

Stock code : 3013

uneec[®] CHENMING
ELECTRONIC TECH. CORP.

2024 Annual General Meeting

**Meeting Agenda
Handbook**

How to hold : Physical meeting

Date of meeting: June 14, 2024

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd.,
Zhongshan Dist., Taipei City, Taiwan)

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Chenming Electronic Technology Corporation
2024 Annual General Meeting Agenda

Time of meeting: 9:00 a.m, June 14, 2024

Location: Grand Victoria Hotel (No.168, Jingye 4th Rd., Zhongshan Dist.,
Taipei City, Taiwan)

One. Announcement of the Commencement of the Meeting.

Two. The Chairperson's Remarks

Three. Reporting Matters:

I. 2023 Business Report

II. Audit Committee's review on 2023 financial statements

III. Report on issuance of the domestic 3rd secured convertible corporate
bonds in 2023

IV. Distribution of Remuneration to Employees and Directors

Four. Recognition Matters:

I. 2023 business report and financial statements.

II. 2023 earnings distribution proposal

V. Extemporaneous motions

VI. Meeting Adjourned.

One. Announcement of the Commencement of the Meeting

Two. The Chairperson's Remarks

Three. Reporting Matters

Reporting Matter I (Proposed by the Board of Directors)

Subject: 2023 Business Report is submitted for review.

Explanation: Please refer to Attachment I for the Business Report (Page 5)

Reporting Matter II (Proposed by the Board of Directors)

Subject: Audit Committee's review report on the 2023 financial statements is presented for review.

Explanation: Please refer to Attachment II for Audit Committee's Review Report (Page 7).

Reporting Matter III (Proposed by the Board of Directors)

Subject: The report on issuance of the domestic 3rd secured convertible corporate bonds in 2023 is presented for review.

Explanation:

- I. The Company issued 4,000 3rd domestic secured convertible bonds at a par value of NT\$100,000 at 112.30% of the par value. The total amount issued was NT\$449,190,000 at a coupon rate of 0%, already listed on the Taipei Exchange (stock code: 30133) on November 16, 2023, for the term of 3 years and expired on November 16, 2026.
- II. The funds raised from the conversion of corporate bonds will be used to repay the bank loans.
- III. As of the book closure date at the shareholders' meeting, there were 2,671 outstanding convertible bonds after conversion by the bondholders.
- IV. For the issuance of the domestic 3rd secured convertible corporate bonds, please refer to Attachment IV (Page 23).

Reporting Matter IV (Proposed by the Board of Directors)

Subject: The proposal for distribution of remuneration to employees and directors is presented for review.

Explanation:

- I. Pursuant to the Company's Articles of Incorporation, if Company records a profit in a year, an amount not less than 2% shall be appropriated as remuneration to employees and an amount no more than 2% shall be appropriated as remuneration to directors.
- II. Pursuant to the preceding provision, the Company will appropriate NT\$7 million as remuneration to employees and NT\$1.5 million as remuneration to directors, and both will be distributed in cash. There is no difference between the actual amount paid and the estimated amount.

Four. Recognition Matters

Recognition Matter I: (Proposed by the Board of Directors)

Subject: The 2023 business report and financial statements

- Explanation:
- I. The Company has completed preparation of parent company only and consolidated financial statements for 2023, and engaged Michelle Wang, CPA and Yvette Chien, CPA of KPMG Taiwan to perform audit and certify the same, and issue independent auditor's report therefor.
 - II. For the statements referred to in the preceding paragraph, please refer to Attachment I and Attachment III of the Handbook for details (Page 5 and Page 7, Page 8 and Page 22).
 - III. This motion has been reviewed by the Audit Committee and approved by the board of directors, and is hereby presented for recognition during shareholders' regular meeting.
 - IV. Please kindly recognize.

Resolution:

Recognition Matter II: (Proposed by the Board of Directors)

Subject: 2023 earnings distribution proposal

- Explanation:
- I. In Year 2023, the Company's closing balance of undistributed earnings was NT\$361,913,346, plus the net profit after tax, NT\$253,143,952, and offsets of 10% legal reserve, NT\$25,314,395, and special reserve, NT\$21,135,883, in accordance with relevant laws and the Articles of Incorporation, the remaining distributable earnings was NT\$568,607,021. The dividend amounting NT\$78,374,008 is therefore proposed. Please refer to the earnings distribution plan for details.
 - II. It is proposed to authorize the Board of Directors to set the ex-dividend date and handle other matter accordingly once the cash dividend amounting to NT\$78,374,008 is resolved at the shareholders' meeting. The dividend shall be distributed pro rata based on the shareholding shown in the roster of shareholders on the ex-dividend date. A cash dividend of NT\$0.4 per share will be distributed, and the total cash dividends for a shareholder is rounded down to the nearest whole number. The fractional balance of dividends less than NT\$ 1 will be summed up and recognized as other income of the Company.
 - III. In the event that the distribution ratio mentioned in preceding paragraph is subject to an adjustment due to any subsequent changes to the number of outstanding shares caused by conditions such as changes of laws, adjustments made by the competent authorities, conversion of corporate bonds to shares, or shares repurchase by the Company, the Board of Directors is proposed to authorize the Chairman to make such an adjustment.
 - IV. This motion has been reviewed by the Audit Committee and approved by the Board of Directors, and is hereby presented for recognition during the annual general meeting.
 - V. Please kindly recognize.

Resolution:

Chenming Electronic Technology Corporation
2023 Earnings Distribution Plan

Unit: NT\$

Item	Amount
Beginning retained earnings	361,913,346
Add: Net profit after tax for current period	253,143,952
Less: Legal reserve	(25,314,395)
Less: provision for special reserve	(21,135,882)
Distributable earnings	568,607,021
Items of distribution	
Dividend to shareholders – Cash dividend	(78,374,008)
Ending unappropriated earnings	490,233,013

Note: 1. The 2023 earnings will be distributed first.

2. The cash dividend NT\$0.4 per share was calculated based on the number of outstanding shares, totaling 195,935,018 shares on March 5, 2024.

