

Stock code : 3013

**uneec[®] CHENMING
ELECTRONIC TECH. CORP.**

(Formerly known as CHENMING MOLD IND. CORP.)

2021 Annual General Meeting

**Meeting Agenda
Handbook**

Date of meeting: June 11, 2021

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

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Chenming Electronic Technology Corporation
2021 Annual General Meeting Agenda

Time of meeting: 9:00 a.m, June 11, 2021.

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. 2020 Business Report.
- II. Audit Committee's review of the 2020 year-end accounts.
- III. Allocation of 2020 employee and director remuneration.

Four. Recognition Matters:

- I. 2020 Business Report and financial statements.
- II. 2020 earnings distribution.

Five. Discussion Matters:

- I. Amendments to the Company's "Rules and Procedures of Shareholder Meetings."

Six. Extraordinary Motions.

Seven. Meeting Adjourned.

I. Announcement of the Commencement of the Meeting

II. The Chairperson's Remarks

III. Reporting Matter (Company Reports)

Reporting Matter I (Proposed by the Board of Directors)

Subject: Presentation of 2020 Business Report; the motion is ready to proceed.

Details: I. Please refer to Attachment I for Business Report (Pages 7 ~ 8).

II. Please refer to Attachment III for financial information (Pages 10 ~ 24).

Reporting Matter II (Proposed by the Board of Directors)

Subject: Audit Committee's review of the 2020 year-end accounts; the motion is ready to proceed.

Details: Please refer to Attachment II (page 9) for Audit Committee's Review Report.

Reporting Matter III (Proposed by the Board of Directors)

Subject: Allocation of 2020 employee and director remuneration; the motion is ready to proceed.

Details: I. Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 2% and director remuneration of no higher than 2%.

II. Employee remuneration totaling NT\$3 million and director remuneration totaling NT\$1.5 million have been proposed according to the above rules. Both amounts will be paid in cash, and the amount proposed was indifferent from the expenses first estimated.

IV. Recognition Matters

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

Subject: Recognition of 2020 Business Report and financial statements.

Details: I. The Company has completed preparation of standalone and consolidated financial statements for 2020, and engaged CPA Michelle Wang and CPA Yen Hsing-Fu of KPMG to perform audit and issue independent auditor's report on the abovementioned financial statements.

II. Please refer to Attachment I~III of this Handbook for detail of the aforementioned Report and Statements. (Page 7 ~ 24).

III. 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.

IV. Please kindly recognize.

Resolution:

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

Subject: Recognition of 2020 earnings distribution.

- Details: I. The Company had opening unappropriated earnings of NT\$310,973,055 at the beginning of 2020; after adding the current net income of NT\$62,797,707, deducting retirement of treasury stocks NT\$14,958,336 and actuarial losses on pension plan NT\$611,600, and making a 10% provision for legal reserve totaling NT\$4,722,777 and reversal of special reserve totaling NT\$22,189,256 in accordance with laws and the Articles of Incorporation, the Company had NT\$375,667,305 of earning available for distribution, and proposed to distribute NT\$46,780,506 in the form of dividends. Please refer to the Earnings Distribution Chart for details.
- II. Once the NT\$46,780,506 cash dividend is approved during shareholder meeting, the board of directors shall authorize the Chairman to set the cash dividend baseline date and other related details. Cash dividends shall be paid based on current number of shares held as at the baseline date, as shown on the shareholder registry. Cash dividends shall be paid at NT\$0.3 per share, truncated to the nearest dollar. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income.
- 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 or shares repurchase by the Company, the board of directors shall be authorized to make corresponding adjustments.
- IV. This motion has been reviewed by the Audit Committee and approved by the board of directors, and is hereby presented for recognition during annual general meeting.
- V. This motion is ready for recognition.

Resolution:

Chenming Electronic Technology Corporation
2020 Earnings Distribution Chart

Unit: NT\$

| Item | Amount |
|---|---------------------|
| Beginning retained earnings | 310,973,055 |
| Add: Net profit after tax for current period | 62,797,707 |
| Less: Cancellation of treasury stocks | (14,958,336) |
| Less: Changes in actuarial gains or losses | (611,600) |
| Less: Legal reserve | (4,722,777) |
| Plus: Reversal of special reserve | 22,189,256 |
| Adjusted ending undistributed earnings | 375,667,305 |
| Distributable earnings | 375,667,305 |
| Items of distribution | |
| Dividend to shareholders – Cash dividend | (46,780,506) |
| Closing unappropriated earnings | 328,886,799 |

Note: 1. 2020 earnings will be distributed first.

