Stock Code:3013

CHENMING MOLD IND. CORP.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the Six Months Ended
June 30, 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. (the "Company") and its subsidiaries (together related to as the "Group") as of June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six months then ended , 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 the Group as of June 30, 2019 and 2018, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months then ended 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), the Group 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)
August 7, 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 June 30, 2019 and 2018

CHENMING MOLD IND. CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2019, December 31, 2018, and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2019		December 31, 2018		June 30, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note (6)(a))	$ 392,334	9	421,014	8	296,447	7
1170	Notes and accounts receivable, net (notes (6)(b) and (p))	1,563,865	34	1,973,332	39	1,586,581	34
1310	Inventories, net (note (6)(c))	999,656	22	1,006,649	20	991,536	21
1476	Other current financial assets	5,200	-	16,142	-	801	-
1479	Other current assets	41,471	1	68,490	1	86,443	2
		3,002,526	66	3,485,627	68	2,961,808	64
	Non-current assets:						
1600	Property, plant, and equipment (notes (6)(e) and (8))	1,043,932	23	1,137,662	22	1,146,740	26
1755	Right-of-use assets (note (6)(f))	251,463	6	-	-	-	-
1760	Investment property, net (notes (6)(g) and (8))	198,255	4	198,873	4	199,491	4
1780	Intangible assets	1,523	-	2,368	-	2,427	-
1840	Deferred income tax assets	1,418	-	1,418	-	13,742	-
1980	Other non-current financial assets (note (8))	20,037	-	21,020	-	24,276	-
1985	Long-term prepaid rents	-	-	247,063	5	254,622	5
1990	Other non-current assets	36,579	1	27,385	1	64,272	1
		1,553,207	34	1,635,789	32	1,705,570	36
	Total assets	$ 4,555,733	100	5,121,416	100	4,667,378	100

		June 30, 2019		December 31, 2018		June 30, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loans (note (6)(h))	$ 318,000	7	370,000	7	327,741	7
2130	Current contract liabilities (note (6)(p))	2,135	-	2,023	-	3,769	-
2170	Notes and accounts payable	1,085,231	24	1,502,298	29	1,206,816	26
2200	Other payables	202,020	5	298,483	6	320,028	8
2216	Dividends payable	48,881	1	-	-	84,968	2
2220	Other payables-related parties (notes (6)(d) and (7))	46,901	1	-	-	-	-
2230	Current tax liabilities	13,597	-	26,350	1	11,331	-
2280	Current lease liabilities (note (6)(j))	4,535	-	-	-	-	-
2300	Other current liabilities	17,860	-	18,659	-	13,626	-
		1,739,160	38	2,217,813	43	1,968,279	43
	Non-current liabilities:						
2540	Long-term loans (note (6)(i))	312,000	7	282,000	6	196,000	4
2570	Deferred income tax liabilities	5,062	-	5,062	-	5,401	-
2580	Non-current lease liabilities (note (6)(j))	3,850	-	-	-	-	-
2645	Guarantee deposits	6,497	-	6,389	-	6,129	-
		327,409	7	293,451	6	207,530	4
	Total liabilities	2,066,569	45	2,511,264	49	2,175,809	47
	Equity attributable to owners of parent:						
3100	Ordinary shares (note (6)(n))	1,629,350	36	1,699,350	33	1,699,350	36
3200	Capital surplus (note (6)(n))	82,967	2	52,485	1	52,485	1
3300	Retained earnings (note (6)(n))	634,002	14	685,887	14	530,865	11
3410	Exchange differences on translation of foreign financial statements	(39,226)	(1)	(45,218)	(1)	(27,128)	-
3500	Treasury shares (note (6)(n))	-	-	(52,027)	(1)	-	-
	Total equity attributable to owners of parent	2,307,093	51	2,340,477	46	2,255,572	48
36XX	Non-controlling interests	182,071	4	269,675	5	235,997	5
	Total equity	2,489,164	55	2,610,152	51	2,491,569	53
	Total liabilities and equity	$ 4,555,733	100	5,121,416	100	4,667,378	100

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

CHENMING MOLD IND. CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2019 and 2018

