

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Three Months Ended  
March 31, 2019 and 2018**

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

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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of CHENMING MOLD IND. CORP. and its subsidiaries as of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Generally Accepted Auditing Standards, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of CHENMING MOLD IND. CORP. and its subsidiaries as of March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Emphasis of Matter**

As stated in note (3)(a), CHENMING MOLD IND. CORP. and its subsidiaries initially adopted the IFRS 16, “Leases” at January 1, 2019 and applied the modified retrospective approach, with no restatement of comparative period amounts. Our conclusion is not qualified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin Fu Yen and Yi Wen Wang.

KPMG

Taipei, Taiwan (Republic of China)  
May 13, 2019

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and 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 financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2019 and 2018**

**CHENMING MOLD IND. CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

**March 31, 2019, December 31, 2018, and March 31, 2018**  
 (Expressed in Thousands of New Taiwan Dollars)

	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets:</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 406,652	9	421,014	8	393,672	9
1170 Notes and accounts receivable, net (notes 6(b) and (p))	1,662,857	35	1,973,332	39	1,314,463	30
1310 Inventories, net (note 6(c))	1,004,931	21	1,006,649	20	910,521	21
1476 Other current financial assets	5,611	-	16,142	-	1,664	-
1479 Other current assets	36,339	1	68,490	1	74,152	2
	<u>3,116,390</u>	<u>66</u>	<u>3,485,627</u>	<u>68</u>	<u>2,694,472</u>	<u>62</u>
<b>Non-current assets:</b>						
1600 Property, plant, and equipment (notes 6(e) and (8))	1,087,497	23	1,137,662	22	1,089,229	25
1755 Right-of-use assets (note 6(f))	256,851	5	-	-	-	-
1760 Investment property, net (notes 6(g) and (8))	198,564	5	198,873	4	199,801	5
1780 Intangible assets	1,973	-	2,368	-	3,055	-
1840 Deferred income tax assets	1,418	-	1,418	-	13,822	-
1980 Other non-current financial assets (note 8))	19,881	-	21,020	-	18,245	-
1985 Long-term prepaid rents	-	-	247,063	5	258,296	6
1990 Other non-current assets	38,755	1	27,385	1	96,920	2
	<u>1,604,939</u>	<u>34</u>	<u>1,635,789</u>	<u>32</u>	<u>1,679,368</u>	<u>38</u>
<b>Total assets</b>	<u>\$ 4,721,329</u>	<u>100</u>	<u>\$ 5,121,416</u>	<u>100</u>	<u>\$ 4,373,840</u>	<u>100</u>
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
2100 Short-term loans (note 6(h))	\$ 330,000	7	370,000	7	200,000	5
2130 Current contract liabilities (note 6(p))	2,507	-	2,023	-	2,316	-
2170 Notes and accounts payable	1,190,582	25	1,502,298	29	1,074,290	25
2200 Other payables	218,520	5	298,483	6	223,844	4
2220 Other payables-related parties (note 7))	-	-	-	-	23,284	1
2230 Current tax liabilities	30,940	1	26,350	1	26,939	1
2280 Current lease liabilities (note 6(i))	5,254	-	-	-	-	-
2300 Other current liabilities	19,328	-	18,659	-	13,631	-
	<u>1,797,131</u>	<u>38</u>	<u>2,217,813</u>	<u>43</u>	<u>1,564,304</u>	<u>36</u>
<b>Non-current liabilities:</b>						
2540 Long-term loans (note 6(i))	315,000	7	282,000	6	203,000	5
2570 Deferred income tax liabilities	5,062	-	5,062	-	5,401	-
2580 Non-current lease liabilities (note 6(j))	4,754	-	-	-	-	-
2645 Guarantee deposits	6,423	-	6,389	-	6,127	-
	<u>331,239</u>	<u>7</u>	<u>293,451</u>	<u>6</u>	<u>214,528</u>	<u>5</u>
	<u>2,128,370</u>	<u>45</u>	<u>2,511,264</u>	<u>49</u>	<u>1,778,832</u>	<u>41</u>
<b>Total liabilities</b>						
<b>Equity attributable to owners of parent:</b>						
3100 Ordinary shares (note 6(n))	1,629,350	35	1,699,350	33	1,699,350	39
3200 Capital surplus (note 6(n))	50,323	1	52,485	1	52,485	1
3300 Retained earnings (note 6(n))	663,960	14	685,887	14	628,370	14
3410 Exchange differences on translation of foreign financial statements	(28,478)	(1)	(45,218)	(1)	(20,145)	-
3500 Treasury shares (note 6(n))	-	-	(52,027)	(1)	-	-
<b>Total equity attributable to owners of parent</b>	<u>2,315,155</u>	<u>49</u>	<u>2,340,477</u>	<u>46</u>	<u>2,360,060</u>	<u>54</u>
36XX Non-controlling interests	277,804	6	269,675	5	234,948	5
	<u>2,592,959</u>	<u>55</u>	<u>2,610,152</u>	<u>51</u>	<u>2,595,008</u>	<u>59</u>
<b>Total liabilities and equity</b>	<u>\$ 4,721,329</u>	<u>100</u>	<u>\$ 5,121,416</u>	<u>100</u>	<u>\$ 4,373,840</u>	<u>100</u>