2. Cash dividends were calculated at NT\$0.3 per share based on 155,935,018 shares outstanding as at March 16, 2021.

Chairman: Lin Mu-Ho Manager: Lo Chih-Chi Chief Accountant: Su Chung-Ching

V. Discussion Matters:

Discussion I: (Proposed by the Board of Directors)

Subject: Amendments to the Company's "Shareholder Meeting Conference Rules"; the motion is open for discussion.

- Details: I. Proposal to amend the Company's "Shareholder Meeting Conference Rules" in accordance with TWSE's Announcement No. Tai-Zheng-Zhi-Li-Zi No. 1100001446

dated January 28, 2021. A comparison of existing and revised clauses is provided below:

- II. This motion has been approved by the board of directors and is hereby presented for discussion during the annual general meeting.
- III. The motion is ready for resolution.

Resolution:

Comparison of Existing and Revised Shareholder Meeting Conference Rules

| Amended clauses | Existing clauses | Explanation |
|---|--|---|
| <p>Article 1</p> <p>Unless otherwise specified in law or <u>Articles of Incorporation</u>, the Conference Rules shall prevail as rules for the Company’s shareholder meeting rules.</p> <p><u>The Company shall prepare an electronic file that contains the meeting advice, a proxy form, a detailed agenda of topics to be recognized 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 an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting agenda handbook and supplementary information shall be prepared and posted onto MOPS. Hard copies of the shareholder agenda 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, at the share transfer agent, and distributed on-site during the shareholder meeting.</u></p> <p><u>The meeting advice and announcement shall include a detailed agenda. Advice can be served in electronic form with the recipient’s consent.</u></p> <p><u>Motions concerning election or dismissal of directors, amendment of Articles of Incorporation, capital reduction, going private, permission for directors’ competing business involvement, capitalization of earnings, capitalization of reserves, dismissal of the Company, merger, divestment, and any issues listed in Paragraph 1, Article 185 of The Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers must be notified in advance with summary explained as part of the meeting agenda, and can not be raised in the form of a special motion.</u></p> <p><u>If the shareholder meeting advice has already notified upfront of a full re-election of directors with specific duty commencement date, then no further changes can be made to the duty commencement date, whether through special motion or otherwise, when re-election is completed during the meeting.</u></p> <p><u>Shareholders that own more than 1% of the Company’s outstanding shares are entitled to propose motions for discussion in annual general 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 propose motions that seek to increase the Company’s efforts toward public interest or social responsibilities. These proposals are subject to the procedures outlined in Article 172-1 of The Company Act and are limited to one proposal only. Proposals that exceed this limit are excluded from the motion.</u></p> <p><u>Prior to the date on which share transfer registration is</u></p> | <p>Article 1</p> <p>Unless otherwise specified in law, shareholder meetings of the Company shall proceed according to the Conference Rules.</p> <p>(Added)</p> | <p>Adjusted to conform with context and added new method of announcement.</p> |

| Amended clauses | Existing clauses | Explanation |
|--|--|--|
| <p><u>suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</u></p> <p><u>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 annual general meeting in person or through proxy and participate in the discussion.</u></p> <p><u>The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</u></p> | | |
| <p>Article 8 The chairperson should announce commencement of meeting as soon as it is due <u>and announce the number of shares represented in the meeting as well as the number of shares that are not entitled to voting rights.</u> 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 attending shareholders still represent less than one-third of outstanding shares after two postponements, <u>the chairperson shall dismiss the meeting.</u></p> <p><u>If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements,</u> a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. <u>This tentative resolution shall then be communicated to every shareholder, and another shareholder meeting shall be held within the next month.</u> (Omitted)</p> | <p>Article 8 The chairperson should announce commencement of meeting as soon as it is due. 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 attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, (Added) a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. (Omitted)</p> | <p>Added text and revised wording for enhanced corporate governance and protection of shareholders' interests.</p> |