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

		For the three months ended June 30				For the six months ended June 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (note 6(p))**	$ 1,324,398	100	1,377,232	100	2,713,855	100	2,462,998	100
5000	**Operating costs (notes (6)(c) and (12))**	1,228,068	93	1,356,148	98	2,494,193	92	2,376,311	96
5900	**Gross profit from operations**	96,330	7	21,084	2	219,662	8	86,687	4
6000	**Operating expenses (notes (6)(k), (l) and (12)):**								
6100	Selling expenses	32,222	2	33,123	2	61,895	2	59,709	2
6200	Administrative expenses	46,629	5	44,029	3	92,526	3	95,269	4
6300	Research and development expenses	12,431	1	6,850	-	23,878	1	15,537	1
		91,282	8	84,002	5	178,299	6	170,515	7
6900	**Net operating income**	5,048	(1)	(62,918)	(3)	41,363	2	(83,828)	(3)
7000	**Non-operating income and expenses:**								
7050	Finance costs, net	(2,722)	-	(2,086)	-	(5,423)	-	(3,635)	-
7100	Interest income	612	-	608	-	819	-	900	-
7110	Rent revenue (note (7))	3,597	-	3,773	-	7,429	-	7,458	-
7190	Other income	1,832	-	5,389	-	3,118	-	7,575	-
7230	Foreign exchange gains (losses), net (note (6)(r))	26,432	2	57,122	4	4,153	-	22,122	1
7590	Other expense and losses	(130)	-	(56)	-	(130)	-	(1,409)	-
		29,621	2	64,750	4	9,966	-	33,011	1
7900	**Profit (loss) from continuing operations before tax**	34,669	1	1,832	1	51,329	2	(50,817)	(2)
7950	Less: Income tax expenses (note (6)(m))	9,903	1	10,604	1	14,495	1	1,758	-
	Profit (loss)	24,766	-	(8,772)	-	36,834	1	(52,575)	(2)
8300	**Other comprehensive income:**								
8310	**Components of other comprehensive income that not be reclassified to profit or loss**								
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 (note (6)(m))	-	-	-	-	-	-	27	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	(27)	-
8360	**Components of other comprehensive income (loss) that be reclassified to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	(13,108)	(1)	(9,699)	(1)	10,143	-	5,511	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(13,108)	(1)	(9,699)	(1)	10,143	-	5,511	-
8300	**Other comprehensive income**	(13,108)	(1)	(9,699)	(1)	10,143	-	5,484	-
8500	**Comprehensive income**	$ 11,658	(1)	(18,471)	(1)	46,977	1	(47,091)	(2)
	Profit attributable to:								
8610	Owners of parent	$ 18,923	-	(12,537)	-	29,373	1	(46,316)	(2)
8620	Non-controlling interests	5,843	-	3,765	-	7,461	-	(6,259)	-
		$ 24,766	-	(8,772)	-	36,834	1	(52,575)	(2)
	Comprehensive income attributable to:								
8710	Owners of parent	$ 8,175	-	(19,520)	(1)	35,365	1	(42,375)	(2)
8720	Non-controlling interests	3,483	-	1,049	-	11,612	-	(4,716)	-
		$ 11,658	-	(18,471)	(1)	46,977	1	(47,091)	(2)
	Earnings per share (expressed in NTD) (note (6)(o)):								
9750	Basic earnings per share	$ 0.12		(0.07)		0.18		(0.27)	
9850	Diluted earnings per share	$ 0.12		(0.07)		0.18		(0.27)	

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

CHENMING MOLD IND. CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent										
			Retained earnings				Other components of 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	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2018	$ 1,699,350	52,485	252,196	29,978	380,002	662,176	(31,096)	-	2,382,915	240,713	2,623,628
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	21,291	-	(21,291)	-	-	-	-	-	-
Special reserve	-	-	-	1,118	(1,118)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(84,968)	(84,968)	-	-	(84,968)	-	(84,968)
Profit for the six months ended June 30, 2018	-	-	-	-	(46,316)	(46,316)	-	-	(46,316)	(6,259)	(52,575)
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	(27)	(27)	3,968	-	3,941	1,543	5,484
Comprehensive income for the six months ended June 30, 2018	-	-	-	-	(46,343)	(46,343)	3,968	-	(42,375)	(4,716)	(47,091)
Balance at June 30, 2018	$ 1,699,350	52,485	273,487	31,096	226,282	530,865	(27,128)	-	2,255,572	235,997	2,491,569
Balance at January 1,2019	$ 1,699,350	52,485	273,487	31,096	381,304	685,887	(45,218)	(52,027)	2,340,477	269,675	2,610,152
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	11,005	-	(11,005)	-	-	-	-	-	-
Special reserve	-	-	-	14,123	(14,123)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(48,881)	(48,881)	-	-	(48,881)	-	(48,881)
Profit for the six months ended June 30, 2019	-	-	-	-	29,373	29,373	-	-	29,373	7,461	36,834
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	5,992	-	5,992	4,151	10,143
Comprehensive income for the six months ended June 30, 2019	-	-	-	-	29,373	29,373	5,992	-	35,365	11,612	46,977
Increase in treasury stock	-	-	-	-	-	-	-	(52,512)	(52,512)	-	(52,512)
Decrease in treasury stock	(70,000)	(2,162)	-	-	(32,377)	(32,377)	-	104,539	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	32,644	-	-	-	-	-	-	32,644	-	32,644
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(99,216)	(99,216)
Balance on June 30, 2019	$ 1,629,350	82,967	284,492	45,219	304,291	634,002	(39,226)	-	2,307,093	182,071	2,489,164