Chairman: Lin Mu-Ho

General Manager: Lo Chih-Chi

Chief Accountant: Chuang Chia-Ying

Five. Extemporary motions

Six. Adjourned

Chenming Electronic Technology Corporation 2023 Business Report

Recalling 2023, due to the violent lift rate by the United States and the slowdown in demand, the global GDP growth became sluggish. Notwithstanding, driven by the AI industry, the server industry became booming and thereby led the related industry's supply chain to move toward new opportunities. Today we are gathering together in the first year when AI starts to take off. Benefiting from the AI development, the Company's layout and technology have a new outlook again. The Company invested in establishment of Zhongli Plant in Taiwan established in 2021, which has started operation this year. Further, the Company also increased investment in the construction of the Thailand plant, which is expected to be put into operation in 2025. It will inject new momentum into the Group and make substantial to the operating revenue. In terms of new product technology, the Company has not only entered the fields of heat dissipation and power supplies to meet customer needs, but also in line with the customer's timeliness in the development of water-cooling and submersible liquid-cooling solutions for servers. It is believed that the rising demand for AI servers should remain a bright spot next year. In the future, Chenming will continue observing market trends while adopting automated production and smart process management solutions to further improve production efficiency, product quality, and overall competitiveness. In light of emerging trends such as AI, 5G, IoT, and cloud-based services, Chenming will be undergoing aggressive digital transformation as a means to increase revenues, asset size, and profits in shareholders' favor. The following is a report of the Company's 2023 business performance and outlooks for 2024:

Business performance and R&D outcome for 2023

The 2023 consolidated operating revenue, net was NT\$6,461,562 thousand. The 2023 net profit was NT\$253,144 thousand, with EPS of NT\$1.29, growing by 10.26% from that of NT\$1.17 in the previous year. The Company will uphold the ethical management policy to expand its business actively and ensure the ongoing business growth in the intensive industrial competition.

R&D outcomes

- (1) Complete the new ID design and moldmaking for Gaming PC.
- (2) Complete CLONE 2U Server moldmaking.
- (3) Complete the design of DC-MHS 2U Server .
- (4) Complete the development of 4U standardized immersion cooling equipment.
- (5) Complete the development of 7&7.5KW immersion cooling air-cooling coolant circulation system.

- (6) Complete phased development of HAP (hydroxyapatite; an artificial bone material).
- (7) Complete immersion cooling and self-developed heat transfer and heat dissipation testing and verification.

2024 business outlook and R&D plans

As AI, IoT, and cloud server industries mature, Chenming will apply its strong advantages in terms of resource integration and distribution network to explore further success in fields such as cloud server and data center, AI, IoT, and 5G. The Company will also take the initiative to adopt Industry 4.0 and smart production, using automated equipment and physical as well as virtual platforms to assist in the creation of highly efficient logistics and management systems for more rapid service delivery and cost saving. By incorporating smart manufacturing and new technologies, the Company strives to ensure the sustainability of its growth.

R&D plan

- (1) Development of 2U MGX Server design.
- (2) Continued development of standardized immersion cooling equipment.
- (3) Development of liquid-cooling cabinets/energy-saving cabinets.
- (4) Development of EV chargers/energy storage systems/outdoor units etc.
- (5) Development of new 4U standard product server.
- (6) Continued development of testing, validation, and cooling solutions for various heat transfer and heat dissipation methods.

Given the world-wide adoption of new technologies such as smart manufacturing, smart factory, IoT, AI, big data, cloud computing, cybersecurity, and 5G, production and sale of consumer electronic parts and IT products still exhibit immense potentials in the future. The Company will keep aiming at intelligence, innovation, technological application, industrial evolution and cloud computing to upgrade its competitiveness and control the market opportunity.

By continuously improving the R&D, technology, quality and design ability to satisfy the trend for diversified products, sustain the steady and positive development for any competition from the industry in the future. We will endeavor for the sound corporate governance, implementation of corporate social responsibility and enhancement of shareholders' interests as a return of shareholders' supports and expectation.

Chairman: Lin Mu-Ho General Manager: Lo Chih-Chi Chief Accountant: Chuang Chia-Ying

Chenming Electronic Technology Corporation

Audit Committee's Review Report

We have reviewed the Company's 2023 business report, financial statements, and earnings distribution proposal prepared by the Board of Directors. The financial statements have been audited by CPA Michelle Wang and CPA Yvette Chien of KPMG Taiwan, to which the firm issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements, or earnings distribution, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For:

2024 Annual General Meeting

Audit Committee convener: Chen Chien-Chun

March 13, 2024

Attachments III

Independent Auditors' Report

To the Board of Directors of CHENMING ELECTRONIC TECHNOLOGY CORP.:

Opinion

We have audited the consolidated financial statements of CHENMING ELECTRONIC TECHNOLOGY CORP. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Please refer to Notes 4(n) “Revenue Recognition” and Notes 6(r) “Revenue from Customer Contract” for accounting policy related to revenue recognition and information on revenue disclosure, respectively.

Description of key audit matters:

The Group is engaged in the manufacturing, research and development, and sale of server cases and computer cases. The sales revenue is a key matter in the consolidated financial statements, wherein the trade terms of revenue may affect the understanding of the users of the consolidated financial report. Therefore, revenue recognition is identified as a key audit matter.

Audit Procedure:

Our principal audit procedure included: performing test of controls in relation to the sales and receivables cycles, conducting accounts receivable confirmation circularization, performing substantive testing on operating revenues through the examination of pertinent documentation, ensuring that performance obligations have been satisfied in accordance to the contract agreements, and assessing whether operating revenues are recognized in the correct accounting period in accordance to the relevant regulatory guidelines.

Other Matter

CHENMING ELECTRONIC TECHNOLOGY CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Supervisors) are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partners on the audit resulting in this independent auditors' report are Wang, I-Wen and Chien, Szu-Chuan.