VI. Questions and Motions

VII. Adjournment

Chenming Electronic Technology Corporation
2020 Business Report

The outbreak of COVID-19 has severely impacted global business activities since 2020. As time passed, people started adapting to the new norm, and uprise of “remote service,” “cloud computing,” and “digital solutions” presented the IT/electronics industry with new opportunities. Chenming was able to capitalize on this new trend by continually adopting automated production and smart process management solutions to further improve production efficiency and product quality. In light of emerging trends such as home-based economy, remote management, IoT applications, 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 2020 business performance and outlooks for 2021:

Business performance and R&D outcomes in 2020

The Company generated net consolidated revenues totaling NT\$6,124,518 thousand in 2020, up 1.6% from the NT\$6,028,702 thousand reported in 2019, and concluded net income of NT\$62,798 thousand for 2020, which was equivalent to an EPS of NT\$0.4. In the coming year, the Company will continue adhering to its principles of pragmatism and grow businesses amidst intensive competition.

R&D outcomes

- (1) Completed development of Fe-49Co-2V, an acid-deformed soft magnetic material with high magnetic induction for MIM process.
- (2) Completed development of F75 (Co-28Cr-6Mo), an acid-deformed, corrosion-resistant, wear-resistant, and non-magnetic cobalt-based alloy for MIM process.
- (3) Completed development of smart shaping MIM manufacturing technique and process.
- (4) Completed development of MIM hollow components and production methods.

2021 business prospect and R&D plan

Chenming will utilize its strong advantage in the integration of resources and establishment of distribution channels to further enhance development of cloud servers and MIM (metal powder injection molding) products. The Company will also adopt Industry 4.0 smart production, acquire automated equipment, and establish physical and virtual platforms so as to maintain a highly efficient logistic and management system that enables rapid service delivery and cost reduction. By transitioning into smart production and a technology-oriented business model, the

Company hopes to secure the foundation for sustainable growth.

R&D plan

- (1) Continue development of continuous furnace for MIM production of acid-deformed injection material Fe-49Co-2V.
- (2) Continue development of CIM (Ceramic Injection Molding) surface treatment technique.
- (3) Continue development of continuous furnace for MIM production of High Strength Non-Magnetic Austenitic Stainless Steel (X15 CrMnMoN 17-11-3).
- (4) Development of continuous furnace for production of cobalt-based alloy F75 (Co-28Cr-6Mo), and MIM process involving continuous furnace.
- (5) Development of AISI 420 high strength martensite: for MIM process optimization (sintering and heat treatment) and micro structure analysis.
- (6) Design and development of edge computing server chassis for 5G applications.
- (7) Design and development of outdoor, high weather-resistance edge computing server chassis for 5G applications.

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' support and expectations.

Chairman:
Lin Mu-Ho

General Manager:
Lo Chih-Chi

Chief Accountant:
Su Chung-Ching

Chenming Electronic Technology Corporation Audit Committee's Review Report

We have reviewed the Company's 2020 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 Yen Hsing-Fu of KPMG, 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:

2021 Annual General Meeting

Audit Committee convener: Chen Hung-Chang

March 17, 2021

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 sheets as of December 31, 2020 and 2019, 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 significant 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, 2020 and 2019, 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 audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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.

Inventory valuation

Please refer to Note (4)(h) and Note (5) for accounting policy of uncertainty of the valuation of inventory. Information of inventories and related expenses is disclosed in note (6)(c) of the consolidated financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Group are expected to change. Therefore, the test of inventory valuation is one of the significant evaluation in our audit procedures.

Our principal audit procedure included: testing the related controls of production cycle and assessing the allowance for loss due to price decline, analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to verify the rationality of assessment on the allowance estimated by the management of the Group.

Other Matter

CHENMING ELECTRONIC TECHNOLOGY CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, 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 auditors' 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 Yi Wen Wang and Hsin Fu Yen.