(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 Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 51,329	(50,817)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	126,221	118,950
Amortization expense	866	1,208
Expected credit loss / Provision (reversal of provision) for bad debt expense	(819)	234
Interest expense	5,423	3,635
Interest income	(819)	(900)
Loss (gain) from disposal of property, plant, and equipment, net	94	(1,394)
Other	(161)	4,378
Total adjustments to reconcile profit (loss)	130,805	126,111
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	410,267	(122,049)
Decrease (increase) in inventories	6,993	(216,657)
Decrease (increase) in other current assets	27,019	2,452
Decrease (increase) in other financial assets	10,942	12,908
Increase (decrease) in contract liabilities	112	2,938
Increase (decrease) in notes and accounts payable	(417,067)	10,040
Increase (decrease) in other payable and other current liabilities	(82,202)	4,308
Total changes in operating assets and liabilities	(43,936)	(306,060)
Total adjustments	86,869	(179,949)
Cash inflow generated from operations	138,198	(230,766)
Interest received	819	900
Income taxes paid	(27,135)	(26,132)
Net cash flows from operating activities	111,882	(255,998)
Cash flows from (used in) investing activities:		
Acquisition of property, plant, and equipment	(30,640)	(60,533)
Proceeds from disposal of property, plant and equipment	-	4,360
Decrease (increase) in prepayment for business facilities	(14,047)	(34,877)
Decrease (increase) in refundable deposits	983	(5,624)
Net cash flows (used in) investing activities	(43,704)	(96,674)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(52,000)	177,741
Increase in long-term loans	40,000	-
Decrease in long-term loans	(10,000)	(14,000)
Increase (decrease) in guarantee deposits	108	397
Payment of lease liabilities	(3,137)	-
Cost of increase in treasury stock	(52,512)	-
Interest paid	(5,455)	(3,576)
Acquisition of non-controlling interests	(19,671)	(47,616)
Net cash flows from (used in) financing activities	(102,667)	112,946
Effect of exchange rate changes on cash and cash equivalents	5,809	2,286
Net increase (decrease) in cash and cash equivalents	(28,680)	(237,440)
Cash and cash equivalents at beginning of period	421,014	533,887
Cash and cash equivalents at end of period	$ **392,334**	**296,447**

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 June 30, 2019 and 2018

CHENMING MOLD IND. CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 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 six months ended June 30, 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 six months ended June 30, 2019 and 2018 were authorized for issuance by the Board of Directors on August 7, 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.

New, Revised, or Amended Standards and Interpretations	Effective date per IASB
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 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.

(Continued)

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

- 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.
- 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:

	January 1, 2019
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)	$ **11,537**

(Continued)

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

(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.

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 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, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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

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

(Continued)

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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(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.

(b) Basis of consolidation

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

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**June 30, 2019**	**December 31, 2018**	**June 30, 2018**	**Description**
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	82 %	72 %	72 %	Note

Note: The Company acquired 10% interest of CHENMING ELECTRONIC (NINBO) CO., LTD in April 2019, resulting in its ratio of shareholding to increase from 72% to 82%.

(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.

(ii) As a leasee

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;

(Continued)

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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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.

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 leasor

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.

(Continued)

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.

(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

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	$ 837	1,104	697
Checking accounts and demand deposits	391,497	419,910	295,750
	$ 392,334	421,014	296,447

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.

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

(b) Notes and accounts receivable

	June 30, 2019	December 31, 2018	June 30, 2018
Notes and accounts receivable	$ 1,565,355	1,975,622	1,608,496
Less: Loss allowance	(1,490)	(2,290)	(21,915)
Total	$ 1,563,865	1,973,332	1,586,581
Notes and accounts receivable, net	$ 1,563,865	1,973,332	1,586,581

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:

	June 30, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 1,552,768	0.05%	774
1 to 30 days past due	5,754	0.50%	29
31 to 150 days past due	2,646	6.50%	172
151 to 360 days past due	4,187	12.30%	515
	$ 1,565,355		1,490

	December 31, 2018		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 1,947,758	0.03%	677
1 to 30 days past due	20,140	0.28%	57
31 to 150 days past due	5,573	1.96%	109
151 to 360 days past due	2,151	67.27%	1,447
	$ 1,975,622		2,290

