

**CHENMING ELECTRONIC TECHNOLOGY CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of CHENMING ELECTRONIC TECHNOLOGY CORP. (the "Company") and its subsidiaries (the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Yi Wen Wang and Szu-Chuan Chien .

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2022 and 2021

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

	For the three months ended				For the six months ended				
	June 30		June 30		June 30		June 30		
	2022	2021	2022	2021	2022	2021	2022	2021	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(q))	\$ 1,327,685	100	1,089,515	100	2,503,967	100	2,148,243	100
5000	Operating costs (notes 6(d), (m) and (12))	1,245,543	94	1,048,064	96	2,334,946	93	2,019,619	94
5900	Gross profit from operations	82,142	6	41,451	4	169,021	7	128,624	6
6000	Operating expenses (notes 6(m) and (12)):								
6100	Selling expenses	34,170	2	28,397	3	67,798	3	54,134	3
6200	Administrative expenses	50,316	4	46,830	4	99,431	4	93,867	4
6300	Research and development expenses	14,200	1	14,060	1	28,267	1	27,344	1
		98,686	7	89,287	8	195,496	8	175,345	8
6900	Net operating income (loss)	(16,544)	(1)	(47,836)	(4)	(26,475)	(1)	(46,721)	(2)
7000	Non-operating income and expenses:								
7050	Finance costs, net (note 6(k))	(8,352)	(1)	(3,247)	-	(19,713)	(1)	(6,318)	-
7100	Interest income	675	-	310	-	1,142	-	641	-
7110	Rent revenue (notes 6(l) and (7))	4,231	-	3,861	-	8,404	-	7,768	-
7190	Other income (note 6(f))	978	-	4,871	-	40,201	2	5,494	-
7230	Foreign exchange gains (losses) (note 6(s))	60,999	5	(13,419)	(1)	62,594	3	(1,313)	-
7590	Other expense and losses	-	-	(76)	-	(16)	-	(90)	-
		58,531	4	(7,700)	(1)	92,612	4	6,182	-
7900	Profit (loss) from continuing operations before tax	41,987	3	(55,536)	(5)	66,137	3	(40,539)	(2)
7950	Less: Income tax expenses (note 6(n))	4,274	-	(12,924)	(1)	21,102	1	(10,832)	(2)
	Profit (loss)	37,713	3	(42,612)	(4)	45,035	2	(29,707)	-
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	17,199	1	(8,946)	(1)	24,521	1	(17,527)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	17,199	1	(8,946)	(1)	24,521	1	(17,527)	(1)
8300	Other comprehensive income (loss)	17,199	1	(8,946)	(1)	24,521	1	(17,527)	(1)
8500	Comprehensive income	\$ 54,912	4	(51,558)	(5)	69,556	3	(47,234)	(1)
	Profit attributable to:								
8610	Owners of parent	\$ 37,713	3	(42,611)	(4)	45,035	2	(29,875)	
8620	Non-controlling interests	-	-	(1)	-	-	-	168	-
		\$ 37,713	3	(42,612)	(4)	45,035	2	(29,707)	
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 54,912	4	(51,250)	(5)	69,556	3	(46,379)	(1)
8720	Non-controlling interests	-	-	(308)	-	-	-	(855)	-
		\$ 54,912	4	(51,558)	(5)	69,556	3	(47,234)	(1)
	Earnings per share (expressed in NTD) (note 6(p)):								
9750	Basic earnings per share	\$ 0.19		(0.27)		0.25		(0.19)	
9850	Diluted earnings per share	\$ 0.19		(0.27)		0.25		(0.19)	

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

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the six months ended June 30, 2022 and 2021
(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, 2021	\$ 1,559,350	131,819	297,782	81,209	358,201	737,192	(59,020)	-	2,369,341	91,015	2,460,356
Profit for the six months ended June 30, 2021	-	-	-	-	(29,875)	(29,875)	-	-	(29,875)	168	(29,707)
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	(16,504)	-	(16,504)	(1,023)	(17,527)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	(29,875)	(29,875)	(16,504)	-	(46,379)	(855)	(47,234)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	41,744	-	-	-	-	-	-	41,744	-	41,744
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(90,160)	(90,160)
Balance on June 30, 2021	\$ 1,559,350	173,563	297,782	81,209	328,326	707,317	(75,524)	-	2,364,706	-	2,364,706
Balance on January 1, 2022	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	-	2,241,731	-	2,241,731
Profit for the six months ended June 30, 2022	-	-	-	-	45,035	45,035	-	-	45,035	-	45,035
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	24,521	-	24,521	-	24,521
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	45,035	45,035	24,521	-	69,556	-	69,556
Capital increase by cash	400,000	140,000	-	-	-	-	-	-	540,000	-	540,000
Balance on June 30, 2022	\$ 1,959,350	313,563	302,505	59,020	258,982	620,507	(42,133)	-	2,851,287	-	2,851,287