KPMG
Taipei, Taiwan (Republic of China)
March 13, 2024

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 824,699	13	411,222	6	2100	Short-term loans (note (6)(i))	\$ 20,000	-	40,000	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	1,699	-	800	-	2130	Current contract liabilities (note (6)(r))	3,050	-	2,791	-
1170	Trade receivables, net (notes (6)(c) and (6)(r))	2,016,525	31	2,643,333	37	2170	Trade payables	1,996,607	31	2,354,120	33
1310	Inventories, net (note (6)(d))	778,427	12	968,952	14	2200	Other payables	318,465	5	272,783	4
1476	Other current financial assets (notes (6)(f), (6)(m) and (7))	67,584	1	32,545	-	2230	Current tax liabilities (note (6)(o))	47,151	1	50,148	1
1479	Other current assets	70,872	1	91,940	1	2280	Current lease liabilities (notes (6)(l) and (7))	2,436	-	2,028	-
		<u>3,759,806</u>	<u>58</u>	<u>4,148,792</u>	<u>58</u>	2300	Other current liabilities	<u>12,009</u>	<u>-</u>	<u>1,005</u>	<u>-</u>
Non-current assets:						Non-current liabilities:		<u>2,399,718</u>	<u>37</u>	<u>2,722,875</u>	<u>38</u>
1510	Non-current financial assets at fair value through profit or loss (notes (6)(b) and (6)(f))	1,640	-	-	-	2530	Bonds payable (note (6)(k))	377,911	6	-	-
1600	Property, plant, and equipment (notes (6)(f), (7) and (8))	2,234,718	34	2,515,016	36	2540	Long-term loans (note (6)(j))	433,900	7	1,334,900	19
1755	Right-of-use assets (notes (6)(g) and (7))	181,136	3	186,985	3	2560	Non-current tax liabilities (note (6)(o))	21,736	-	-	-
1760	Investment property, net (notes (6)(h) and (8))	274,448	4	227,778	3	2570	Deferred income tax liabilities (note (6)(o))	188	-	-	-
1780	Intangible assets	7,530	-	8,219	-	2580	Non-current lease liabilities (notes (6)(l) and (7))	3,968	-	127	-
1840	Deferred income tax assets (note (6)(o))	8,525	-	5,402	-	2645	Guarantee deposits	27,318	-	26,152	1
1980	Other non-current financial assets (note (8))	5,505	-	8,656	-			<u>865,021</u>	<u>13</u>	<u>1,361,179</u>	<u>20</u>
1990	Other non-current assets (note (6)(f))	49,885	1	1,339	-			<u>3,264,739</u>	<u>50</u>	<u>4,084,054</u>	<u>58</u>
		<u>2,763,387</u>	<u>42</u>	<u>2,953,395</u>	<u>42</u>		Total liabilities				
Total assets		<u>\$ 6,523,193</u>	<u>100</u>	<u>7,102,187</u>	<u>100</u>		Equity attributable to owners of parent (notes (6)(k) and (6)(p)):				
						3100	Ordinary shares	1,959,350	30	1,959,350	28
						3200	Capital surplus	380,656	6	313,563	4
						3300	Retained earnings	990,051	15	795,688	11
						3410	Exchange differences on translation of foreign financial statements	(71,603)	(1)	(50,468)	(1)
							Total equity	<u>3,258,454</u>	<u>50</u>	<u>3,018,133</u>	<u>42</u>
							Total liabilities and equity	<u>\$ 6,523,193</u>	<u>100</u>	<u>7,102,187</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue, net (note (6)(r))	\$ 6,461,562	100	6,519,734	100
5000 Operating costs (notes (6)(d), (6)(n) and (12))	5,698,434	88	5,958,702	91
5900 Gross profit from operations	<u>763,128</u>	<u>12</u>	<u>561,032</u>	<u>9</u>
6000 Operating expenses (notes (6)(n) and (12)):				
6100 Selling expenses	168,016	2	155,306	3
6200 Administrative expenses	311,517	5	219,414	3
6300 Research and development expenses	<u>55,981</u>	<u>1</u>	<u>58,226</u>	<u>1</u>
	<u>535,514</u>	<u>8</u>	<u>432,946</u>	<u>7</u>
6900 Net operating income	<u>227,614</u>	<u>4</u>	<u>128,086</u>	<u>2</u>
7000 Non-operating income and expenses:				
7050 Finance costs, net (notes (6)(k) and (6)(l))	(7,078)	-	(22,746)	-
7100 Interest income	8,362	-	2,707	-
7110 Rent revenue (notes (6)(m) and (7))	87,036	1	29,863	-
7190 Other income (losses), net (notes (6)(e), (6)(g) and (7))	3,448	-	15,751	-
7210 Gains (losses) on disposals of property, plant and equipment and investment property (notes (6)(f) and (6)(h))	(53,578)	-	(2,644)	-
7230 Foreign exchange gains (losses) (note (6)(t))	<u>26,362</u>	<u>-</u>	<u>121,102</u>	<u>2</u>
	<u>64,552</u>	<u>1</u>	<u>144,033</u>	<u>2</u>
7900 Profit from continuing operations before tax	292,166	5	272,119	4
7950 Less: Income tax expenses (note (6)(o))	<u>39,022</u>	<u>1</u>	<u>51,903</u>	<u>1</u>
Profit	<u>253,144</u>	<u>4</u>	<u>220,216</u>	<u>3</u>
8300 Other comprehensive income (loss):				
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(21,135)	-	16,186	-
8399 Less: 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>
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(21,135)</u>	<u>-</u>	<u>16,186</u>	<u>-</u>
8300 Other comprehensive income (loss)	<u>(21,135)</u>	<u>-</u>	<u>16,186</u>	<u>-</u>
8500 Comprehensive income	<u>\$ 232,009</u>	<u>4</u>	<u>236,402</u>	<u>3</u>
Earnings per share (expressed in NTD) (note (6)(q)):				
9750 Basic earnings per share	<u>\$ 1.29</u>		<u>1.17</u>	
9850 Diluted earnings per share	<u>\$ 1.28</u>		<u>1.17</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent						Other component of equity Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings		
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance on January 1, 2022	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	2,241,731
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	-	7,634	(7,634)	-	-	-
Profit for the year ended December 31, 2022	-	-	-	-	220,216	220,216	-	220,216
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	16,186	16,186
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	220,216	220,216	16,186	236,402
Capital increased by cash	400,000	140,000	-	-	-	-	-	540,000
Balance on December 31, 2022	1,959,350	313,563	302,505	66,654	426,529	795,688	(50,468)	3,018,133
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	22,022	-	(22,022)	-	-	-
Special reserve reversed	-	-	-	(16,186)	16,186	-	-	-
Cash dividends of ordinary share	-	-	-	-	(58,781)	(58,781)	-	(58,781)
Profit for the year ended December 31, 2023	-	-	-	-	253,144	253,144	-	253,144
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(21,135)	(21,135)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	253,144	253,144	(21,135)	232,009
Issuance of convertible bonds	-	67,093	-	-	-	-	-	67,093
Balance on December 31, 2023	\$ 1,959,350	380,656	324,527	50,468	615,056	990,051	(71,603)	3,258,454