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

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

**Consolidated Statements of Comprehensive Income**

For the three months ended March 31, 2019 and 2018

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

		<u>For the three months ended March 31</u>			
		<u>2019</u>		<u>2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (note 6(p))</b>	\$ 1,389,457	100	1,085,766	100
5000	<b>Operating costs (notes (6)(c) and (12))</b>	<u>1,266,125</u>	<u>91</u>	<u>1,020,163</u>	<u>94</u>
5900	<b>Gross profit from operations</b>	<u>123,332</u>	<u>9</u>	<u>65,603</u>	<u>6</u>
6000	<b>Operating expenses (notes (6)(k) and (12)):</b>				
6100	Selling expenses	29,673	2	26,586	2
6200	Administrative expenses	45,897	3	51,240	5
6300	Research and development expenses	<u>11,447</u>	<u>1</u>	<u>8,687</u>	<u>1</u>
		<u>87,017</u>	<u>6</u>	<u>86,513</u>	<u>8</u>
6900	<b>Net operating income</b>	<u>36,315</u>	<u>3</u>	<u>(20,910)</u>	<u>(2)</u>
7000	<b>Non-operating income and expenses:</b>				
7050	Finance costs, net	(2,701)	-	(1,549)	-
7100	Interest income	207	-	292	-
7110	Rent revenue (note (7))	3,832	-	3,685	-
7190	Other income	1,286	-	2,186	-
7230	Foreign exchange gains (losses), net (note (6)(r))	(22,279)	(2)	(35,000)	(3)
7590	Other expense and losses	<u>-</u>	<u>-</u>	<u>(1,353)</u>	<u>-</u>
		<u>(19,655)</u>	<u>(2)</u>	<u>(31,739)</u>	<u>(3)</u>
7900	<b>Profit (loss) from continuing operations before tax</b>	16,660	1	(52,649)	(5)
7950	Less: Income tax expenses (note (6)(m))	<u>4,592</u>	<u>-</u>	<u>(8,846)</u>	<u>(1)</u>
	<b>Profit (loss)</b>	<u>12,068</u>	<u>1</u>	<u>(43,803)</u>	<u>(4)</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	23,251	2	15,210	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>23,251</u>	<u>2</u>	<u>15,210</u>	<u>1</u>
8300	<b>Other comprehensive income</b>	<u>23,251</u>	<u>2</u>	<u>15,183</u>	<u>1</u>
8500	<b>Comprehensive income</b>	<u>\$ 35,319</u>	<u>3</u>	<u>(28,620)</u>	<u>(3)</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 10,450	1	(33,779)	(3)
8620	Non-controlling interests	<u>1,618</u>	<u>-</u>	<u>(10,024)</u>	<u>(1)</u>
		<u>\$ 12,068</u>	<u>1</u>	<u>(43,803)</u>	<u>(4)</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 27,190	2	(22,855)	(2)
8720	Non-controlling interests	<u>8,129</u>	<u>1</u>	<u>(5,765)</u>	<u>(1)</u>
		<u>\$ 35,319</u>	<u>3</u>	<u>(28,620)</u>	<u>(3)</u>
	<b>Earnings per share (expressed in NTD) (note (6)(o)):</b>				
9750	Basic earnings per share	<u>\$ 0.06</u>		<u>(0.20)</u>	
9850	Diluted earnings per share	<u>\$ 0.06</u>		<u>(0.20)</u>	

See accompanying notes to financial statements.

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

**Consolidated Statements of Changes in Equity**

For the three months ended March 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings					Other components of equity			Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Non-controlling interests	Total equity
<b>Balance on January 1, 2018</b>	\$ 1,699,350	52,485	252,196	29,978	380,002	662,176	(31,096)	-	240,713	2,623,628
Profit for the three months ended March 31, 2018	-	-	-	-	(33,779)	(33,779)	-	-	(10,024)	(43,803)
Other comprehensive income for the three months ended March 31, 2018	-	-	-	-	(27)	(27)	10,951	-	4,259	13,183
Comprehensive income for the three months ended March 31, 2018	-	-	-	-	(33,806)	(33,806)	10,951	-	(5,765)	(28,620)
<b>Balance at March 31, 2018</b>	<b>\$ 1,699,350</b>	<b>52,485</b>	<b>252,196</b>	<b>29,978</b>	<b>346,196</b>	<b>628,370</b>	<b>(20,145)</b>	<b>-</b>	<b>234,948</b>	<b>2,595,008</b>
<b>Balance at January 1, 2019</b>	\$ 1,699,350	52,485	273,487	31,096	381,304	685,887	(45,218)	(52,027)	269,675	2,610,152
Profit for the three months ended March 31, 2019	-	-	-	-	10,450	10,450	-	-	1,618	12,068
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	16,740	-	6,511	23,251
Comprehensive income for the three months ended March 31, 2019	-	-	-	-	10,450	10,450	16,740	-	8,129	35,319
Increase in treasury stock	-	-	-	-	-	-	-	(52,512)	-	(52,512)
Decrease in treasury stock	(70,000)	(2,162)	-	-	(32,377)	(32,377)	-	104,539	-	-
<b>Balance on March 31, 2019</b>	<b>\$ 1,629,350</b>	<b>50,323</b>	<b>273,487</b>	<b>31,096</b>	<b>359,377</b>	<b>663,960</b>	<b>(28,478)</b>	<b>-</b>	<b>277,804</b>	<b>2,592,959</b>