See accompanying notes to consolidated financial statements.

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

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 66,137	(40,539)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	246,695	114,599
Amortization expense	6,167	2,719
Expected credit losses (gains)	(180)	219
Net loss (gains) on financial assets or liabilities at fair value through profit or loss	29	(75)
Interest expenses	19,713	6,318
Interest income	(1,142)	(641)
Loss (gain) from disposal of property, plant, and equipment, net	(37,750)	4,681
Total adjustments to reconcile profit (loss)	<u>233,532</u>	<u>127,820</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(2,000)	(1,500)
Decrease in accounts receivable	557,490	365,907
Decrease (increase) in inventories	197,808	(269,127)
Decrease in other current assets	22,138	1,476
Decrease in other financial assets	1,182	-
Increase in contract liabilities	2,670	362
Decrease in trade payables	(519,729)	(25,189)
Decrease in other payables and other current liabilities	(13,430)	(39,319)
Total changes in operating assets and liabilities	<u>246,129</u>	<u>32,610</u>
Total adjustments	<u>479,661</u>	<u>160,430</u>
Cash inflow generated from operations	545,798	119,891
Interest received	1,142	641
Income taxes return (paid)	(4,113)	20,495
Net cash flows from (used in) operating activities	<u>542,827</u>	<u>141,027</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,010	-
Acquisition of property, plant, and equipment	(415,485)	(298,444)
Proceeds from disposal of property, plant and equipment	460,363	-
Increase in prepayment for business facilities	(29,808)	(13,410)
Decrease in refundable deposits	2,309	1,860
Acquisition of intangible assets	(3,389)	(10,234)
Net cash flows from (used in) investing activities	<u>15,000</u>	<u>(320,228)</u>
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term loans	(690,771)	44,585
Increase in long-term loans	273,437	74,000
Decrease in long-term loans	(533,688)	-
Increase (decrease) in guarantee deposits	1,384	(476)
Payment of lease liabilities	(7,439)	(5,851)
Proceeds from issuing shares	540,000	-
Interest paid	(20,179)	(6,256)
Acquisition of non-controlling interests	-	(39,192)
Net cash flows from (used in) financing activities	<u>(437,256)</u>	<u>66,810</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,743</u>	<u>(9,135)</u>
Net increase (decrease) in cash and cash equivalents	123,314	(121,526)
Cash and cash equivalents at beginning of period	222,648	366,138
Cash and cash equivalents at end of period	<u>\$ 345,962</u>	<u>244,612</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**Reviewed only, not audited in accordance with generally accepted auditing standards
as of June 30, 2022 and 2021**

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

**(Expressed in Thousands of New Taiwan Dollars,
Except for Earnings Per Share Information and Unless Otherwise Specified)**

(1) Company history

CHENMING ELECTRONIC TECHNOLOGY CORP. (the “Company”) was incorporated on June 1976 and the Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on September 16, 2002. The business activities of the Group are the production of computer cases, and the manufacturing and development of mobile devices.

The consolidated financial statements of the Company as of and for the years ended December 31, 2021 are comprised of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note (4)(b) for related information of the Group’s primary business activities.

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

These consolidated financial statements for the six months ended June 30, 2022 and 2021 were authorized for issuance by the Board of Directors on August 10, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	TOP CITY INTERNATIONAL LIMITED	Investment	100 %	100 %	100 %	
The Company	CHENMING ELECTRONIC TECHNOLOGY USA, Inc.	Import and export business of computer case	100 %	100 %	100 %	
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC.	Investment	100 %	100 %	100 %	
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Investment	100 %	100 %	100 %	
GERSHWIN INTERNATIONAL LIMITED	Dongguan Chenming Electronic Co., Ltd	Computer case and production of relative components	100 %	100 %	100 %	
PEAK SHREWD INC.	CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	100 %	100 %	100 %	

(c) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group’s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group’s accounting policies.