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 292,166	272,119
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	410,913	524,194
Amortization expense	7,549	11,083
Expected credit losses (gains)	102	(154)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,170)	153
Interest expenses	7,078	22,746
Interest income	(8,362)	(2,707)
Loss from disposal of property, plant and equipment, net	53,578	2,644
Profit from lease modification	-	(7,454)
Total adjustments to reconcile profit	469,688	550,505
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(1,000)	(3,000)
Decrease (increase) in trade receivables	613,827	(434,021)
Decrease in inventories	315,762	422,786
Decrease (increase) in other current assets	34,904	(7,956)
Increase in other financial assets	(35,039)	(31,363)
Increase in contract liabilities	259	2,117
(Decrease) increase in trade payables	(343,987)	378,275
Increase in other payables and other current liabilities	62,305	15,718
Total changes in operating assets and liabilities	647,031	342,556
Total adjustments	1,116,719	893,061
Cash inflow generated from operations	1,408,885	1,165,180
Interest received	8,362	2,707
Income taxes paid	(37,198)	(1,823)
Net cash flows from operating activities	1,380,049	1,166,064
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,031	2,047
Acquisition of property, plant, and equipment	(336,567)	(693,822)
Proceeds from disposal of property, plant and equipment	2,124	550,934
Decrease in refundable deposits	3,151	11,807
Acquisition of intangible assets	(7,281)	(5,147)
Increase in prepayments for equipment and others	(63,271)	343
Net cash flows used in investing activities	(400,813)	(133,838)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(20,000)	(992,615)
Proceeds from issuance of convertible bonds	443,005	-
Proceeds from long-term loans	199,000	842,983
Repayments of long-term loans	(1,100,000)	(1,171,541)
Increase in guarantee deposits	1,166	18,090
Payment of lease liabilities	(2,893)	(37,953)
Distribution of cash dividends	(58,781)	(12,791)
Proceeds from issuing shares	-	540,000
Interest paid	(19,428)	(35,833)
Net cash flows used in financing activities	(557,931)	(849,660)
Effect of exchange rate changes on cash and cash equivalents	(7,828)	6,008
Net increase in cash and cash equivalents	413,477	188,574
Cash and cash equivalents at beginning of period	411,222	222,648
Cash and cash equivalents at end of period	\$ 824,699	411,222

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of CHENMING ELECTRONIC TECHNOLOGY CORP.:

Opinion

We have audited the financial statements of CHENMING ELECTRONIC TECHNOLOGY CORP. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Operating revenue and investments accounted for using equity method - subsidiary's operating income

Please refer to Notes (4)(h), Note (4)(n), Note(6)(e), and Note (6)(r) for accounting policy on investments accounted for using equity method, revenue recognition, information on investments accounted for using equity method, and revenue, respectively.

Description of key audit matters:

The Company and its subsidiaries, Dongguan Chenming Electronics Co., Ltd. and Chenming Electronics (Ningbo) Co., Ltd., are engaged in the manufacturing, research and development, and sale of computer cases and mobile device components. The sales revenue is a key matter in the consolidated financial statements, wherein the trade terms of revenue may affect the understanding of the users of the financial statements. Therefore, revenue recognition is identified as a key audit matter.

Audit Procedures:

Our principal audit procedure included: performing test of controls in relation to the sales and receivables cycles, conducting accounts receivable confirmation circularization, performing substantive testing on operating revenues through the examination of pertinent documentation, ensuring that performance obligations have been satisfied in accordance to the contract agreements, and assessing whether operating revenues are recognized in the correct accounting period in accordance to the relevant regulatory guidelines.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, I-Wen and Chien, Szu-Chuan.

KPMG
Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' report and the accompanying 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' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note (6)(r))	\$ 2,569,509	100	3,200,380	100
5000	Operating costs (notes (6)(d) and (7))	<u>2,307,485</u>	90	<u>3,034,293</u>	95
5900	Gross profit from operations	<u>262,024</u>	10	<u>166,087</u>	5
6000	Operating expenses (notes (6)(n), (7) and (12)):				
6100	Selling expenses	37,229	1	33,067	1
6200	Administrative expenses	93,211	4	91,940	3
6300	Research and development expenses	<u>26,796</u>	1	<u>25,971</u>	1
		<u>157,236</u>	6	<u>150,978</u>	5
6900	Net operating income	<u>104,788</u>	4	<u>15,109</u>	-
7000	Non-operating income and expenses:				
7050	Finance costs, net (notes (6)(k) and (l))	(7,004)	-	(14,689)	-
7100	Interest income	1,786	-	1,210	-
7110	Rent revenue (notes (6)(m) and (7))	12,022	1	13,797	-
7190	Other income (losses), net (notes (6)(f), (h), (t) and (7))	4,649	-	113,732	4
7230	Foreign exchange gains (losses), net	(21,924)	(1)	111,201	3
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>177,746</u>	7	<u>23,336</u>	1
		<u>167,275</u>	7	<u>248,587</u>	8
7900	Profit from continuing operations before tax	272,063	11	263,696	8
7951	Less: Income tax expenses (note (6)(o))	<u>18,919</u>	1	<u>43,480</u>	1
	Profit	<u>253,144</u>	10	<u>220,216</u>	7
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(21,135)	(1)	16,186	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(21,135)</u>	(1)	<u>16,186</u>	-
8300	Other comprehensive income (loss)	<u>(21,135)</u>	(1)	<u>16,186</u>	-
8500	Comprehensive income (loss)	<u>\$ 232,009</u>	<u>9</u>	<u>\$ 236,402</u>	<u>7</u>
	Earnings per share (expressed in dollars) (note (6)(q)):				
9750	Basic earnings per share	<u>\$ 1.29</u>		<u>1.17</u>	
9850	Diluted earnings per share	<u>\$ 1.28</u>		<u>1.17</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Other components of equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	
Balance on January 1, 2022	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	2,241,731
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	-	7,634	(7,634)	-	-	-
Loss for the year ended December 31, 2022	-	-	-	-	220,216	220,216	-	220,216
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	16,186	16,186
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	220,216	220,216	16,186	236,402
Capital increased by cash	400,000	140,000	-	-	-	-	-	540,000
Balance on December 31, 2022	1,959,350	313,563	302,505	66,654	426,529	795,688	(50,468)	3,018,133
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	22,022	-	(22,022)	-	-	-
Special reserve reversed	-	-	-	(16,186)	16,186	-	-	-
Cash dividends of ordinary share	-	-	-	-	(58,781)	(58,781)	-	(58,781)
Profit for the year ended December 31, 2023	-	-	-	-	253,144	253,144	-	253,144
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	(21,135)	(21,135)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	253,144	253,144	(21,135)	232,009
Issuance of convertible bonds	-	67,093	-	-	-	-	-	67,093
Balance on December 31, 2023	\$ 1,959,350	380,656	324,527	50,468	615,056	990,051	(71,603)	3,258,454