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

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2019 and 2018**

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

	<b>For the three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 16,660	(52,649)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	64,388	56,661
Amortization expense	434	603
Expected credit loss / Provision (reversal of provision) for bad debt expense	(135)	532
Interest expense	2,701	1,549
Interest income	(207)	(292)
Loss (gain) from disposal of property, plant, and equipment, net	-	1,354
Other	(80)	841
<b>Total adjustments to reconcile profit (loss)</b>	<b>67,101</b>	<b>61,248</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes and accounts receivable	310,572	149,758
Decrease (increase) in inventories	1,718	(135,642)
Decrease (increase) in other current assets	32,151	15,338
Decrease (increase) in other financial assets	10,531	12,045
Increase (decrease) in contract liabilities	484	1,485
Increase (decrease) in notes and accounts payable	(311,716)	(122,486)
Increase (decrease) in other payable and other current liabilities	(63,385)	(34,189)
<b>Total changes in operating assets and liabilities</b>	<b>(19,645)</b>	<b>(113,691)</b>
<b>Total adjustments</b>	<b>47,456</b>	<b>(52,443)</b>
Cash inflow generated from operations	64,116	(105,092)
Interest received	207	292
<b>Net cash flows from operating activities</b>	<b>64,323</b>	<b>(104,800)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant, and equipment	(18,507)	(11,506)
Decrease (increase) in prepayment for business facilities	(11,895)	(52,290)
Decrease (increase) in refundable deposits	1,139	407
<b>Net cash flows (used in) investing activities</b>	<b>(29,263)</b>	<b>(63,389)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	(40,000)	50,000
Increase in long-term loans	40,000	-
Decrease in long-term loans	(7,000)	(7,000)
Increase (decrease) in guarantee deposits	34	395
Payment of lease liabilities	(1,579)	-
Cost of increase in treasury stock	(52,512)	-
Interest paid	(2,711)	(1,521)
Acquisition of non-controlling interests	-	(24,332)
<b>Net cash flows from (used in) financing activities</b>	<b>(63,768)</b>	<b>17,542</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>14,346</b>	<b>10,432</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(14,362)</b>	<b>(140,215)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>421,014</b>	<b>533,887</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 406,652</b>	<b>393,672</b>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards  
as of March 31, 2019 and 2018

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

**Notes to the Consolidated Financial Statements**

**March 31, 2019 and 2018**

**(Expressed in Thousands of New Taiwan Dollars,  
 Except for Earnings Per Share Information and 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 cases, and the manufacturing and development of mobile devices.

The consolidated financial its statements the Company as of and for the three months ended March 31, 2019 are comprised of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note(4) (b) i. for related information of the Group’s primary business activities.

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

These consolidated financial statements for the three months ended March 31, 2019 and 2018 were authorized for issuance by the Board of Directors on May 13, 2019.

**(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, 2019.

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
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 19 “Plan Amendment, Curtailment, or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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

- (i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27

(Continued)

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

Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application did not have any significant impact in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note (4)(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to leases of low-value assets or short-term leases of office equipment and others.

Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months lease term.

(Continued)

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

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized an additional \$258,600 of right-of-use assets and \$11,537 of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.51%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed are as follows:

	<b>January 1, 2019</b>
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 13,276
Recognition exemption for:	
short-term leases	(324)
	12,952
Discounted using the incremental borrowing rate at January 1, 2019 (as lease liabilities recognized at January 1, 2019)	\$ <u><u>11,537</u></u>

(ii) IFRIC 23 “Uncertainty over Income Tax Treatments”

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, as well as 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.

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

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, as well as 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.

On transition to the new standard, there is no material impact to the Group.

- (b) 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 International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
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 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assessed that the above IFRSs may not be relevant to the Group.

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

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

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

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2019	December 31, 2018	March 31, 2018
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 %	72 %	72 %

(c) Lease (applicable from January 1, 2019)

(i) Identifying a lease

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability are comprised of the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to 0.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and others that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators, such as whether the lease is for the majority of the economic life of the asset.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax 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.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

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 tax rates that have been enacted or substantively enacted at the time in which the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuation since that time, and for significant curtailments, settlements, or other significant one-off events.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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.

The preparation of the consolidated interim financial statements, estimates, and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2018.

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

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to note (6) of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Cash on hand	\$ 651	1,104	1,633
Checking accounts and demand deposits	<u>406,001</u>	<u>419,910</u>	<u>392,039</u>
	<u><u>\$ 406,652</u></u>	<u><u>421,014</u></u>	<u><u>393,672</u></u>

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

(b) Notes and accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Notes and accounts receivable	\$ 1,665,050	1,975,622	1,336,689
Less: Loss allowance	<u>(2,193)</u>	<u>(2,290)</u>	<u>(22,226)</u>
Total	<u><u>\$ 1,662,857</u></u>	<u><u>1,973,332</u></u>	<u><u>1,314,463</u></u>
Notes and accounts receivable, net	<u><u>\$ 1,662,857</u></u>	<u><u>1,973,332</u></u>	<u><u>1,314,463</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and number of days past due, as well as incorporated forward looking information. The loss allowance provision were determined as follows:

	<u>March 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Allowance lifetime expected credit loss</u>
Current	\$ 1,610,804	0.05%	728
1 to 30 days past due	31,649	0.12%	37
31 to 150 days past due	21,240	2.13%	453
151 to 360 days past due	<u>1,357</u>	71.85%	<u>975</u>
	<u><u>\$ 1,665,050</u></u>		<u><u>2,193</u></u>

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

(c) Inventories

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>March 31,</u> <u>2018</u>
Raw materials	\$ 247,247	271,178	367,621
Work in progress	367,060	320,424	251,078
Finished goods and merchandise inventories	<u>390,624</u>	<u>415,047</u>	<u>291,822</u>
	<u>\$ 1,004,931</u>	<u>1,006,649</u>	<u>910,521</u>

The Group's composition details of operating cost for the three months ended March 31, 2019 and 2018 were as follows:

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 1,243,646	1,002,057
Revenue from sale of scraps	(14,260)	(8,305)
Inventories valuation and obsolescence losses	3,691	1,336
Loss on scrapping of inventories	<u>33,048</u>	<u>25,075</u>
	<u>\$ 1,266,125</u>	<u>1,020,163</u>

The Company write-down of the inventories to net realizable value amounted to \$3,691 and \$1,336 for the three months ended March 31, 2019 and 2018, respectively. The write-downs are included in cost of goods sold.