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(d) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time in which the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates, and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 50	123	572
Checking accounts and demand deposits	345,912	222,525	231,113
Time deposits	-	-	12,927
	<u>\$ 345,962</u>	<u>222,648</u>	<u>244,612</u>

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

(b) Financial assets at fair value through profit or loss – current

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate-Funds	<u>\$ 961</u>	<u>-</u>	<u>1,575</u>

As of June 30, 2022 and 2021, the Group did not pledge any financial assets as collaterals.

(c) Trade receivables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Trade receivables	\$ 1,657,397	2,200,160	1,363,698
Less: Loss allowance	(474)	(649)	(904)
Trade receivables, net	<u>\$ 1,656,923</u>	<u>2,199,511</u>	<u>1,362,794</u>

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

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 1,596,449	0.01%	161
1 to 30 days past due	33,618	0.29%	98
31 to 150 days past due	27,330	0.79%	215
	\$ 1,657,397		474
	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 2,149,086	0.02%	441
1 to 30 days past due	44,015	0.14%	63
31 to 150 days past due	7,059	2.05%	145
	\$ 2,200,160		649
	June 30, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 1,330,555	0.02%	239
1 to 30 days past due	11,346	0.18%	20
31 to 150 days past due	21,797	2.96%	645
	\$ 1,363,698		904

The movements in the allowance for trade receivables were as follows:

	For the six months ended June 30,	
	2022	2021
Balance on January 1	\$ 649	692
Impairment losses recognized (reversed)	(180)	219
Foreign exchange gains / (losses)	5	(7)
Balance on June 30	\$ 474	904

As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group did not pledge any receivables as collaterals.

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 351,612	403,548	303,719
Work in progress	276,413	318,900	272,204
Finished goods and merchandise inventories	<u>547,525</u>	<u>638,234</u>	<u>654,123</u>
	<u>\$ 1,175,550</u>	<u>1,360,682</u>	<u>1,230,046</u>

The Group's composition details of operating cost for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Cost of goods sold	\$ 1,243,354	1,031,810	2,324,976	1,994,574
Revenue from sale of scraps	(17,460)	(11,891)	(27,047)	(21,952)
Inventories valuation and obsolescence losses (gain from price recovery of inventory)	395	4,578	(960)	3,715
Loss on scrapping of inventories	19,196	23,546	37,919	43,261
Shortage of inventories	<u>58</u>	<u>21</u>	<u>58</u>	<u>21</u>
	<u>\$ 1,245,543</u>	<u>1,048,064</u>	<u>2,334,946</u>	<u>2,019,619</u>

The write-down of the inventories to net realizable value amounted to \$395, \$4,578, \$(960) and \$3,715 for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, respectively. The write-downs are included in operating costs.

As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group did not pledge any inventories as collaterals.

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

The Group decided on March 17, 2021, to purchase 8% shares of CHENMING ELECTRONIC (NINGBO) CO., LTD. amounting to \$48,416 (USD1,700 thousand) from CHENMING (H.K.) CORPORATION LIMITED, through its subsidiary PEAK SHREWD INC., a fully owned subsidiary of the Group. The contract was signed in March 2021, and the related transfer procedures had been completed in April 2021. The Group increased its shares in CHENMING ELECTRONIC (NINGBO) CO., LTD from 92% to 100%. As of June 30, 2022, December 31, 2021 and June 30, 2021, the remaining unpaid balance of \$35,664, \$33,216 and \$33,432 was recognized as other payables-related parties. For the related information, please refer to note(7)(b) for details.

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In consideration of the business development, the Company was approved by the Board of Directors on March 23, 2022, to invest USD3,000 thousand to set up a manufacturing site in Kunshan, Mainland China. As of the reporting date, the process was not started yet.