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHENMING ELECTRONIC TECHNOLOGY CORP.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 272,063	263,696
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	6,399	7,952
Amortization expense	1,683	1,489
Expected credit gain	(78)	(169)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,170)	153
Interest expense	7,004	14,689
Interest income	(1,786)	(1,210)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(177,746)	(23,336)
Gain on disposal of property, plant and equipment	-	(110,151)
Total adjustments to reconcile profit (loss)	(165,694)	(110,583)
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(1,000)	(3,000)
Decrease (increase) in trade receivables	389,183	(215,684)
(Increase) decrease in inventories	(4,043)	1,073
Decrease in other current assets	2,312	1,989
Increase in trade payables (including related parties)	261,671	224,030
(Decrease) increase in other payables and other current liabilities	(26,966)	51,599
Other	(317)	(117)
Total changes in operating assets and liabilities	620,840	59,890
Total adjustments	455,146	(50,693)
Cash inflow generated from operations	727,209	213,003
Interest received	1,786	1,210
Income taxes paid	(8,783)	(868)
Net cash flows from operating activities	720,212	213,345
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	1,031	2,047
Acquisition of investments accounted for using equity method	(35,097)	(66,857)
Proceeds from capital reduction of investments accounted for using equity method	29,034	-
Acquisition of property, plant and equipment	(78,567)	(163,497)
Proceeds from disposal of property, plant and equipment and investment property	-	550,934
Acquisition of intangible assets	(1,522)	(1,777)
Increase in prepayments for equipment and others	334	3,906
Net cash flows (used in) from investing activities	(84,787)	324,756
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(20,000)	(759,200)
Proceeds from issuance of convertible bonds	443,005	-
Proceeds from long-term loans	199,000	804,900
Repayments of long-term loans	(1,100,000)	(1,110,000)
Payment of lease liabilities	(1,668)	(3,093)
Distribution in cash dividends	(58,781)	-
Proceeds from issuing shares	-	540,000
Interest paid	(19,355)	(27,776)
Increase in guarantee deposits	-	708
Net cash flows used in financing activities	(557,799)	(554,461)
Net increase (decrease) in cash and cash equivalents	77,626	(16,360)
Cash and cash equivalents at beginning of period	76,031	92,391
Cash and cash equivalents at end of period	\$ 153,657	76,031

Attachment IV

Issuance of the domestic 3rd secured convertible corporate bonds in 2023

Type of corporate bond (Note 2)	Issuance of the domestic 3rd secured convertible corporate bonds (Note 5)	
Issuance (process) date	November 16, 2023	
Face value	NT\$100,000 per unit	
Place of issuance and trading (Note 3)	Not applicable	
Issuance price	Issued at 112.30% of the par value.	
Total amount	NT\$400 million	
Interest rate	Coupon rate: 0%	
Term	3 years, maturity date: November 16, 2026	
Guaranteeing institution	Mega International Commercial Bank Co., Ltd. and Hua Nan Commercial Bank Co., Ltd.	
Trustee	CTBC Bank Co., Ltd.	
Underwriting Institution	CTBC Securities Co., Ltd.; Hua Nan Securities Co., Ltd.; Mega Securities Co., Ltd.	
Attorney-at-Law	Ya-Wen Chiu, Attorney-at-Law of Handsome Attorneys-at-Law	
Independent auditor	KPMG Michelle Wang, CPA and Yvette Chien, CPA	
Repayment method	Unless the bondholders convert their bonds into the Company's ordinary shares in accordance with Article 10 of the Regulations for Conversion, or the Company redeems them in accordance with Article 17 of the Regulations, or the Company buys back and cancels the bonds from TPEx, the bonds will be repaid based on the face value in cash in one lump sum when due.	
Repayment of principal	NT\$400 million	
Terms of redemption or early settlement	Please refer to the regulations governing issuance for details.	
Restrictive clauses (Note 4)	None	
Name of credit rating agency, date of rating, and result of corporate bond rating	Not applicable	
With other rights	Amount that has been converted (exchanged or subscribed) in ordinary shares, global depository receipts or other marketable securities as of the date of publication of the annual report	None.
	Distribution & conversion (exchange or subscription) method	Please refer to the Company's Regulations Governing the Issuance and Conversion of the Domestic 3rd Secured Convertible Corporate Bonds.
The method of issuing and converting, exchanging or subscription, the conditions under which the terms of issue may dilute the equity, and impact on existing shareholder equity	Based on the current conversion price, NT\$43.5, the degree of dilution is about 4.48% imputed in the context that the maximum number of ordinary shares that can be converted for the corporate bonds with a total face value of NT\$400,000 thousand is 9,195 thousand shares (NT\$400,000 thousand ÷ 43.5). As the creditors will exercise the conversion options at different points of time in the future, the total number of shares issued by the Company is gradually increased during the 3-year conversion period. Notwithstanding, the increase ratio is low, and the the original dilution ratio of the shareholders' equity may be diluted step by step. Therefore, the dilution effect is considered limited .	
Name of the custodian for exchanged object	Not applicable	
Progress on planned use of fund	Executed in full in Q4 of 2023.	