As of March 31, 2019, December 31, 2018, and March 31, 2018, the Group did not pledge any inventories as collateral.

(d) Changes in a parent's ownership interest in a subsidiary

There are no significant changes in the parent's ownership interest in any subsidiary of the Group during the period of the three months ended March 31, 2019. For the relevant information for the parent's ownership interest in a subsidiary during the year ended December 31, 2018, please refer to note (6)(d) of the consolidated financial report of 2018.

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

(e) Property, plant, and equipment

The cost and accumulated depreciation of the property, plant, and equipment of the Group for the three months ended March 31, 2019 and 2018 were as follows:

	<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, 2019	\$ 210,897	783,604	534,195	121,264	1,649,960
Additions	-	-	1,577	1,031	2,608
Disposal	-	-	-	(495)	(495)
Reclassifications	-	-	621	-	621
Effect of changes in exchange rates	-	4,614	3,706	222	8,542
Balance on March 31, 2019	<u>\$ 210,897</u>	<u>788,218</u>	<u>540,099</u>	<u>122,022</u>	<u>1,661,236</u>
Balance on January 1, 2018	\$ 210,897	785,401	453,851	136,815	1,586,964
Additions	-	-	5,111	3,665	8,776
Disposal	-	(2,962)	(35,138)	(17,836)	(55,936)
Reclassifications	-	-	5,012	-	5,012
Effect of changes in exchange rates	-	3,504	2,118	130	5,752
Balance on March 31, 2018	<u>\$ 210,897</u>	<u>785,943</u>	<u>430,954</u>	<u>122,774</u>	<u>1,550,568</u>
Depreciation:					
Balance on January 1, 2019	\$ -	227,436	213,198	71,664	512,298
Depreciation of the period	-	8,791	41,992	9,189	59,972
Disposal	-	-	-	(495)	(495)
Effect of changes in exchange rates	-	859	1,019	86	1,964
Balance on March 31, 2019	<u>\$ -</u>	<u>237,086</u>	<u>256,209</u>	<u>80,444</u>	<u>573,739</u>
Balance on January 1, 2018	\$ -	190,910	199,111	68,415	458,436
Depreciation of the period	-	8,815	38,573	8,963	56,351
Disposal	-	(2,961)	(33,922)	(17,699)	(54,582)
Effect of changes in exchange rates	-	419	667	48	1,134
Balance on March 31, 2018	<u>\$ -</u>	<u>197,183</u>	<u>204,429</u>	<u>59,727</u>	<u>461,339</u>
Book value:					
Balance on January 1, 2019	<u>\$ 210,897</u>	<u>556,168</u>	<u>320,997</u>	<u>49,600</u>	<u>1,137,662</u>
Balance on March 31, 2019	<u>\$ 210,897</u>	<u>551,132</u>	<u>283,890</u>	<u>41,578</u>	<u>1,087,497</u>
Balance on March 31, 2018	<u>\$ 210,897</u>	<u>588,760</u>	<u>226,525</u>	<u>63,047</u>	<u>1,089,229</u>

For the process of land leasehold right and building right informations please refer to note(6)(e) of the 2018 consolidated financial report.

As of March 31, 2019, December 31, 2018, and March 31, 2018 the Group had provided parts of the property, plant, and equipment as collateral for its long-term loans and credit lines. Please refer to note (8) for details.

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

(f) Right-of-use assets

The cost and accumulated depreciation of the leases for land, buildings, machinery, and transportation of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation</u>	<u>others</u>	<u>Total</u>
Cost:					
Balance on January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	247,063	2,036	7,742	1,759	258,600
Effect of changes in exchange rates	<u>2,307</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>2,356</u>
Balance on March 31, 2019	<u>\$ 249,370</u>	<u>2,085</u>	<u>7,742</u>	<u>1,759</u>	<u>260,956</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2019	\$ -	-	-	-	-
Depreciation of the period	2,485	569	875	178	4,107
Effect of changes in exchange rates	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Balance on March 31, 2019	<u>\$ 2,484</u>	<u>568</u>	<u>875</u>	<u>178</u>	<u>4,105</u>
Book value:					
Balance on March 31, 2019	<u>\$ 246,886</u>	<u>1,517</u>	<u>6,867</u>	<u>1,581</u>	<u>256,851</u>

The Group leases rights-of-use of land, transportation, and warehouses under an operating lease for the three months ended March 31, 2018, please refer to note (6)(k).

(g) Investment property

The details of investment property of the Group were as follows:

	<u>Land</u>	<u>Properties</u>	<u>Total</u>
Book value:			
Balance on January 1, 2019	<u>\$ 152,640</u>	<u>46,233</u>	<u>198,873</u>
Balance on March 31, 2019	<u>\$ 152,640</u>	<u>45,924</u>	<u>198,564</u>
Balance on March 31, 2018	<u>\$ 152,640</u>	<u>47,161</u>	<u>199,801</u>

There were no material addition, disposal, impairment, or reversal situation of investment properties for the three months ended March 31, 2019 and 2018. Please refer to note (12) for details. For other related information, please refer to note (6)(f) of the 2018 consolidated financial statements.

There were no significant differences between the fair values of investment properties and that of those disclosed in the 2018 consolidated financial statements. Please refer to note (6)(f) of the 2018 consolidated financial statement.

Please refer to note (8) for information on investment properties pledged as collateral as of March 31, 2019, December 31, 2018, and March 31, 2018.