(f) Property, plant, and equipment

The cost and depreciation of the property, plant, and equipment of the Group for the six months ended June 30, 2022 and 2021 were as follows:

	<u>Land</u>	<u>Properties</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Molds</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:							
Balance on January 1, 2022	\$ 1,533,559	868,941	423,531	103,618	616,403	-	3,546,052
Additions	-	-	28,339	20,719	335,884	31,590	416,532
Disposals	(418,295)	-	(586)	(76)	-	-	(418,957)
Reclassifications	-	-	41,679	497	-	-	42,176
Reclassified to non-current assets held for sale	-	(2,524)	-	-	-	-	(2,524)
Effect of changes in exchange rates	-	3,875	3,125	642	7,743	-	15,385
Balance on June 30, 2022	<u>\$ 1,115,264</u>	<u>870,292</u>	<u>496,088</u>	<u>125,400</u>	<u>960,030</u>	<u>31,590</u>	<u>3,598,664</u>
Balance on January 1, 2021	\$ 613,714	778,789	408,568	30,770	-	-	1,831,841
Additions	3,955	-	13,377	21,285	236,143	-	274,760
Disposals	-	-	-	-	(5,375)	-	(5,375)
Reclassifications	11,524	-	10,796	918	-	-	23,238
Effect of changes in exchange rates	-	(2,905)	(2,587)	(194)	(785)	-	(6,471)
Balance on June 30, 2021	<u>\$ 629,193</u>	<u>775,884</u>	<u>430,154</u>	<u>52,779</u>	<u>229,983</u>	<u>-</u>	<u>2,117,993</u>
Depreciation:							
Balance on January 1, 2022	\$ -	313,757	283,316	33,268	102,791	-	733,132
Depreciation	-	13,068	9,684	13,461	197,515	-	233,728
Disposals	-	-	(552)	(76)	-	-	(628)
Reclassified to non-current assets held for sale	-	(1,165)	-	-	-	-	(1,165)
Effect of changes in exchange rates	-	1,502	1,872	194	1,346	-	4,914
Balance on June 30, 2022	<u>\$ -</u>	<u>327,162</u>	<u>294,320</u>	<u>46,847</u>	<u>301,652</u>	<u>-</u>	<u>969,981</u>
Balance on January 1, 2021	\$ -	294,901	206,220	14,907	-	-	516,028
Depreciation	-	14,012	60,320	5,575	21,808	-	101,715
Disposals	-	-	-	-	(694)	-	(694)
Effect of changes in exchange rates	-	(1,039)	(1,461)	(80)	(94)	-	(2,674)
Balance on June 30, 2021	<u>\$ -</u>	<u>307,874</u>	<u>265,079</u>	<u>20,402</u>	<u>21,020</u>	<u>-</u>	<u>614,375</u>

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	<u>Land</u>	<u>Properties</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Molds</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Book value:							
Balance on January 1, 2022	\$ <u>1,533,559</u>	<u>555,184</u>	<u>140,215</u>	<u>70,350</u>	<u>513,612</u>	-	<u>2,812,920</u>
Balance on June 30, 2022	\$ <u>1,115,264</u>	<u>543,130</u>	<u>201,768</u>	<u>78,553</u>	<u>658,378</u>	<u>31,590</u>	<u>2,628,683</u>
Balance on January 1, 2021	\$ <u>613,714</u>	<u>483,888</u>	<u>202,348</u>	<u>15,863</u>	-	-	<u>1,315,813</u>
Balance on June 30, 2021	\$ <u>629,193</u>	<u>468,010</u>	<u>165,075</u>	<u>32,377</u>	<u>208,963</u>	-	<u>1,503,618</u>

As of June 30, 2022, December 31, 2021, and June 30, 2021 the Group had provided parts of the property, plant, and equipment as collaterals for its long-term loans and credit lines. Please refer to note (8) for details.

In order to increase the working capital and improve the financial structure of the Group, the Board of Directors decided to dispose of the land on March 23, 2022. The Company signed a sale contract of the land with a total price of \$477,000 with Shin Yau Mei Biomedical Technology Corp. on March 29, 2022. The gain on disposal of the property, plant and equipment of \$37,753 was recognized after deducting related transaction cost of \$20,952 and the carrying amount of the land of \$418,295. Please refer to (6)(h) for the details of the reclassification of non-current assets held for sale.