Appendix I

**Chenming Electronic Technology Corporation
Articles of Incorporation**

Chapter I General Provisions

Article I: This Company is duly incorporated in accordance with the Company Act in the full name of Chenming Mold Ind. Corp. (hereinafter referred to as the “Company”).

Article II: The Company may engage in the following business activities:

- I. A variety of metallic machines, punching machines, steel molds, metallic electrical parts & components purchase, manufacturing, import and export, buy & sales.
- II. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- III. CC01060 Wired Communication Mechanical Equipment Manufacturing.
- IV. CC01050 Data Storage Media Units Manufacturing.
- V. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
- VI. CC01080 Electronics Components Manufacturing.
- VII. E605010 Computer Equipment Installation.
- VIII.F113070 Wholesale of Telecommunication Apparatus.
- IX. F213060 Retail Sale of Telecommunication Apparatus.
- X. F601010 Intellectual Property Rights.
- XI. I301010 Information Software Services.
- XII. I301020 Data Processing Services.
- XIII.I301030 Electronic Information Supply Services.
- XIV.I501010 Product Designing.
- XV. IE01010 Telecommunications Service Number Agencies.
- XVI.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article II~I: The Company is entitled to render guarantee business externally.

Article II~II: The Company is entitled to invest externally where the aggregate total of such outward investment may exceed 40% of the Company’s paid-in capital.

Article III: The Company is headquartered in Taipei City, Taiwan and may have branches set elsewhere at home and abroad as duly resolved by the Board of Directors.

Article IV: Public announcements of the Company shall be duly made according to Article 28 of Company Act.

Chapter II Shares

Article V: The Company has aggregate total capital in an amount of NT\$3 billion, divided into 300 million shares at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments. Within the total capital mentioned in the preceding Paragraph, a NT\$200

million sum shall be reserved ready for issuance of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New Taiwan Dollars par value.

Article V~I: Where the Company intends to issue employee stock option certificates at price of issue below the price of the Company's common shares closed on the day of issue, a decision shall be duly resolved by two-thirds majority vote in the shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Where the Company intends to transfer shares to employees at a price below the average price in actual buyback, a decision shall be duly resolved by two-thirds majority vote in the latest shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Article VI: For the shares issued by the Company, the Company may be exempted from printing any share certificate for the shares issued but shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

Article VII: The Company issues owner-registered shares only. Every share certificate shall be legally certified and issued with signatures of directors capable of representing the Company.

Article VIII: Transfer of shares shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, or within thirty (30) days prior to a special shareholders meeting, or within five (5) days prior to the base day scheduled to allocate dividend, bonus or other interests.

Chapter III Shareholders' meeting

Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according to law whenever necessary.

The Company may convene shareholder meetings by way of video conference or using other methods announced by the central authority.

Article X: A shareholder who is unavailable to attend a shareholders' meeting may duly issue a written proxy in the Company provided form, expressly bearing the scope of authorized powers to authorize a proxy to attend the meeting on his or her behalf.

Article XI: Each share held by a shareholder of the Company is entitled to one voting power except an event as set forth under Article 179 of the Company Act which is not entitled to voting power.

Article XII: Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

Chapter IV Directors and Audit Committee

Article XIII: The Company's directors shall be elected by shareholders' meeting from candidates of disposing capacity subject to the nomination system pursuant to Article 192-1 of the Company Act, with a three-year tenure of office and eligible for reelection.

Article XIII~I: Pursuant to Article 14-2 of Securities and Exchange Act, the Company has 7~9 directors, including at least two independent directors that make up no less than one-fifth of the Board.

In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.

Article XIII~II: The Company's independent directors shall be duly elected in candidate nomination system. The Company's shareholders who hold over 1% of the total outstanding shares and the board of directors may nominate the candidates for independent directors. The board of directors shall review and screen those nominees and then submit the qualified nominees to the shareholders' meeting. The shareholders' meeting shall elect independent directors out of those qualified candidates for independent directors.

The nominated candidates for independent directors shall be duly accepted and promulgated in accordance with Company Act, Securities and Exchange Act and laws and ordinances concerned.

Article XIII~III: The Company shall establish the Audit Committee consisting of all independent directors who shall be no less than three persons in number, one of whom shall be the Committee convener, and at least one of whom shall have accounting or financial expertise.

Article XIV: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman and one vice chairman shall be duly elected. The chairman shall represent the Company externally.

Article XV: During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act. The Board meeting shall be duly convened in accordance with Article 204 of the Company Act. The notices for a Board meeting may be served in writing, by e-mail or by FAX. Where a director commissions another director to attend a Board meeting, the proxies shall be duly handled in accordance with Article 205 of the Company Act.

Article XVI: For the remuneration to all directors, the Board of Directors is authorized with full powers to fix it based on the normal level prevalent in horizontal trades. The amount of travel or transportation allowance to directors shall be duly resolved by the Board of Directors. The remuneration to directors for their performance of duty shall be granted disregarding whether the Company operates at a profit. The Company

may acquire liability insurance for the directors to lower and disperse their potential risks of critical impairment to the Company and to shareholders in case of a fault in their exercise of their duties.

Chapter V Managers

Article XVII: The Company has one general manager whom shall be duly appointed, discharged and paid in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article XVIII: Upon closing of each fiscal year of the Company, the Board of Directors shall work out: I. Business report; II. Financial statements and III. the motions for earnings distribution or compensation for deficit to be acknowledged by an annual general meeting pursuant to laws.