KPMG
Taipei, Taiwan (Republic of China)
March 17, 2021

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 Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Attributable to owners of parent | | | | | | Other component of equity Exchange differences on translation of foreign financial statements | Treasury stock | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
|---|----------------------------------|--------------------|-------------------|--------------------|-------------------------------------|----------------------------|--|-------------------|---|------------------------------|------------------|
| | Ordinary shares | Capital surplus | Retained earnings | | | Total retained earnings | | | | | |
| | | | Legal reserve | Special reserve | Unappropriated retained earnings | | | | | | |
| Balance on 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 year ended December 31, 2019 | - | - | - | - | 132,900 | 132,900 | - | - | 132,900 | 24,108 | 157,008 |
| Other comprehensive income for the year ended December 31, 2019 | - | - | - | - | (784) | (784) | (35,991) | - | (36,775) | (5,019) | (41,794) |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | - | 132,116 | 132,116 | (35,991) | - | 96,125 | 19,089 | 115,214 |
| Purchase of treasury shares | - | - | - | - | - | - | - | (102,322) | (102,322) | - | (102,322) |
| Retirement of treasury shares | (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 December 31, 2019 | 1,629,350 | 82,967 | 284,492 | 45,219 | 407,034 | 736,745 | (81,209) | (49,810) | 2,318,043 | 189,548 | 2,507,591 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve | - | - | 13,290 | - | (13,290) | - | - | - | - | - | - |
| Special reserve | - | - | - | 35,990 | (35,990) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (46,781) | (46,781) | - | - | (46,781) | - | (46,781) |
| Profit for the year ended December 31, 2020 | - | - | - | - | 62,798 | 62,798 | - | - | 62,798 | 17,378 | 80,176 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | (612) | (612) | 22,189 | - | 21,577 | (3,235) | 18,342 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 62,186 | 62,186 | 22,189 | - | 84,375 | 14,143 | 98,518 |
| Purchase of treasury shares | - | - | - | - | - | - | - | (38,712) | (38,712) | - | (38,712) |
| Retirement of treasury shares | (70,000) | (3,564) | - | - | (14,958) | (14,958) | - | 88,522 | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 52,416 | - | - | - | - | - | - | 52,416 | - | 52,416 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | (112,676) | (112,676) |
| Balance on December 31, 2020 | \$ 1,559,350 | 131,819 | 297,782 | 81,209 | 358,201 | 737,192 | (59,020) | - | 2,369,341 | 91,015 | 2,460,356 |

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|------------|-----------|
| Cash flows from (used in) operating activities: | | |
| Profit before tax | \$ 108,748 | 212,439 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 209,414 | 245,649 |
| Amortization expense | 1,718 | 1,743 |
| Expected credit loss (gain) | 167 | (1,764) |
| Net loss on financial assets or liabilities at fair value through profit or loss | (124) | - |
| Interest expense | 10,308 | 10,307 |
| Interest income | (1,474) | (1,473) |
| Loss on disposal of property, plant and equipment, net | 9,816 | 103 |
| Other | 252 | (12) |
| Total adjustments to reconcile profit (loss) | 230,077 | 254,553 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in trade receivables | 325,228 | (105,592) |
| Decrease (increase) in inventories | 10,700 | 22,925 |
| Decrease (increase) in other current assets | 11,461 | (6,746) |
| Decrease (increase) in other financial assets | 743 | 15,399 |
| Decrease (increase) in defined benefit plan assets | 22,746 | - |
| Increase (decrease) in contract liabilities | (606) | (802) |
| Increase (decrease) in trade payables | (126,014) | (104,312) |
| Increase (decrease) in other payables and other current liabilities | (27,953) | (30,598) |
| Total changes in operating assets and liabilities | 216,305 | (209,726) |
| Total adjustments | 446,382 | 44,827 |
| Cash inflow generated from (used in) operations | 555,130 | 257,266 |
| Interest received | 1,474 | 1,473 |
| Income taxes paid | (79,019) | (55,324) |
| Net cash flows from (used in) operating activities | 477,585 | 203,415 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (4,500) | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 4,624 | - |
| Acquisition of property, plant, and equipment | (488,567) | (78,615) |
| Decrease (increase) in prepayment for business facilities | (25,832) | (20,807) |
| Decrease (increase) in refundable deposits | (2,176) | (3,402) |
| Acquisition of intangible assets | (2,981) | (798) |
| Net cash flows from (used in) investing activities | (519,432) | (103,622) |
| Cash flows from (used in) financing activities: | | |
| Increase (decrease) in short-term loans | (93,040) | 20,000 |
| Increase in long-term loans | 638,000 | 200,000 |
| Repayment of long-term loans | (322,000) | (176,000) |
| Increase (decrease) in guarantee deposits | 363 | 1,302 |
| Payment of lease liabilities | (14,134) | (6,170) |
| Distribution of cash dividends | (46,781) | (48,881) |
| Payments to acquire treasury shares | (38,712) | (102,322) |
| Interest paid | (10,092) | (10,354) |
| Acquisition of non-controlling interests | (61,835) | (40,789) |
| Net cash flows from (used in) financing activities | 51,769 | (163,214) |
| Effect of exchange rate changes on cash and cash equivalents | 7,605 | (8,982) |
| Net increase (decrease) in cash and cash equivalents | 17,527 | (72,403) |
| Cash and cash equivalents at beginning of period | 348,611 | 421,014 |
| Cash and cash equivalents at end of period | \$ 366,138 | 348,611 |

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 sheets as of December 31, 2020 and 2019, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, and notes to the financial statements, including a summary of significant 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, 2020 and 2019, 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 audit of the financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in 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 CHENMING ELECTRONIC TECHNOLOGY CORP. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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.