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

## (h) Short-term loans

The short-term loans were summarized as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Credit loans	\$ 330,000	360,000	200,000
Secured loans	-	10,000	-
	<u>\$ 330,000</u>	<u>370,000</u>	<u>200,000</u>
Unused credit line for short-term loans	<u>\$ 650,368</u>	<u>485,156</u>	<u>552,995</u>
Annual interest rates (Taiwan)	<u>1.0%~1.3%</u>	<u>1.0%~1.5%</u>	<u>1.0%~1.4%</u>

(i) For information on interest rate and liquidity risk exposure, please refer to note (6)(r).

(ii) The Group provided part of its assets as collateral for short-term loans as of March 31, 2019, December 31, 2018, and March 31, 2018. The above-mentioned collaterals were not subject to any change for the three months ended March 31, 2019 and 2018. Please refer to note (8) for details.

## (i) Long-term loans

The long-term loans were summarized as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Secured bank loans	\$ 245,000	212,000	133,000
Unsecured bank loans	70,000	70,000	70,000
Less: Current portion	-	-	-
Total	<u>\$ 315,000</u>	<u>282,000</u>	<u>203,000</u>
Unused long-term credit lines	<u>\$ 130,000</u>	<u>170,000</u>	<u>260,000</u>
Range of interest rate	<u>1.0%~1.5%</u>	<u>1.0%~1.5%</u>	<u>1.0%~1.5%</u>

(i) The main management are the guarantors of long-term loans. Please refer to note (7).

(ii) For information on interest rate and liquidity risk exposure, please refer to note (6)(r).

(iii) The Group provided part of its assets as collateral for long-term loans. Please refer to note (8) for details.

(Continued)

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

## (j) Lease liabilities

	<b>March 31, 2019</b>		
	<b>Future minimum lease payments</b>	<b>Interest</b>	<b>Present value of minimum lease payments</b>
Less than 1 year	\$ 5,585	331	5,254
Between 1 and 5 years	5,050	296	4,754
	<b>\$ 10,635</b>	<b>627</b>	<b>10,008</b>
Current	<b>\$ 5,585</b>	<b>331</b>	<b>5,254</b>
Non-current	<b>\$ 5,050</b>	<b>296</b>	<b>4,754</b>

There was no significant change except repayment of principal for the three months ended March 31, 2019.

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31, 2019</b>
Interest on lease liabilities	\$ 125
Variable lease payments not included in the measurement of lease liabilities	\$ 198
Expenses relating to short-term leases	\$ 127
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 7

The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>For the three months ended March 31, 2019</b>
Total cash outflow for leases	\$ 2,036

## (i) Real estate leases

The Group leases right-of-use of land, with lease terms of 40~45 years.

## (ii) Other leases

The Group leases warehouses and other equipment, with contract terms of 1~3 years. These leases are short-term and/or leases of low-value items. The Group has applied the exemption and elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

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

(k) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2018. Please refer to note (6)(i) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

The right-of-use of land was reclassified as right-of-use assets at January 1, 2019 due to the adoption of IFRS 16. Please refer to note (6)(f).

(l) 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, 2018 and 2017.

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

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Operating expense	\$ (81)	(79)

(ii) Defined contribution plans

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

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Operating expense	\$ 918	861

(iii) Other subsidiaries included in compilation of consolidated financial statements pay the basic endowment insurance expenses at a certain percentage according to the assessed employee wage amount. The recognized pension expenses were as follows:

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Cost of sales	\$ 21,170	14,269
Operating expense	858	1,129
	\$ 22,028	15,398

(Continued)

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

(m) Income taxes

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

	<u>Three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Current tax expense (income)	\$ <u>4,592</u>	<u>(8,846)</u>

(ii) The amount of income tax recognized directly in other comprehensive income for the three months ended March 31, 2019 and 2018 was as follows:

	<u>Three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Remeasurement from defined benefit plans	\$ <u>-</u>	<u>(27)</u>

(iii) The Company's tax returns for the years through 2015 were assessed by the Taipei National Tax Administration.

(n) Capital and other equity

Except as described below, there was no significant change for capital and other equity of the Group for the three months ended March 31, 2019 and 2018. For related information please refer to note (6) (I) of the consolidated financial statements for the year ended December 31, 2018.

(i) Capital surplus

The balances of capital surplus as of March 31, 2019, December 31, 2018, and March 31, 2018, were as follows:

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>March 31,</u> <u>2018</u>
Additional paid-in capital	\$ 14,115	14,722	14,722
Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u>36,208</u>	<u>37,763</u>	<u>37,763</u>
	<u>\$ 50,323</u>	<u>52,485</u>	<u>52,485</u>

In accordance with the R.O.C. 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% of the actual share capital amount.

(Continued)

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

(ii) Retained Earnings

The Company's articles of incorporation stipulate that 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 to the prior year's un-distribution by the 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 sets cash dividends as priority, which cannot be lower than 10% of the total cash and stock dividends.

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

1) Earnings distribution

The appropriations of earnings for the year of 2018 approved by the Board of Directors on March 18, 2019 was \$48,881 by cash dividends.

The appropriations of earnings for the year of 2017 approved in the shareholders' meeting on June 13, 2018 was \$84,968 by cash dividends.

(iii) Treasury shares

For the three months ended March 31, 2019, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 3,500 shares as treasury shares in order to protect the Company's integrity and shareholders' equity. As of March 31, 2019, all of the treasury stock repurchased had be cancelled.

Movement of treasury share was as follows:

	<b>For the three months ended March 31,</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Share (thousands)</b>	<b>Amount</b>	<b>Share (thousands)</b>	<b>Amount</b>
Balance on January, 1	3,500	\$ 52,027	-	-
Repurchase	3,500	52,512	-	-
Cancellation	(7,000)	(104,539)	-	-
Balance on March, 31	-	\$ -	-	-

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of the retained earnings, paid-in capital in excess of par value, and realized capital surplus.