(g) Right-of-use assets

The Group leases many assets including land and properties, machinery, transportation and others. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Properties</u>	<u>Transportation</u>	<u>others</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 244,329	19,735	19,356	3,467	286,887
Additions	-	9,080	-	1,531	10,611
Effect of changes in exchange rates	<u>2,029</u>	<u>457</u>	-	-	<u>2,486</u>
Balance at June 30, 2022	\$ <u>246,358</u>	<u>29,272</u>	<u>19,356</u>	<u>4,998</u>	<u>299,984</u>
Balance at January 1, 2021	\$ 245,034	10,906	18,085	2,476	276,501
Additions	-	8,912	-	-	8,912
Effect of changes in exchange rates	<u>(1,452)</u>	<u>(243)</u>	-	-	<u>(1,695)</u>
Balance at June 30, 2021	\$ <u>243,582</u>	<u>19,575</u>	<u>18,085</u>	<u>2,476</u>	<u>283,718</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 29,209	18,249	12,823	2,062	62,343
Depreciation of the period	4,903	4,540	2,623	281	12,347
Effect of changes in exchange rates	<u>247</u>	<u>412</u>	-	-	<u>659</u>
Balance at June 30, 2022	\$ <u>34,359</u>	<u>23,201</u>	<u>15,446</u>	<u>2,343</u>	<u>75,349</u>

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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	<u>Land</u>	<u>Properties</u>	<u>Transportation</u>	<u>others</u>	<u>Total</u>
Balance at January 1, 2021	\$ 19,529	9,412	7,603	1,384	37,928
Depreciation of the period	4,869	4,454	2,603	340	12,266
Effect of changes in exchange rates	(130)	(184)	-	-	(314)
Balance at June 30, 2021	<u>\$ 24,268</u>	<u>13,682</u>	<u>10,206</u>	<u>1,724</u>	<u>49,880</u>
Book value:					
Balance at January 1, 2022	<u>\$ 215,120</u>	<u>1,486</u>	<u>6,533</u>	<u>1,405</u>	<u>224,544</u>
Balance at June 30, 2022	<u>\$ 211,999</u>	<u>6,071</u>	<u>3,910</u>	<u>2,655</u>	<u>224,635</u>
Balance at January 1, 2021	<u>\$ 225,505</u>	<u>1,494</u>	<u>10,482</u>	<u>1,092</u>	<u>238,573</u>
Balance at June 30, 2021	<u>\$ 219,314</u>	<u>5,893</u>	<u>7,879</u>	<u>752</u>	<u>233,838</u>

(h) Investment property

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

	<u>Land</u>	<u>Properties</u>	<u>Total</u>
Cost			
Balance on January 1, 2022	\$ 152,640	63,116	215,756
Reclassified to non-current assets held for sale	-	(25,871)	(25,871)
Balance on June 30, 2022	<u>\$ 152,640</u>	<u>37,245</u>	<u>189,885</u>
Balance on January 1, 2021 (Same balance as December 31, 2020)	<u>\$ 152,640</u>	<u>63,116</u>	<u>215,756</u>
Depreciation			
Balance on January 1, 2022	\$ -	20,594	20,594
Depreciation	-	620	620
Reclassified to non-current assets held for sale	-	(4,679)	(4,679)
Balance on June 30, 2022	<u>\$ -</u>	<u>16,535</u>	<u>16,535</u>
Balance on January 1, 2021	\$ -	19,357	19,357
Depreciation	-	618	618
Balance on June 30, 2021	<u>\$ -</u>	<u>19,975</u>	<u>19,975</u>
Book Value			
Balance on January 1, 2022	<u>\$ 152,640</u>	<u>42,522</u>	<u>195,162</u>
Balance on June 30, 2022	<u>\$ 152,640</u>	<u>20,710</u>	<u>173,350</u>
Balance on January 1, 2021	<u>\$ 152,640</u>	<u>43,759</u>	<u>196,399</u>
Balance on June 30, 2021	<u>\$ 152,640</u>	<u>43,141</u>	<u>195,781</u>

In the first half of 2022, the Group 's chairman approved the plan to sell some of its investment properties, and on July 22, 2022, the Group signed a contract with a non-related party to sell the investment properties for \$98,880 (including tax), and the transfer procedures had not been completed as of the date of the review report. The investment properties were recognized as non-current assets held for sale, please refer to note (11).

There were no material addition, disposal, impairment, or reversal situation of investment properties for the six months ended June 30, 2022 and 2021. Please refer to note (12) for details. For other related information, please refer to note(6)(g) of the 2021 consolidated financial statements.