The share of profit (loss) of associates and joint ventures accounted for using equity method - Subsidiary’ s Inventory valuation

Please refer to Note (4)(g) and Note (5) for accounting policy of uncertainty of the valuation of inventory from using equity method - subsidiary. Information of the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method - subsidiarys’ inventory valuation is disclosed in notes (6)(c) of the financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Company are expected to change. Therefore, the test of the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary' s inventory valuation is one of the significant evaluation in our audit procedures.

Audit Procedure:

Our principal audit procedure included: testing the related controls of subsidiary' s production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories, to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to verify the rationality of assessment on the allowance estimated by the management of the Company.

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 Yi Wen Wang and Hsin Fu Yen.

KPMG
Taipei, Taiwan (Republic of China)
March 17, 2021

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.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | | <u>December 31, 2020</u> | | <u>December 31, 2019</u> | | | | <u>December 31, 2020</u> | | <u>December 31, 2019</u> | |
|----------------------------|---|--------------------------|-----------|--------------------------|-----------|---|---|--------------------------|------------|--------------------------|------------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Assets | | | | | | Liabilities and Equity | | | | | |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note (6)(a)) | \$ 72,725 | 2 | 71,449 | 2 | 2100 | Short-term loans (note (6)(h)) | \$ 296,960 | 8 | 390,000 | 11 |
| 1170 | Trade receivables, net (note (6)(b) and (p)) | 689,481 | 18 | 902,006 | 25 | 2170 | Notes and trade payables | 2,817 | - | 3,063 | - |
| 1310 | Inventories, net (note (6)(c)) | 5,633 | - | 16,154 | - | 2180 | Trade payables to related parties (note (7)) | 589,420 | 15 | 505,434 | 15 |
| 1479 | Other current assets | 1,241 | - | 4,517 | - | 2230 | Current tax liabilities | 4,704 | - | 15,591 | - |
| | | <u>769,080</u> | <u>20</u> | <u>994,126</u> | <u>27</u> | 2200 | Other payables | 43,880 | 1 | 47,379 | 1 |
| Non-current assets: | | | | | | 2280 | Current lease liabilities (note (6)(j)) | 3,147 | - | 1,491 | - |
| 1550 | Investments accounted for using equity method, net(note (6)(d)) | 2,238,772 | 57 | 2,069,928 | 58 | 2300 | Other current liabilities | 474 | - | 6,682 | - |
| 1600 | Property, plant, and equipment (notes (6)(e) and (8)) | 709,658 | 18 | 309,099 | 9 | | | <u>941,402</u> | <u>24</u> | <u>969,640</u> | <u>27</u> |
| 1755 | Right-of-use assets (note (6)(f)) | 7,500 | - | 3,793 | - | Non-Current liabilities: | | | | | |
| 1760 | Investment property, net (note (6)(g) and (8)) | 196,399 | 5 | 197,636 | 5 | 2540 | Long-term loans (note (6)(i)) | 622,000 | 16 | 306,000 | 9 |
| 1840 | Deferred income tax assets (note (6)(m)) | 3,021 | - | 4,850 | - | 2570 | Deferred income tax liabilities (note (6)(m)) | - | - | 4,931 | - |
| 1980 | Other non-current financial assets | 3,038 | - | 1,470 | - | 2580 | Non-current lease liabilities (note (6)(j)) | 4,385 | - | 2,306 | - |
| 1990 | Other non-current assets (note (6)(l)) | 12,930 | - | 23,288 | 1 | 2645 | Guarantee deposits | 3,270 | - | 3,270 | - |