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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	June 30, 2018		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	$ 1,551,027	0.04%	675
1 to 30 days past due	28,708	0.18%	51
31 to 150 days past due	6,210	2.53%	157
151 to 360 days past due	1,882	19.30%	363
More than 360 days past due	20,669	100%	20,669
	$ 1,608,496		21,915

The movement in the allowance for notes and accounts receivable was as follows:

	For the six months ended June 30,	
	2019	2018
Balance on January 1, 2019 and 2018	$ 2,290	21,678
Impairment losses recognized	-	234
Impairment losses reversed	(819)	-
Foreign exchange gains / (losses)	19	3
Balance on June 30, 2019 and 2018	$ 1,490	21,915

As of June 30, 2019, December 31, 2018, and June 30, 2018, the Group did not pledge any receivables as collateral.

(c) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	$ 222,855	271,178	385,662
Work in progress	329,700	320,424	283,770
Finished goods and merchandise inventories	447,101	415,047	322,104
	$ 999,656	1,006,649	991,536

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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The Group's composition details of operating cost for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Cost of goods sold	$ 1,191,829	1,330,021	2,435,475	2,332,078
Revenue from sale of scraps	(10,981)	(14,320)	(25,241)	(22,625)
Inventories valuation and obsolescence losses (reversed)	8,474	(5,615)	12,165	(4,279)
Loss on scrapping of inventories	38,755	46,004	71,803	71,079
Shortage (overage) of inventories	(9)	58	(9)	58
	$ 1,228,068	1,356,148	2,494,193	2,376,311

The Company write-down of the inventories to net realizable value amounted to $8,474 and $12,165 for the three months and six months ended June 30, 2019, respectively. The write-downs are included in cost of goods sold.

The Company reversed its allowance for inventories valuation loss amounting to $5,615 and $4,279 due to the reversal of its net realizable value of inventories during the three months and six months ended June 30, 2018, respectively.

As of June 30, 2019, December 31, 2018, and June 30, 2018, the Group did not pledge any inventories as collateral.

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

Considering its future development strategy, the Company decided on March 18, 2019 to purchase 10% shares of CHENMING ELECTRONIC (NINGBO) CO., LTD amounting to $66,572 (US$2,160) from CHENMING (H.K.) CORPORATION LIMITED, through its subsidiary "PEAK SHREWD INC.",a fully owned subsidiary of the Group. The contract was signed on March 2019, and the related transfer procedures had been completed in April 2019. The Group further increased its shares in CHENMING ELECTRONIC (NINGBO) CO., LTD from 72% to 82%. As of June 30, 2019, the Group still has the remaining balance of $46,901, which was recognized as other payable-related parties.

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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(e) Property, plant, and equipment

The cost and accumulated depreciation of the property, plant, and equipment of the Group for the six months ended June 30, 2019 and 2018 were as follows:

	Land	Property	Machinery and equipment	Office equipment and others	Total
Cost:					
Balance on January 1, 2019	$ 210,897	783,604	534,195	121,264	1,649,960
Additions	-	-	13,694	1,918	15,612
Disposal	-	-	(499)	(1,587)	(2,086)
Reclassifications	-	-	4,957	-	4,957
Effect of changes in exchange rates	-	2,094	1,622	91	3,807
Balance on June 30, 2019	$ 210,897	785,698	553,969	121,686	1,672,250
Balance on January 1, 2018	$ 210,897	785,401	453,851	136,815	1,586,964
Additions	-	-	106,872	8,582	115,454
Disposal	-	(2,962)	(35,305)	(18,135)	(56,402)
Reclassifications	-	-	20,630	-	20,630
Effect of changes in exchange rates	-	1,196	712	26	1,934
Balance on June 30, 2018	$ 210,897	783,635	546,760	127,288	1,668,580
Depreciation:					
Balance on January 1, 2019	$ -	227,436	213,198	71,664	512,298
Depreciation of the period	-	17,555	81,605	18,252	117,412
Disposal	-	-	(405)	(1,587)	(1,992)
Effect of changes in exchange rates	-	313	261	26	600
Balance on June 30, 2019	$ -	245,304	294,659	88,355	628,318
Balance on January 1, 2018	$ -	190,910	199,111	68,415	458,436
Depreciation of the period	-	17,671	82,317	18,342	118,330
Disposal	-	(2,961)	(34,034)	(17,997)	(54,992)
Effect of changes in exchange rates	-	55	10	1	66
Balance on June 30, 2018	$ -	205,675	247,404	68,761	521,840
Book value:					
Balance on January 1, 2019	$ 210,897	556,168	320,997	49,600	1,137,662
Balance on June 30, 2019	$ 210,897	540,394	259,310	33,331	1,043,932
Balance on June 30, 2018	$ 210,897	577,960	299,356	58,527	1,146,740

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 June 30, 2019, December 31, 2018, and June 30, 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.