(Continued)

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

In accordance with the requirements of the Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Earnings per share

For the three months ended March 31, 2019 and 2018, the Company's earnings per share were calculated as follows:

	<b>For the three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>10,450</u>	<u>(33,779)</u>
Weighted-average number of ordinary shares (share in thousands)	<u>164,128</u>	<u>169,935</u>
	<u>\$ 0.06</u>	<u>(0.20)</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>10,450</u>	<u>(33,779)</u>
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	164,128	169,935
Effect of employee stock remuneration (note)	<u>290</u>	<u>-</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>164,418</u>	<u>169,935</u>
	<u>\$ 0.06</u>	<u>(0.20)</u>

Note: There is no diluted effect in the stock remuneration for the three months ended March 31, 2018.

(Continued)

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

## (p) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Primary geographical markets		
Taiwan	\$ 217,645	240,028
China	817,976	574,605
Other	<u>353,836</u>	<u>271,133</u>
	<b><u>\$ 1,389,457</u></b>	<b><u>1,085,766</u></b>
Major products		
Outer casing of computers and servers	\$ 1,096,280	848,491
Components of mobile devices	232,961	195,326
Module revenue	<u>60,216</u>	<u>41,949</u>
	<b><u>\$ 1,389,457</u></b>	<b><u>1,085,766</u></b>

## (ii) Contract balances

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Notes and accounts receivable	\$ 1,665,050	1,975,622	1,336,689
Less: Loss allowance	<u>(2,193)</u>	<u>(2,290)</u>	<u>(22,226)</u>
	<b><u>\$ 1,662,857</u></b>	<b><u>1,973,332</u></b>	<b><u>1,314,463</u></b>
Contract liabilities	<b><u>\$ 2,507</u></b>	<b><u>2,023</u></b>	<b><u>2,316</u></b>

For details on notes and accounts receivable and allowance for uncollectible accounts, please refer to note (6)(b).

The amount of revenue recognized for the three months ended March 31, 2019 and 2018 that were included in the contract liability balance at the beginning of the period were \$142 and \$831, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(Continued)

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

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

The Group's articles of incorporation require that earnings shall first be used to offset against any deficit, and 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's remuneration to employees was \$400; and the remuneration to directors and supervisors was \$250 for the three months ended March 31, 2019. The remuneration equals the estimated sum, multiplied by the percentage of the remuneration to employees, directors and supervisors, as specified in the Company's articles. The estimations are recorded under operating expenses and cost. The differences between the estimated amounts in financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in following year. There were no benefits for the Group in the three months ended March 31, 2018; therefore, there was no employee remuneration estimated for the said period.

The remuneration to employees were \$5,000 and \$8,000 and the remuneration to directors and supervisors were both \$1,500 in 2018 and 2017, respectively. The actual amount and the estimated amount, which was estimated in the financial statement on December 31, 2018, and December 31, 2017, had no difference. Related information would be available at the Market Observation Post System website.

(r) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair values of the Group's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For the related information, please refer to note (6)(p) of the consolidated financial statements for the year ended December 31, 2018.

(i) Receivable securities

For the credit risk information of notes and accounts receivable, please refer to note (6)(b).

Other financial assets at amortized cost include cash and cash equivalents, other financial assets, and guarantee deposits, which are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low risk, please refer to note (4)(g).

(Continued)

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

(ii) 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>March 31, 2019</b>				
Secured loans	\$ 245,000	-	203,000	42,000
Unsecured loans	400,000	330,000	70,000	-
Notes and accounts payable	1,190,582	1,190,582	-	-
Lease liabilities (including current and non-current)	10,008	5,254	2,251	2,503
Other payables (including related parties)	85,486	85,486	-	-
Guarantee deposits	6,423	2,613	-	3,810
	<u>\$ 1,937,499</u>	<u>1,613,935</u>	<u>275,251</u>	<u>48,313</u>
<b>December 31, 2018</b>				
Secured loans	\$ 222,000	10,000	167,000	45,000
Unsecured loans	430,000	360,000	70,000	-
Notes and accounts payable	1,502,298	1,502,298	-	-
Other payables (including related parties)	142,461	142,461	-	-
Guarantee deposits	6,389	2,579	-	3,810
	<u>\$ 2,303,148</u>	<u>2,017,338</u>	<u>237,000</u>	<u>48,810</u>
<b>March 31, 2018</b>				
Secured loans	\$ 133,000	-	60,000	73,000
Unsecured loans	270,000	200,000	70,000	-
Notes and accounts payable	1,074,290	1,074,290	-	-
Other payables (including related parties)	112,760	112,760	-	-
Guarantee deposits	6,127	-	-	6,127
	<u>\$ 1,596,177</u>	<u>1,387,050</u>	<u>130,000</u>	<u>79,127</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at a significantly different amount.

(Continued)

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2019			December 31, 2018			March 31, 2018			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets										
Monetary items										
USD to TWD	\$	23,917	30.820	737,122	34,017	30.715	1,044,832	24,887	29.105	724,336
USD to CNY		25,851	6.7263	796,728	25,305	6.8632	777,243	15,932	6.2881	463,701
CNY to TWD		106,701	4.580	488,691	119,787	4.472	535,687	100,582	4.647	467,405
Financial liabilities										
Monetary items										
USD to TWD		3,700	30.820	114,034	5,931	30.715	182,171	3,887	29.105	113,131
USD to CNY		2,497	6.7263	76,958	3,452	6.8632	106,028	2,903	6.2881	84,492
CNY to TWD		153,118	4.580	701,280	206,723	4.472	924,465	133,273	4.647	619,320

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, accounts receivable, other receivables, accounts payable, and other payables that are denominated in foreign currencies.

