were as of October 24, 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	121,040	Rate 1.63417%~2.07118%	3%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	1,819,573	The price is based on the fix ratio of final sales price, and the credit period is depending on the demand for funding	52%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Accounts receivable	602,068		15%

(Continued)

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

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

(b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2017			Net income (losses) of the investment	Investment income (losses)	Note
				September 30, 2017	December 31, 2016	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	1,883,713	1,696,833	57,048	100 %	1,945,109	121,365	121,365	Subsidiaries (note)
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,254,944	78,748	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED.	A grandson company (note)
"	PEAK SHREWD INC	Samoa	Investment	519,536	332,655	14,900	100 %	563,799	49,150	"	"

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 September 30, 2017	Net income (losses) of the investment	Percentage of ownership	Investment income (losses)	Carrying amount as of September 30, 2017 (note 3)	Accumulated remittance of earnings as of September 30, 2017
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	1,951,770 (USD64,500)	note 1 and 7	302,600 (USD10,000)	148,274 (USD4,900)	-	450,874 (USD14,900)	72,632	72 %	40,660	614,850	-
Dongguan Chenming Electronic Co., Ltd	"	876,874 (note 4)(USD28,978) (note 5)	note 1 and 8	755,474 (USD24,900)	-	-	753,474 (USD24,900)	95,172	100 %	95,172	895,969	-

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 September 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
The Company	1,343,544 (USD 44,400)	1,343,544 (USD 44,400)	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)

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

- Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$30.26 as of September 30, 2017; gains and losses were translated into New Taiwan Dollars at the average exchange rate of \$30.537 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.