Article XIX: Profit before tax and employee/director remuneration shall first be taken to offset previous losses. Any surplus remaining shall then be subject to employee remuneration of no less than 2%, and director remuneration of no more than 2%.

The remuneration to employees and remuneration to directors may be distributed either in stocks or in cash at the percentages, which shall be resolved by a majority vote in the Board meeting which is attended by directors who account for two-thirds of the aggregate total of director seats. The percentages so resolved shall be reported to the shareholders' meeting.

The remuneration to employees may be distributed either in stocks or in cash and may be distributed to employees of subordinate company(ies) who satisfy the specified qualification requirements.

Article XIX~I: From the profit earned by the Company as shown through the final account, if any, the sum to pay tax and make good previous loss, if any, shall be first amortized, then 10% for legal reserve and then the sum for special reserve for amortization or rotation as required by law or by the competent authority of the government. The final balance, if any, added with unappropriated retained earnings accumulated in previous year(s), shall be duly distributed at the percentages as proposed by the board of directors and resolved in the shareholders' meeting.

The Company may distribute earnings through cash dividend or stock dividend given consideration of the Company's financial standing and business performance and such factors and shall be preferentially distributed in cash dividend. The cash dividend shall be at the ratio not below 10% of the aggregate total dividend to be distributed in the year.

Chapter VII Supplementary provisions

Article XX: Any matters inadequately provided for in these Articles of Incorporation shall be duly handled according to Company Act

Article XXI: The Articles of Incorporation were first enacted on June 4, 1976
Duly amended on July 20, 1976 as the 1st amendment;
amended on January 10, 1977 as the 2nd amendment;
amended on June 26, 1982 as the 3rd amendment;
amended on July 12, 1985 as the 4th amendment;

amended on April 6, 1987 as the 5th amendment;
amended on October 8, 1992 as the 6th amendment;
amended on October 28, 1997 as the 7th amendment;
amended on January 7, 1998 as the 8th amendment;
amended on June 30, 1998 as the 9th amendment;
amended on June 20, 1999 as the 10th amendment;
amended on May 24, 2000 as the 11th amendment;
amended on May 16, 2001 as the 12th amendment;
amended on May 20, 2002 as the 13th amendment;
amended on March 10, 2003 as the 14th amendment;
amended on June 6, 2003 as the 15th amendment;
amended on June 11, 2004 as the 16th amendment;
amended on June 10, 2005 as the 17th amendment;
amended on June 15, 2007 as the 18th amendment;
amended on June 13, 2008 as the 19th amendment;
amended on June 10, 2009 as the 20th amendment;
amended on June 9, 2010 as the 21st amendment;
amended on June 10, 2011 as the 22nd amendment;
amended on June 17, 2016 as the 23rd amendment; .
amended on June 13, 2018 as the 24th amendment;
amended on June 14, 2019 as the 25th amendment;
amended on June 12, 2020 as the 26th amendment.
amended on June 17, 2022 as the 27th amendment.

**Chenming Electronic Technology Corporation
Procedure Rules for Shareholders' Meeting**

- I. Unless otherwise specified in laws or Articles of Incorporation, shareholders' meetings shall proceed according to the rules stated herein. The Company shall prepare an electronic file that contains the meeting advice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before a shareholders' regular meeting, or 15 days before a special shareholders' meeting.
- At least 21 days before a shareholders' regular meeting or 15 days before a special shareholders' meeting, an electronic copy of the shareholders' meeting conference handbook and supplementary information shall be prepared and posted onto MOPS. Hard copies of the shareholders' meeting conference handbook and supplementary information also have to be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents must be made available at the Company's premises and at the share transfer agent, and distributed on-site during the shareholders' meeting.
- The meeting advice and announcement shall include a detailed agenda. Advices can be served in electronic form with the recipient's consent.
- Election/dismissal of Directors, changes in the Articles of Incorporation, capital reduction, application of halting public offering, permission for the Directors to compete with the Company, capitalization of retained earnings, capitalization of capital reserves, dissolution/merging/splitting of the Company, or all items pertaining to Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or items pertaining to Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions. Where the reasons for convening the shareholders' meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders' meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting. Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose motions for discussion in shareholders' regular meetings; each shareholder may only propose one motion; proposals above that limit will be excluded from discussion. The board of directors may disregard shareholder's proposal if the proposed motion exhibits any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.
- Shareholders may submit proposed proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The Procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of

the Company Act. Any proposal with more than one item may be excluded in the proposal.

The Company shall announce, before the book closure date of shareholders' regular meeting, the conditions, methods (written or electronic), places, and time within which shareholders' proposals are accepted. The acceptance period must not be less than ten days. Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the shareholders' regular meeting in person or through proxy and participate in the discussion.

The Company shall notify each proposing shareholder the outcomes of their proposed motions before the date the meeting advice is sent. Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting advice. During the shareholder meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from discussion.

- II. An attendance log shall be prepared to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and the number of shares registered on the video conferencing platform plus the number of shares whose voting rights are exercised by correspondence or electronically.

If a shareholders meeting is convened by way of video conference, shareholders who wish to attend by way of video conference shall register with the Company two days before the shareholders meeting.

If a shareholders' meeting is convened by video conference, the Company shall upload the agenda handbook, annual report and other relevant materials to the shareholders' meeting video conference platform at least 30 minutes before the start of the meeting, and keep the disclosure until the end of the meeting.

- III. Attendance and votes in a shareholder meeting are calculated based on the number of shares represented.
- IV. A shareholders' meeting shall be convened at a venue where the Company is located or a location appropriate for a shareholders' meeting to be convened. A shareholders' meeting shall be convened at a timeframe not earlier than 9:00 a.m. or later than 3:00 p.m.

When the Company convenes a video shareholders' meeting, it shall not be restricted by the place of the meeting mentioned in the preceding paragraph.

- V. A shareholders' meeting shall be chaired by the chairman if convened by the board of directors. Where the chairman is on leave or unavailable to exercise his responsibilities and powers, the vice chairman shall act as the substitute. If there is no vice chairman or where the vice chairman is unavailable to exercise the responsibilities and powers as well, the chairman shall appoint one managing

director to act as the substitute. Where the chairman does not appoint a managing director, a managing director or a director shall be elected from among themselves to act as the substitute.