A weakening (strengthening) 5% of each major foreign currency against Group entities' functional currency as of March 31, 2019 and 2018, would have affected the net profit before tax as follows:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
USD (against the TWD)		
Strengthening 5%	\$ 31,154	30,560
Weakening 5%	(31,154)	(30,560)
USD (against the CNY)		
Strengthening 5%	35,989	18,960
Weakening 5%	(35,989)	(18,960)
CNY (against the TWD)		
Strengthening 5%	(10,629)	(7,596)
Weakening 5%	10,629	7,596

(Continued)

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

3) Exchange gains and losses of monetary items

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

	For the three months ended March 31,			
	2019		2018	
	Exchange profit (loss)	Average rate	Exchange profit (loss)	Average rate
TWD	\$ (5,158)	-	(16,883)	-
CNY	(3,733)	4.5863	(3,924)	4.617

(iv) Interest rate analysis

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

	Carrying amount	
	March 31, 2019	March 31, 2018
Variable rate instruments:		
Financial assets	\$ 405,533	392,039
Financial liabilities	645,000	403,000

The following sensitivity analysis is based on the risk exposure to the 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 were 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 \$150 and \$7 for the three months ended March 31, 2019 and 2018, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

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

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

		March 31, 2019				
		Book value	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	406,652	-	-	-	-
Notes and accounts receivable, net		1,662,857	-	-	-	-
Other financial assets		5,611	-	-	-	-
Refundable deposits		19,881	-	-	-	-
		<u>\$ 2,095,001</u>				
<b>Financial liabilities measured at amortized cost</b>						
Bank loans	\$	645,000	-	-	-	-
Notes and accounts payables		1,190,582	-	-	-	-
Lease liabilities		10,008	-	-	-	-
Other accounts payable (including related parties)		85,486	-	-	-	-
Guarantee deposit		6,423	-	-	-	-
		<u>\$ 1,937,499</u>				
		December 31, 2018				
		Book value	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	421,014	-	-	-	-
Notes and accounts receivable, net		1,973,332	-	-	-	-
Other financial assets		16,142	-	-	-	-
Refundable deposits		21,020	-	-	-	-
		<u>\$ 2,431,508</u>				
<b>Financial liabilities measured at amortized cost</b>						
Bank loans	\$	652,000	-	-	-	-
Notes and accounts payable		1,502,298	-	-	-	-
Other payables (including related parties)		142,461	-	-	-	-
Guarantee deposits		6,389	-	-	-	-
		<u>\$ 2,303,148</u>				

(Continued)

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

	March 31, 2018				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 393,672	-	-	-	-
Notes and accounts receivable, net	1,314,463	-	-	-	-
Other financial assets	1,664	-	-	-	-
Refundable deposits	<u>18,245</u>	-	-	-	-
	<u><b>\$ 1,728,044</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 403,000	-	-	-	-
Notes and account payables	1,074,290	-	-	-	-
Other payables (including related parties)	112,760	-	-	-	-
Guarantee deposits	<u>6,127</u>	-	-	-	-
	<u><b>\$ 1,596,177</b></u>				

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are 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) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

(Continued)

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

If the Group can frequently acquire the financial instrument's open quotation from either the 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 is not achieved, we define that instrument to have non-active market value. Generally, the significant difference between the bid-ask spread or the trading volume is very small, similar to the index of a non-active market.

Except from the active market, the Group also acquires its financial instrument value from the valuation technique or reference to a rival's quotation. The fair value through the valuation technique refers to other essentially prerequisite and similar financial instruments with current fair value, discount cash flow, and other valuation methods. The financial instruments from the non-active market are evaluated by the 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.

(s) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(q) of the consolidated financial statements for the year ended December 31, 2018.

(t) Capital management

Management believes that the objectives, policies, and processes of the capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2018. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2018. Please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2018 for further details.

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

(u) Investing and financing activities not affecting current cash flow

There were no investing activities which affected the current cash flow of the Group in the three months ended March 31, 2019 and 2018.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2019	Cash flows	Non-cash flows Foreign exchange movement	March 31, 2019
Long-term loans	\$ 282,000	33,000	-	315,000
Short-term loans	370,000	(40,000)	-	330,000
Lease liabilities	11,537	(1,579)	50	10,008
Guarantee deposits	6,389	34	-	6,423
Total liabilities from financing activities	<u>\$ 669,926</u>	<u>(8,545)</u>	<u>50</u>	<u>661,431</u>

	January 1, 2018	Cash flows	Non-cash flows Foreign exchange movement	March 31, 2018
Long-term loans	\$ 210,000	(7,000)	-	203,000
Short-term loans	150,000	50,000	-	200,000
Guarantee deposits	5,732	395	-	6,127
Total liabilities from financing activities	<u>\$ 365,732</u>	<u>43,395</u>	<u>-</u>	<u>409,127</u>

**(7) Related-party transactions**

(a) Names and relationships with related parties

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

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

(Continued)

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

(b) Transaction among other relative parties

(i) Lease

The Group rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them. The rental revenue for the three months ended March 31, 2018 and 2019 both amounted to \$857.

(ii) Equity trading

On March 18, 2019, the Board of Directors decided to acquire 10% of shares of CHENMING ELECTRONIC (NINGBO) CO., LTD., which amounted to \$66,571 (US\$2,160), through a contract signed with CHENMING (H.K.) CORPORATION LIMITED. As of March 31, 2019, transfer procedure had not been completed, nor had the related payment been paid yet.