| | | <u>3,171,318</u> | <u>80</u> | <u>2,610,064</u> | <u>73</u> | | | <u>629,655</u> | <u>16</u> | <u>316,507</u> | <u>9</u> |
| | | | | | | | | <u>1,571,057</u> | <u>40</u> | <u>1,286,147</u> | <u>36</u> |
| | | | | | | Total liabilities | | | | | |
| | | | | | | Equity attributable to owners of parent (note (6)(n)): | | | | | |
| | | | | | | 3100 | Ordinary shares | 1,559,350 | 40 | 1,629,350 | 45 |
| | | | | | | 3200 | Capital surplus | 131,819 | 3 | 82,967 | 2 |
| | | | | | | 3300 | Retained earnings | 737,192 | 19 | 736,745 | 20 |
| | | | | | | 3410 | Exchange differences on translation of foreign financial statements | (59,020) | (2) | (81,209) | (2) |
| | | | | | | 3500 | Treasury shares | - | - | (49,810) | (1) |
| | | | | | | | | <u>2,369,341</u> | <u>60</u> | <u>2,318,043</u> | <u>64</u> |
| | | | | | | Total equity | | | | | |
| | | | | | | Total liabilities and equity | | | | | |
| | | | | | | | | <u>\$ 3,940,398</u> | <u>100</u> | <u>\$ 3,604,190</u> | <u>100</u> |
| | | | | | | | | <u>3,940,398</u> | <u>100</u> | <u>3,604,190</u> | <u>100</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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | Ordinary shares | Capital surplus | Retained earnings | | | Total retained earnings | Other components of equity | Treasury shares | Total equity |
|---|---------------------|-----------------|-------------------|-----------------|----------------------------------|-------------------------|---|-----------------|------------------|
| | | | Legal reserve | Special reserve | Unappropriated retained earnings | | Exchange differences on translation of foreign financial statements | | |
| 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 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 11,005 | - | (11,005) | - | - | - | - |
| Special reserve | - | - | - | 14,123 | (14,123) | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (48,881) | (48,881) | - | - | (48,881) |
| Profit for the year ended December 31, 2019 | - | - | - | - | 132,900 | 132,900 | - | - | 132,900 |
| Other comprehensive income for the year ended December 31, 2019 | - | - | - | - | (784) | (784) | (35,991) | - | (36,775) |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | - | 132,116 | 132,116 | (35,991) | - | 96,125 |
| Purchase of treasury shares | - | - | - | - | - | - | - | (102,322) | (102,322) |
| Retirement of treasury share | (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 |
| Balance at December 31, 2019 | 1,629,350 | 82,967 | 284,492 | 45,219 | 407,034 | 736,745 | (81,209) | (49,810) | 2,318,043 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 13,290 | - | (13,290) | - | - | - | - |
| Special reserve | - | - | - | 35,990 | (35,990) | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (46,781) | (46,781) | - | - | (46,781) |
| Profit (loss) for the year ended December 31, 2020 | - | - | - | - | 62,798 | 62,798 | - | - | 62,798 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | (612) | (612) | 22,189 | - | 21,577 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 62,186 | 62,186 | 22,189 | - | 84,375 |
| Other changes in capital surplus: | | | | | | | | | |
| Purchase of treasury shares | - | - | - | - | - | - | - | (38,712) | (38,712) |
| Retirement of treasury share | (70,000) | (3,564) | - | - | (14,958) | (14,958) | - | 88,522 | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 52,416 | - | - | - | - | - | - | 52,416 |
| Balance at December 31, 2020 | \$ 1,559,350 | 131,819 | 297,782 | 81,209 | 358,201 | 737,192 | (59,020) | - | 2,369,341 |