Where a shareholders' meeting is convened by a convener beyond the board of directors, that shareholders' meeting shall be chaired by that convener.

- VI. An Attorney-at-Law, a Certified Public Accountant or a person concerned commissioned by the Company may participate in a shareholders' meeting as a non-voting (guest) participant.

The staff taking charge of a shareholders' meeting shall wear identity certificates or armbands.

- VII. The entire process of a shareholders' meeting shall be audio recorded or videotaped and such audio record or videotape shall be archived for one year minimum.

- VIII. The chairperson should announce commencement of meeting as soon as it is due, and announce the number of shares represented in the meeting as well as the number of shares that are not entitled to voting rights.

However, if current attendees represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 2.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

- IX. Where a shareholders' meeting is convened by the board of directors, the agenda shall be fixed by the board of directors. The shareholders' meeting shall be duly handled in accordance with the scheduled agenda which shall not be changed unless duly resolved in the shareholders' meeting.

The provision set forth under the preceding Paragraph is applicable mutatis mutandis to shareholders' meeting which is convened by a person beyond the board of directors.

Unless duly resolved, the chairperson shall not declare adjournment of the meeting until the issues set in the agenda in the two preceding Paragraphs (including extraordinary motions) are concluded.

After a shareholders' meeting is Adjourned, the shareholders shall not elect another chairperson to continue the meeting at the same venue or a new venue.

Where the chairperson proves in contravention of Procedure Rules for Shareholders' Meeting by declaring adjournment of the meeting unlawfully, nevertheless, a new chairperson may be elected by a majority vote of the present shareholders to continue the meeting.

- X. A present shareholder shall fill out and submit the floor note, giving the gist of the speech, shareholder number (or code of the participation certificate) and name of account holder before he or she takes the floor. Then the chairperson may fix the order of floor.

A present shareholder who has submitted the floor note but does not take the floor is deemed as having not taken the floor. Where a present shareholder speaks contents inconsistent with the contents shown on the floor note, the contents actually spoken shall prevail.

While a present shareholder takes the floor, other shareholder(s) shall not speak to interfere with the floor unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.

- XI. On the same issue, every shareholder shall not speak more than twice and shall not speak in excess of five (5) minutes in each floor. Where a shareholder violates the provision set forth under the preceding Paragraph or speaks beyond the scope of the subject issue, the chairperson may stop his or her speech.

- XII. Where a juristic person is commissioned to participate in a shareholders' meeting as a proxy, that juristic person may assign only one person to participate in the shareholders' meeting.

A juristic person who assigns two or more representatives to participate in a shareholders' meeting may appoint only one person to take the floor on the same issue.

- XIII. After a present shareholder completes the floor, the chairperson may answer the floor either in person or by assigning a person concerned to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the time when the chairperson declares the meeting open until the chairperson declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Articles 10~12 do not apply.

- XIV. Where an issue is found having been discussed enough up to the extent of resolution, the chairperson may announce discontinuance from discussion and put that issue to vote.

- XV. For the voting process, the ballot scrutinizer and the tally clerk shall be appointed

by the chairperson. The ballot scrutinizer shall, nevertheless, be appointed from among the shareholders. The outcome of the voting process shall be reported on-the-spot and put into the minutes.

- XVI. During progress of the meeting, the chairperson may set an intermission as appropriate.
- XVII. Unless otherwise provided for in the Company Act and the Articles of Incorporation, the decision of an issue shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares. During the voting process, an issue which proves to meet no objection in response to the inquiry by the chairperson is deemed duly passed in the validity same as an issue duly resolved through balloting process.
- XVIII. Where a same issue is accompanied with an amendment or an alternate, the chairperson shall rule the voting order for the amendment or alternate in consolidation with the original bill. Where one bill among them is passed, other bill(s) is(are) deemed having been vetoed without a need for voting any more.
- XIX. The chairperson may command picket personnel (or security guard(s) to maintain the order of the meeting venue. The picket personnel (or security guard(s) shall wear “picket personnel” armbands while serving the meeting site to maintain the order.
- XX. In the event of a virtual shareholders’ meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairperson has announced the meeting adjourned.
- XXI. If the virtual meeting platform or participation in the virtual meeting, if any, is obstructed due to natural disasters, accidents or other force majeure events before the chairperson has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within next 5 days, in which case Article 182 of the Company Act shall not apply.
- XXII. The Rules shall be enforced upon approval by the shareholders’ meeting. The same shall apply where the Rules are amended.

Appendix III

**Chenming Electronic Technology Corporation
Directors' Shareholding**

Record date: April 16, 2024

Title	Name	Date when elected	Number of shares held when elected			Number of shares held currently.			Remarks
			Type of share	Number of shares	Percentage to total outstanding shares (%)	Type of share	Number of shares	Percentage to total outstanding shares (%)	
Chairman	Lin Mu-Ho	June 16, 2023	common shares	30,000,230	15.31%	common shares	29,991,230	15.07%	
Vice-Chairman	Lin Feng-Ran	June 16, 2023	common shares	6,612,310	3.37%	common shares	6,289,310	3.16%	
Director	Chen Hsiao-Chu	June 16, 2023	common shares	259,456	0.13%	common shares	259,456	0.13%	
Director	Lo Chih-Chi	June 16, 2023	common shares	573,958	0.29%	common shares	573,958	0.29%	
Independent Director	Chou Liang-Cheng	June 16, 2023	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Chen Hung-Cha	June 16, 2023	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Chen Chien-Chu	June 16, 2023	common shares	0	0.00%	common shares	0	0.00%	
Total				37,445,954			37,113,954		

Total outstanding shares as at June 16, 2023: 195,935,018 shares

Total outstanding shares as at April 16, 2024: 198,990,162 shares

Note: Minimum required shareholdings across all directors: 11,939,409 shares; shareholdings as at April 16, 2024: 37,113,954 shares

© Shares held by independent directors do not count toward director' shareholding.

© The Company has assembled an Audit Committee, therefore supervisors' minimum shareholding requirements do not apply here.