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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(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:

		Land	Buildings	Transportation	others	Total
Cost:						
Balance on January 1, 2019	$	-	-	-	-	-
Effects of retrospective application		247,063	2,036	7,742	1,759	258,600
Write-off		-	(48)	-	-	(48)
Effect of changes in exchange rates		1,047	22	-	-	1,069
Balance on June 30, 2019	$	248,110	2,010	7,742	1,759	259,621
Accumulated depreciation and impairment losses:						
Balance on January 1, 2019	$	-	-	-	-	-
Depreciation of the period		4,964	1,121	1,750	356	8,191
Effect of changes in exchange rates		(21)	(12)	-	-	(33)
Balance on June 30, 2019	$	4,943	1,109	1,750	356	8,158
Book value:						
Balance on June 30, 2019	$	243,167	901	5,992	1,403	251,463

The Group leases rights-of-use of land, transportation, and warehouses under an operating lease for the six months ended June 30, 2018, please refer to note (6)(k).

(g) Investment property

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

		Land	Properties	Total
Book value:				
Balance on January 1, 2019	$	152,640	46,233	198,873
Balance on June 30, 2019	$	152,640	45,615	198,255
Balance on June 30, 2018	$	152,640	46,851	199,491

There were no material addition, disposal, impairment, or reversal situation of investment properties for the six months ended June 30, 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 June 30, 2019, December 31, 2018, and June 30, 2018.

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(h) Short-term loans

The short-term loans were summarized as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Credit loans	$ 318,000	360,000	270,000
Secured loans	-	10,000	57,741
	$ 318,000	370,000	327,741
Unused credit line for short-term loans	$ 717,744	485,156	566,168
Annual interest rates (Taiwan)	1.0%~1.3%	1.0%~1.5%	1.0%~1.4%
Annual interest rates (Mainland China)	-	-	2.0%~3.1%

(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 June 30, 2019, December 31, 2018, and June 30, 2018. The above-mentioned collaterals were not subject to any change for the six months ended June 30, 2019. Please refer to note (8) for details.

(i) Long-term loans

The long-term loans were summarized as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Secured bank loans	$ 242,000	212,000	126,000
Unsecured bank loans	70,000	70,000	70,000
Less: Current portion	-	-	-
Total	$ 312,000	282,000	196,000
Unused long-term credit lines	$ 130,000	170,000	260,000
Range of interest rate	1.0%~1.5%	1.0%~1.5%	1.0%~1.5%

(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.

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(j) Lease liabilities

	June 30, 2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	$ 4,810	275	4,535
Between 1 and 5 years	4,095	245	3,850
	$ 8,905	520	8,385
Current	$ 4,810	275	4,535
Non-current	$ 4,095	245	3,850

There was no significant change except repayment of principal for the six months ended June 30, 2019.

The amounts recognized in profit or loss were as follows:

	For the six months ended June 30, 2019
Interest on lease liabilities	$ 232
Variable lease payments not included in the measurement of lease liabilities	$ 709
Expenses relating to short-term leases	$ 246
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 14

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

	For the six months ended June 30, 2019
Total cash outflow for leases	$ 4,338

(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.

CHENMING MOLD IND. CORP. AND SUBSIDIARIES
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(k) Operating lease

There were no significant changes in operating lease for the six month ended June 30, 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:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Operating expense	$ (80)	(138)	(161)	(217)

(ii) Defined contribution plans

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

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Operating expense	$ 912	886	1,830	1,747

(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:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Cost of sales	$ 14,862	19,926	36,032	34,195
Operating expense	503	262	1,361	1,391
	$ 15,365	20,188	37,393	35,586

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(m) Income taxes

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

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Current tax expense (income)	$ 9,903	10,604	14,495	1,758

(ii) The amount of income tax recognized directly in other comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Remeasurement from defined benefit plans	$ -	-	-	(27)

(iii) The Company's tax returns for the years through 2017 were assessed by the Taipei National Tax Administration, except for the year of 2016.

(n) Capital and other equity

Except as described below, there was no significant change for capital and other equity of the Group for the six months ended June 30, 2019 and 2018. For related information please refer to note (6) (l) of the consolidated financial statements for the year ended December 31, 2018.