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|-----------|-----------|
| Cash flows from (used in) operating activities: | | |
| Profit before tax | \$ 71,170 | 145,206 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 6,449 | 4,810 |
| Amortization expense | 740 | 1,018 |
| Expected credit loss (gain) | (95) | (600) |
| Interest expense | 9,755 | 9,831 |
| Interest income | (423) | (694) |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | (33,641) | (89,364) |
| Total adjustments to reconcile profit (loss) | (17,215) | (74,999) |
| Changes in operating assets and liabilities: | | |
| Decrease in trade receivables | 212,620 | 31,810 |
| Decrease (increase) in inventories | 10,521 | (16,091) |
| Decrease (increase) in other current assets | 3,276 | (3,928) |
| Increase in notes and trade payables | 83,740 | 11,117 |
| Decrease in other payables and other current liabilities | (10,044) | (541) |
| Decrease (increase) in net defined benefit plan assets | 22,746 | (322) |
| Other | 121 | 296 |
| Total changes in operating assets and liabilities | 322,980 | 22,341 |
| Total adjustments | 305,765 | (52,658) |
| Cash inflow generated from (used in) operations | 376,935 | 92,548 |
| Interest received | 423 | 694 |
| Income taxes paid | (22,973) | (26,432) |
| Net cash flows from (used in) operating activities | 354,385 | 66,810 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of investments accounted for using equity method | (60,598) | (46,097) |
| Acquisition of property, plant and equipment | (403,609) | (378) |
| Acquisition of intangible assets | (797) | (798) |
| Increase in prepayments for business facilities | (12,332) | - |
| Other | (1,568) | (1,450) |
| Net cash flows from (used in) investing activities | (478,904) | (48,723) |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term loans | (93,040) | 20,000 |
| Increase in long-term debt | 638,000 | 160,000 |
| Repayments of long-term debt | (322,000) | (136,000) |
| Payment of lease liabilities | (2,134) | (628) |
| Distribution in cash dividends | (46,781) | (48,881) |
| Payments to acquire treasury shares | (38,712) | (102,322) |
| Interest paid | (9,538) | (9,878) |
| Other | - | (540) |
| Net cash flows from (used in) financing activities | 125,795 | (118,249) |
| Net increase (decrease) in cash and cash equivalents | 1,276 | (100,162) |
| Cash and cash equivalents at beginning of period | 71,449 | 171,611 |
| Cash and cash equivalents at end of period | \$ 72,725 | 71,449 |

See accompanying notes to financial statements.

Appendix I

Chenming Electronic Technology Corporation
Articles of Incorporation

Chapter One 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 Equipment and Apparatus Manufacturing.
- IV. CC01050 Data Storage Media Units Manufacturing.
- V. CC01070 Telecommunication Equipment and Apparatus Manufacturing.
- VI. CC01080 Electronic Parts and Components Manufacturing.
- VII. E605010 Computing Equipment Installation Construction.
- VIII.F113070 Wholesale of Telecom Instruments.
- IX. F213060 Retail Sale of Telecom Instruments.
- X. F601010 Intellectual property
- XI. I301010 Software Design Services.
- XII. I301020 Data Processing Services.
- XIII.I301030 Digital Information Supply Services.
- XIV.I501010 Product Designing.
- XV. IE01010 Telecommunications Number Agencies.
- XVI.ZZ99999 All business items that are not prohibited or restricted by law, except those 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 the Company Act.

Chapter Two Shares

Article V: The Company has aggregate total capital in an amount of NT\$2.472 billion, divided into 247,200,000 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.
The total capital mentioned in the above Paragraph shall have NT\$200

million, in 20 million shares of NT\$10 each, reserved to accommodate exercising of employee warrants, preferred shares with embedded warrant, or corporate bonds with embedded warrant.

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 Three Shareholder Meetings

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.

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 Four Directors and the 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 shall have seven directors, including at least two independent directors that comprise 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 an Audit Committee consisting entirely of independent directors with no less than 3 members. One among whom will serve as the convener, and at least one member shall possess accounting or finance expertise.
- Article XIV: The board of directors shall appoint one Chairman and one Vice Chairman in a board meeting with more than two-thirds of directors present, and with the support of more than half of all attending directors. The Chairman serves as the Company's representative to the outside world.
- 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 Board meetings shall be duly convened in accordance with Article 204 of The Company Act. Notices for board meetings 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: The board of directors is authorized to determine compensation for all directors in reference to peer levels. 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 directors to reduce and diversify the risks of directors causing major losses to the Company and its shareholders due to negligence while performing duties.

Chapter Five 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 Six Accounting

Article XVIII: The board of directors shall prepare: I. A business report, II. Financial statements, and III. Earnings distribution or loss reimbursement proposal at the end of each financial year. The above documents shall be presented for recognition during annual general meeting.

Article XIX: Pre-tax profit before 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%.