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There were no significant differences between the fair values of investment properties and that of those disclosed in the 2021 consolidated financial statements. Please refer to note (6)(g) of the 2021 consolidated financial statement.

Please refer to note (8) for information on investment properties pledged as collateral as of June 30, 2022, December 31, 2021, and June 30, 2021.

(i) Short-term loans

The short-term loans were summarized as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Secured loans	\$ <u>340,000</u>	<u>1,030,771</u>	<u>341,545</u>
Unused credit line for short-term loans	\$ <u>2,320,321</u>	<u>831,596</u>	<u>1,154,358</u>
Annual interest rates	<u>1.0%~1.50%</u>	<u>1.0%~4.3%</u>	<u>0.5%~4.35%</u>

(i) As of June 30, 2022, December 31, 2021, and June 30, 2021, the main management was the guarantor of short-term loan contracts, and the amount of loans was \$340,000, \$529,868 and \$341,545. Please refer to note (7).

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

(iii) As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group provided part of its assets as collateral for short-term loans, please refer to note (8) for details.

(j) Long-term loans

The long-term loans were summarized as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Secured bank loans	\$ 1,403,207	1,663,458	696,000
Less: Current portion	-	-	-
Total	\$ <u>1,403,207</u>	<u>1,663,458</u>	<u>696,000</u>
Unused long-term credit lines	\$ <u>731,768</u>	<u>801,142</u>	<u>706,000</u>
Range of interest rate	<u>0.26%~4.35%</u>	<u>1.0%~4.5%</u>	<u>1.0%~1.3%</u>

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

(ii) The information of interest rate and liquidity risk exposure can refer to note (6)(s).

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

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(k) Lease liabilities

The details of lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	<u>\$ 10,307</u>	<u>6,690</u>	<u>10,590</u>
Non-current financial assets	<u>\$ 2,537</u>	<u>2,936</u>	<u>4,158</u>

For the maturity analysis, please refer to note (6)(s).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 146</u>	<u>179</u>	<u>246</u>	<u>261</u>
Expenses relating to short-term leases	<u>\$ 150</u>	<u>126</u>	<u>907</u>	<u>253</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 45</u>	<u>46</u>	<u>90</u>	<u>92</u>

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

	For the six months ended June 30,	
	2022	2021
Total cash outflow for leases	<u>\$ 8,682</u>	<u>6,457</u>

(i) Real estate leases

The Group leases properties, machinery, and equipment with lease terms of 1~5 years, and leases right-of-use land with lease terms of 28~30 years.

(ii) Other leases

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

(l) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2022 and 2021. Please refer to note (6)(k) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

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(m) Employee benefits – Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Operating expense	<u>\$ 964</u>	<u>1,011</u>	<u>1,971</u>	<u>1,985</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Operating cost	\$ 16,449	19,163	36,343	37,394
Operating expense	<u>2,347</u>	<u>1,951</u>	<u>4,783</u>	<u>3,940</u>
	<u>\$ 18,796</u>	<u>21,114</u>	<u>41,126</u>	<u>41,334</u>

(n) Income taxes

(i) The components of income tax for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Current tax expense (benefit)	<u>\$ 4,274</u>	<u>(12,924)</u>	<u>21,102</u>	<u>(10,832)</u>

(ii) There is no income tax recognized directly in other comprehensive expense (benefit).

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the Taipei National Tax Administration.

(o) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2022 and 2021. For the related information, please refer to note (6)(n) of the consolidated financial statements for the year ended December 31, 2021.

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(i) Ordinary shares

Based on a resolution approved in the special shareholders' meeting held on March 9, 2022, the Board of Directors was authorized to increase the capital by issuing ordinary shares in the limit of 70,000 thousand shares through private placement within one year. On March 23, 2022, the Board of Directors decided to issue 40,000 thousand ordinary shares at a premium of \$13.5 per share through private placement, with a par value of \$10 per share, amounting to \$400,000. The amount of \$140,000 was recognized as additional paid-in capital. The base date for the capital increase was March 14, 2022, and the related registration procedures had been completed.