(i) Capital surplus

The balances of capital surplus as of June 30, 2019, December 31, 2018, and June 30, 2018, were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Additional paid-in capital	$ 14,115	14,722	14,722
Difference between consideration and carrying amount of subsidiaries acquired or disposed	68,852	37,763	37,763
	$ 82,967	52,485	52,485

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.

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(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 in the shareholders' meeting on June 14, 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 six month ended June 30, 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 June 30, 2019, all of the treasury stock repurchased had be cancelled.

Movement of treasury share was as follows:

	For the six months ended June 30,			
	2019		2018	
	Share (thousands)	Amount	Share (thousands)	Amount
Balance on January, 1	3,500	$ 52,027	-	-
Repurchase	3,500	52,512	-	-
Cancellation	(7,000)	(104,539)	-	-
Balance on June, 30	-	$ -	-	-

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.

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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 June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the Company's earnings per share were calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	$ 18,923	(12,537)	29,373	(46,316)
Weighted-average number of ordinary shares (share in thousands)	162,935	169,935	163,783	169,935
	$ 0.12	(0.07)	0.18	(0.27)
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjusted the influence of potential ordinary shares)	$ 18,923	(12,537)	29,373	(46,316)
Weighted-average number of ordinary shares with potential influence of ordinary shares				
Weighted-average number of ordinary shares	162,935	169,935	163,783	169,935
Effect of employee stock remuneration (share in thousands) (note)	53	-	213	-
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	162,988	169,935	163,996	169,935
	$ 0.12	(0.07)	0.18	(0.27)

Note: There is no diluted effect in the stock remuneration for the six months ended June 30, 2018.

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Primary geographical markets				
Taiwan	$ 238,821	311,609	456,466	551,637
China	739,109	805,296	1,557,085	1,379,901
Other	346,468	260,327	700,304	531,460
	$ 1,324,398	1,377,232	2,713,855	2,462,998
Major products				
Outer casing of computers and servers	$ 1,074,817	964,891	2,171,097	1,813,382
Components of mobile devices	203,425	312,531	436,386	507,857
Module revenue	46,156	99,810	106,372	141,759
	$ 1,324,398	1,377,232	2,713,855	2,462,998

(ii) Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018
Notes and accounts receivable	$ 1,565,355	1,975,622	1,608,496
Less: Loss allowance	(1,490)	(2,290)	(21,915)
	$ 1,563,865	1,973,332	1,586,581
Contract liabilities	$ 2,135	2,023	3,769

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 six months ended June 30, 2019 and 2018 that were included in the contract liability balance at the beginning of the period were $634 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.

(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 $800 and $1,200; and the remuneration to directors and supervisors was $250 and $500 for the three months and six months ended June 30, 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 six months ended June 30, 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) of the consolidated financial statements for the year ended December 31, 2018.

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(ii) Liquidity Risk

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

	Amount	Within a year	1 ~ 2 years	Over 2 years
June 30, 2019				
Secured loans	$ 242,000	-	203,000	39,000
Unsecured loans	388,000	318,000	70,000	-
Notes and accounts payable	1,085,231	1,085,231	-	-
Lease liabilities (including current and non-current)	8,385	4,535	1,690	2,160
Other payables (including related parties) and dividends payable	207,774	207,774	-	-
Guarantee deposits	6,497	3,047	-	3,450
	$ 1,937,887	1,618,587	274,690	44,610
December 31, 2018				
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
	$ 2,303,148	2,017,338	237,000	48,810
June 30, 2018				
Secured loans	$ 183,741	57,741	60,000	66,000
Unsecured loans	340,000	270,000	70,000	-
Notes and accounts payable	1,206,816	1,206,816	-	-
Other payables (including related parties) and dividends payable	265,313	265,313	-	-
Guarantee deposits	6,129	-	-	6,129
	$ 2,001,999	1,799,870	130,000	72,129

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2019			December 31, 2018			June 30, 2018		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	$ 22,779	31.060	707,516	34,017	30.715	1,044,832	23,758	30.460	723,669
USD to CNY	22,420	6.8747	758,485	25,305	6.8632	777,243	20,500	6.6166	624,430
CNY to TWD	96,441	4.521	436,010	119,787	4.472	535,687	109,038	4.593	500,812
Financial liabilities									
Monetary items									
USD to TWD	6,618	31.060	205,555	5,931	30.715	182,171	4,472	30.460	136,217
USD to CNY	2,773	6.8747	86,129	3,452	6.8632	106,028	3,758	6.6166	114,469
CNY to TWD	120,566	4.521	545,079	206,723	4.472	924,465	165,821	4.593	761,616

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 June 30, 2019 and 2018, would have affected the net profit before tax as follows:

	June 30, 2019	June 30, 2018
USD (against the TWD)		
Strengthening 5%	$ 25,098	29,373
Weakening 5%	(25,098)	(29,373)
USD (against the CNY)		
Strengthening 5%	33,618	25,498
Weakening 5%	(33,618)	(25,498)
CNY (against the TWD)		
Strengthening 5%	(5,453)	(13,040)
Weakening 5%	5,453	13,040

3) Exchange gains and losses of monetary items

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

	For the six months ended June 30,			
	2019		2018	
	Exchange profit (loss)	Average rate	Exchange profit (loss)	Average rate
TWD	$ 4,308	-	18,301	-
CNY	(34)	4.5698	823	4.6427

(iv) Interest rate analysis

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

	Carrying amount	
	June 30, 2019	June 30, 2018
Variable rate instruments:		
Financial assets	$ 392,126	295,750
Financial liabilities	630,000	523,741

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 $297 and $285 for the six months ended June 30, 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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	June 30, 2019				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 392,334	-	-	-	-
Notes and accounts receivable, net	1,563,865	-	-	-	-
Other financial assets	5,200	-	-	-	-
Refundable deposits	20,037	-	-	-	-
	$ 1,981,436				
Financial liabilities measured at amortized cost					
Bank loans	$ 630,000	-	-	-	-
Notes and accounts payables	1,085,231	-	-	-	-
Lease liabilities	8,385	-	-	-	-
Other accounts payable (including related parties) and dividends payable	207,774	-	-	-	-
Guarantee deposit	6,497	-	-	-	-
	$ 1,937,887				

	December 31, 2018				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 421,014	-	-	-	-
Notes and accounts receivable, net	1,973,332	-	-	-	-
Other financial assets	16,142	-	-	-	-
Refundable deposits	21,020	-	-	-	-
	$ 2,431,508				
Financial liabilities measured at amortized cost					
Bank loans	$ 652,000	-	-	-	-
Notes and accounts payable	1,502,298	-	-	-	-
Other payables (including related parties)	142,461	-	-	-	-
Guarantee deposits	6,389	-	-	-	-
	$ 2,303,148				

(Continued)

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	June 30, 2018				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 296,447	-	-	-	-
Notes and accounts receivable, net	1,586,581	-	-	-	-
Other financial assets	801	-	-	-	-
Refundable deposits	24,276	-	-	-	-
	$ 1,908,105				
Financial liabilities measured at amortized cost					
Bank loans	$ 523,741	-	-	-	-
Notes and account payables	1,206,816	-	-	-	-
Other payables (including related parties) and dividends payable	265,313	-	-	-	-
Guarantee deposits	6,129	-	-	-	-
	$ 2,001,999				

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.

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.

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

The Group' s investing and financing activities which did not affect the current cash flow were recogized as right-of-use assets obtained through lease for the six months ended June 30, 2019. Please refer to note (6)(f). There were no investing activities which affected the current cash flow for the six months ended June 30, 2018.

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Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2019	Cash flows	Non-cash flows: Foreign exchange movement	June 30, 2019
Long-term loans	$ 282,000	30,000	-	312,000
Short-term loans	370,000	(52,000)	-	318,000
Lease liabilities	11,537	(3,185)	33	8,385
Guarantee deposits	6,389	108	-	6,497
Total liabilities from financing activities	$ 669,926	(25,077)	33	644,882

	January 1, 2018	Cash flows	Non-cash flows: Foreign exchange movement	June 30, 2018
Long-term loans	$ 210,000	(14,000)	-	196,000
Short-term loans	150,000	177,741	-	327,741
Guarantee deposits	5,732	397	-	6,129
Total liabilities from financing activities	$ 365,732	164,138	-	529,870

(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.

Name of related parties	Relationship with the Group
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) 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 June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 amounted to $629, $857, $1,486 and $1,714, respectively.

(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, and the related transfer procedures had been completed in April, 2019. As of June 30, 2019, the Group still had remaining balances of $46,901, which were recognized as other payables-related parties. Please refer to note (6)(d) for related information.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Short-term employee benefits	$ 3,064	2,543	5,740	5,678
Post-employment benefits	124	81	205	162
	$ **3,188**	**2,624**	**5,945**	**5,840**

(ii) Guarantee

The main management was the guarantor of the syndication contract, and the amounts of syndication were $312,000, $282,000, and $196,000 as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Assets	**Subject**	**June 30, 2019**	**December 31, 2018**	**June 30, 2018**
PPE and investment properties —land	Short-term loans and long-term loans	$ 347,804	347,804	347,804
—properties	〃	137,095	138,882	299,894
Land tenure	〃	-	-	100,052
Other financial asset—non-current	Customs deposits	19,290	20,291	21,484
		$ 504,189	506,977	769,234