On June 28, 2017, the Group acquired another 20% of interests of CHENMING (NINGBO) CO., LTD from CHENMING (H.K.) CORPORATION LIMITED which amounted to 127,764 (US\$4,200). As of March 31, 2017, the Group still had remaining balances of \$23,284, which were recognized as other payables-related parties. The payable above had been fully paid as of April, 2018.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	<b>For the three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 2,676	3,135
Post-employment benefits	81	81
	<b>\$ 2,757</b>	<b>3,216</b>

(ii) Guarantee

The main management was the guarantor of the syndication contract, and the amounts of syndication were \$315,000, \$282,000, and \$203,000 as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

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

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

Assets	Subject	March 31, 2019	December 31, 2018	March 31, 2018
PPE and investment properties	Short-term loans and long-term			
– land	loans	\$ 347,804	347,804	347,804
– properties	"	137,998	138,882	141,563
Other financial asset – non-current	Customs deposits	19,066	20,291	15,422
		<u>\$ 504,868</u>	<u>506,977</u>	<u>504,789</u>

**(9) Commitments and contingencies: None.****(10) Losses due to major disasters: None.****(11) Subsequent events: None.****(12) Other**

(a) The summary statement of current period employee benefits, depreciation, and amortization expenses by function were as follows:

By function By item	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	337,878	44,471	382,349	306,572	41,948	348,520
Labor and health insurance	-	1,525	1,525	-	1,454	1,454
Pension	21,170	1,695	22,865	14,269	1,911	16,180
Others	20,347	4,118	24,465	12,821	6,029	18,850
Depreciation	61,776	2,303	64,079	51,147	5,204	56,351
Amortization	186	248	434	246	357	603

The depreciation expense, which subtracts the depreciation expense from investment properties, was \$309 and \$310 for three months ended March 31, 2019 and 2018, respectively, which were recognized in the subtraction of rent revenue.

**(b) Seasonality of operations**

The Group's operations were not affected by seasonality or cyclicity factors.

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**CHENMING MOLD IND. CORP. AND SUBSIDIARIES**  
**Notes to Consolidated 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	Maximum limit of fund financing
													Item	Value		
1	TOP CITY INTERNAT IONAL LIMITED	GERSHWIN INTERNAT IONAL LIMITED	Accounts receivable due from related parties	Yes	184,920	184,920	123,280	3.29850%~3.43613%	Demand for funding	-	Depending on demand for funding	-	-	-	1,931,660 (note 1)	1,931,660 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	"	68,700	68,700	-	5.0025%	"	-	"	-	-	-	99,215 (note 2)	99,215 (note 2)
3	Dongguan Chenming Electronic Co., Ltd	CHENMING ELECTRONIC (NINGBO) CO., LTD	"	"	68,700	68,700	-	5.0025%	"	-	"	-	-	-	77,532 (note 2)	77,532 (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:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in mainland China
		Name	Relationship with the Company										
0	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	72% owned subsidiary	926,062	54,960	54,960	-	-	2.37 %	1,852,124	Y	N	Y

Note: The total amount of endorsement guarantees the Company or the Group is permitted to provide shall not exceed 80% of the Company's net worth; the amount of endorsement guarantees for a entity shall not exceed 40% of the Company's net worth.

(iii) Securities held as of March 31, 2019 (excluding investment in subsidiaries, associates, and joint ventures): None.

(iv) Individual securities acquired or disposed of with an 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.

(Continued)

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

- (vi) Disposal of individual real estate with an amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$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	566,393	98 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(167,755)	(97)%	Note
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(566,393)	73 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	167,755	38 %	"

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	Note
					Amount	Action taken			
Dongguan Chenming Electronic Co., Ltd	The Company	Subsidiaries	167,755	6.92	-	-	167,755	-	The transactions have been eliminated in the consolidated financial statement.

- (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	123,280	Rate 3.29850%-3.43613%	3%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	566,393	The price is based on the fixed ratio of final sales price, and the credit period is dependent on the demand for funding	40%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Accounts receivable	167,755	"	4%

(Continued)

**CHENMING MOLD IND. CORP. AND SUBSIDIARIES**  
**Notes to Consolidated 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 between the subsidiaries and the parent company.
- 2 represents the transactions between subsidiaries.
- 3 represents the transactions from the parent company to its subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2019 (excluding information on investees in mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2019			Net income (losses) of the investment	Investment income (losses)	Note
				March 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	1,930,397	1,930,397	58,648	100 %	1,931,660	(22,895)	(22,895)	Subsidiaries (note)
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,077,506	(28,135)	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company (note)
"	PEAK SHREWD INC	Samoa	Investment	566,220	566,220	16,500	100 %	714,461	4,162	"	"

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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2019	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of March 31, 2019 (note 3)	Accumulated remittance of earnings as of March 31, 2019
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	1,987,890 (USD64,500)	note 1 and 6	508,530 (USD16,500)	-	-	508,530 (USD16,500)	5,780	72 %	4,162	714,353	-
Dongguan Chenming Electronic Co., Ltd	"	893,102 (note 4) (USD28,978) (note 5)	note 1 and 7	767,418 (USD24,900)	-	-	767,418 (USD24,900)	(20,197)	100 %	(20,197)	775,328	-

(Continued)

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

(ii) Limitation on investment in mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2019	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	1,405,392 (USD 45,600)	1,405,392 (USD 45,600)	Unlimited (note 8)

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

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

Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$30.82 as of March 31, 2019; gains and losses were translated into New Taiwan Dollars at the average exchange rate of \$30.8284 for the period.

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

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

Note6: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and PEAK SHREWD INC.

Note7: Investment in Mainland China through TOP CITY INTERNATIONAL LIMITED and GERSHWIN INTERNATIONAL LIMITED.

Note8: 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 components mainly. Operating segment information is constant with the balance sheet report, and for the profit and loss segment refer to income statement, and for the assets segment refer to the balance sheet.