Remuneration to employees and remuneration to directors may be distributed either in stock or in cash at the percentages resolved by a majority vote in a Board meeting attended by two-thirds of total directors. The above resolutions shall be reported in a shareholder 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 Seven 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

1st amendments hereto were made on July 20, 1976.
2nd amendments hereto were made on January 10, 1977.
3rd amendments hereto were made on June 26, 1982.
4th amendments hereto were made on July 12, 1985.
5th amendments hereto were made on April 6, 1987.
6th amendments hereto were made on October 8, 1992.
7th amendments hereto were made on October 28, 1997.
8th amendments hereto were made on January 7, 1998.
9th amendments hereto were made on June 30, 1998.
10th amendments hereto were made on June 20, 1999.
11th amendments hereto were made on May 24, 2000.
12th amendments hereto were made on May 16, 2001.
13th amendments hereto were made on May 20, 2002.
14th amendments hereto were made on March 10, 2003.
15th amendments hereto were made on June 6, 2003.
16th amendments hereto were made on June 11, 2004.
17th amendments hereto were made on June 10, 2005.
18th amendments hereto were made on June 15, 2007.
19th amendments hereto were made on June 13, 2008.
20th amendments hereto were made on June 10, 2009.
21st amendments hereto were made on June 9, 2010.
22nd amendments hereto were made on June 10, 2011.
23rd amendments hereto were made on June 17, 2016.
24th amendments hereto were made on June 13, 2018.
25th amendments hereto were made on June 14, 2019.
26th amendments hereto were made on June 12, 2020.

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

- I. The Company's shareholders' meeting shall be duly convened in accordance with these Procedure Rules unless otherwise prescribed in laws concerned.
- II. In a shareholders' meeting, the sign-in book shall be prepared for the present shareholders to sign in. Or the present shareholders' meetings may submit sign-in cards instead of the sign-in process. The number of shares represented by present shareholders shall be duly calculated based on the sign-in book or the sign-in cards submitted by present shareholders.
- III. The presence and voting in a shareholders' meeting shall be duly calculated based on the number of shares so 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.
- 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 shall call the meeting to order when the time is up. In the event that the present shareholders are not up to the quorum for a majority of the total outstanding shares, the chairperson may announce a postponement of the meeting. The aggregate total of the postponements shall not exceed twice and the aggregate total of postponements in accumulation shall not be in excess of one hour. Where the number of shareholders present does not constitute the specified quorum after postponements twice but those present shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act.

In the event that the issued shares represented by present shareholders are up to a majority of the total issued shares before the current meeting ends, the chairperson may pose the tentative resolution so resolved to the shareholders' meeting for voting anew in accordance with 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 the 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.

- 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 proctor (or security guard(s)) shall wear a “proctor” armband while serving the meeting site to maintain the order.
- XX. This same provision is applicable mutatis mutandis to an event of amendment There Regulations shall be put into enforcement after being resolved in the shareholders’ meeting.

Appendix No. III

Chenming Electronic Technology Corporation Directors' Shareholding

Record date: April 13, 2021

| Title | Name | Date elected | Shareholding when elected | | | Current shareholding | | | Remarks |
|----------------------|------------------|--------------|---------------------------|------------|------------------------|----------------------|------------|------------------------|---------|
| | | | Type | Shares | Shareholding ratio (%) | Type | Shares | Shareholding ratio (%) | |
| Chairman | Lin Mu-Ho | 2020.06.12 | common shares | 25,000,230 | 15.68% | common shares | 25,000,230 | 16.03% | |
| Vice Chairman | Lin Feng-Ran | 2020.06.12 | common shares | 6,612,310 | 4.15% | common shares | 6,612,310 | 4.24% | |
| Director | Chen Hsiao-Chun | 2020.06.12 | common shares | 259,456 | 0.16% | common shares | 259,456 | 0.17% | |
| Director | Lo Chih-Chi | 2020.06.12 | common shares | 573,958 | 0.36% | common shares | 573,958 | 0.37% | |
| Independent Director | Chou Liang-Cheng | 2020.06.12 | common shares | 0 | 0.00% | common shares | 0 | 0.00% | |
| Independent Director | Chen Hung-Chang | 2020.06.12 | common shares | 0 | 0.00% | common shares | 0 | 0.00% | |
| Independent Director | Chen Chien-Chun | 2020.06.12 | common shares | 0 | 0.00% | common shares | 0 | 0.00% | |
| Total | | | | 32,445,954 | | | 32,445,954 | | |

Total outstanding shares as at June 12, 2020: 159,435,018 shares

Total outstanding shares as at April 13, 2021: 155,935,018 shares

Note: Minimum required shareholding across all directors: 9,356,101 shares; shareholding as at April 13, 2021: 32,445,954 shares

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

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