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(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 June 30, 2019			Three months ended June 30, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	297,401	48,440	345,841	380,124	34,664	414,788
Labor and health insurance	-	1,511	1,511	-	1,459	1,459
Pension	14,862	1,335	16,197	19,926	1,010	20,936
Others	15,141	4,796	19,937	14,704	6,556	21,260
Depreciation	59,247	2,277	61,524	59,961	2,018	61,979
Amortization	185	247	432	248	357	605

By function / By item	Six months ended June 30, 2019			Six months ended June 30, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	635,279	92,911	728,190	686,696	76,612	763,308
Labor and health insurance	-	3,036	3,036	-	2,913	2,913
Pension	36,032	3,030	39,062	34,195	2,921	37,116
Others	35,488	8,914	44,402	27,525	12,585	40,110
Depreciation	121,023	4,580	125,603	114,246	4,084	118,330
Amortization	371	495	866	494	714	1,208

The depreciation expense, which subtracts the depreciation expense from investment properties, was $309, $310, $618 and $620 for three months ended June 30, 2019 and 2018 and for six months ended June 30, 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 cyclicality factors.

(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:

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(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 Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
1	TOP CITY INTERNATION LIMITED	GERSHWIN INTERNATIONAL LIMITED	Accounts receivable due from related parties	Yes	186,360	186,360	124,240	3.20250%~ 3.43613%	Demand for funding	-	Depending on demand for funding	-	-	-	2,020,119 (note 1)	2,020,119 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO.,LTD	Dongguan Chenming Electronic Co,. Ltd	〃	〃	67,815	67,815	31,647	5.0025%	〃	-	〃	-	-	-	101,151 (note 2)	101,151 (note 2)
3	Dongguan Chenming Electronic Co,. Ltd	CHENMING ELECTRONIC (NINGBO) CO.,LTD	〃	〃	67,815	67,815	-	5.0025%	〃	-	〃	-	-	-	80,290 (note 2)	80,290 (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: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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
0	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	82% owned subsidiary	922,837	54,252	54,252	-	-	2.35 %	1,845,674	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 June 30, 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.

(vi) Disposal of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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(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)

			Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		
Company Name	Counter party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	Note
The Company	Dongguan Chenming Electronic Co,. Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	1,174,648	99 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	(229,789)	(98)%	Note
Dongguan Chenming Electronic Co,. Ltd	The Company	Ultimate holding company	(Sale)	(1,174,648)	71 %	Depending on the demand for funding	Depending on price contract	Depending on the demand for funding	229,789	42 %	〃

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 (Note)	Allowance for bad debts	Note
					Amount	Action taken			
Dongguan Chenming Electronic Co,. Ltd	The Company	Subsidiaries	229,789	6.56	-	-	143,792	-	The transactions have been eliminated in the consolidated financial statement.

Note: The recovered amounts of July 19, 2019.

(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	124,240	Rate 3.20250%~3.43613%	3%
2	Dongguan Chenming Electronic Co,. Ltd	The Company	1	Sales	1,174,648	The price is based on the fixed ratio of final sales price, and the credit period is dependent on the demand for funding	43%
2	Dongguan Chenming Electronic Co,. Ltd	The Company	1	Accounts receivable	229,789	〃	5%

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.

(Continued)

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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2019			Net income (losses) of the investment	Investment income (losses)	Note
				June 30, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	1,983,130	1,930,397	59,298	100 %	2,020,119	23,580	23,580	Subsidiaries (note)
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,096,659	(8,982)	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company (note)
〃	PEAK SHREWD INC	Samoa	Investment	618,953	566,220	17,150	100 %	782,651	30,368	〃	〃

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 June 30, 2019	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of June 30, 2019 (note 3)	Accumulated remittance of earnings as of June 30, 2019
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	2,003,370 (USD64,500)	note1 and 6	512,490 (USD16,500)	20,189 (USD650)	-	532,679 (USD17,150)	30,776	82 %	30,776	829,435	-
Dongguan Chenming Electronic Co,. Ltd	〃	900,057 (USD28,978) (note 4 and 5)	note 1 and 7	773,394 (USD24,900)	-	-	773,394 (USD24,900)	7,374	100 %	7,374	802,899	-

(Continued)

(ii) Limitation on investment in mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 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	1,436,525 (USD 46,250)	1,436,525 (USD 46,250)	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 $31.06 as of June 30, 2019; gains and losses were translated into New Taiwan Dollars at the average exchange rate of $30.9827 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.