The transfer of the aforementioned private placement of ordinary shares and any subsequently obtained bonus shares would be subject to Article 43-8 of Securities and Exchange Act. After three years from the date of the delivery of the private placement ordinary shares, the Company shall first apply to the Financial Supervisory Commission for a public offering before applying for listing and trading on the Taiwan Stock Exchange.

(ii) Capital surplus

The balances of capital surplus as of June 30, 2022, December 31, 2021, and June 30, 2021, were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Additional paid-in capital	\$ 150,551	10,551	10,551
Difference arising from subsidiary's share price and its carrying value	163,012	163,012	163,012
	\$ 313,563	173,563	173,563

(iii) Retained Earnings

The Company's articles of incorporation stipulate that 10% of annual net income after covering the accumulated deficit, if any, must be set up as a legal reserve. The remaining balance after special reserves, that are appropriated in accordance with FSC regulations, if any, shall distribute to prior year's un-distribution by the board of shareholders. The Group should consider financial, business, and operating factors to decide the distribution of earnings, which can be distributed by cash dividends or share dividends. Earning distribution sets cash dividends as priority, which cannot be lower than 10% of the total cash and stock dividends.

(iv) Earnings Distribution

The Company does not intend to distribute retained earnings in 2021 due to net loss after tax. The appropriations of earnings for the year of 2020 approved in the shareholders' meeting on July 30, 2021 was \$46,781 by cash dividends.

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(p) Earnings per share

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the Company's earnings per share was calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>37,713</u>	<u>(42,611)</u>	<u>45,035</u>	<u>(29,875)</u>
Weighted-average number of ordinary shares (share in thousands)	<u>195,935</u>	<u>155,935</u>	<u>180,023</u>	<u>155,935</u>
	<u>\$ 0.19</u>	<u>(0.27)</u>	<u>0.25</u>	<u>(0.19)</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>37,713</u>	<u>(42,611)</u>	<u>45,035</u>	<u>(29,875)</u>
Weighted-average number of ordinary shares with potential influence of ordinary shares				
Weighted-average number of ordinary shares	195,935	155,935	180,023	155,935
Effect of employee stock remuneration (share in thousands)	<u>60</u>	<u>-</u>	<u>97</u>	<u>86</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>195,995</u>	<u>155,935</u>	<u>180,120</u>	<u>156,021</u>
	<u>\$ 0.19</u>	<u>(0.27)</u>	<u>0.25</u>	<u>(0.19)</u>

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(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Primary geographical markets				
China	\$ 586,463	584,967	1,064,296	1,096,785
Taiwan	263,441	202,120	613,960	399,100
USA	338,023	214,917	540,139	416,944
Japan	101,628	72,261	210,521	190,231
Other	<u>38,130</u>	<u>15,250</u>	<u>75,051</u>	<u>45,183</u>
	<u>\$ 1,327,685</u>	<u>1,089,515</u>	<u>2,503,967</u>	<u>2,148,243</u>
Major products				
PC and server chassis	\$ 1,211,006	825,322	2,280,834	1,579,950
Mobile device components	44,423	172,986	73,520	405,017
Mold	<u>72,256</u>	<u>91,207</u>	<u>149,613</u>	<u>163,276</u>
	<u>\$ 1,327,685</u>	<u>1,089,515</u>	<u>2,503,967</u>	<u>2,148,243</u>

(ii) Contract balances

	June 30,	December	June 30,
	2022	31, 2021	2021
Trade receivables	\$ 1,657,397	2,200,160	1,363,698
Less: Loss allowance	<u>(474)</u>	<u>(649)</u>	<u>(904)</u>
Total	<u>\$ 1,656,923</u>	<u>2,199,511</u>	<u>1,362,794</u>
Contract liabilities	<u>\$ 3,344</u>	<u>674</u>	<u>977</u>

The amount of revenue recognized for the six months ended June 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$674 and \$615, respectively.

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

(r) Remunerations to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be used to offset against any deficit, and no less than 2% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Group who meet certain specific requirements.

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The Company's remuneration to employees was \$800, \$0, \$1,300 and \$0, respectively, and the remuneration to directors and supervisors was \$375, \$0, \$750 and \$0 for the three months and six months ended June 30, 2022 and 2021. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration were calculated based on the closing price of the Company's shares on the day before the approval from the Board of Directors. A net loss after tax has occurred, so the Company did not need to estimate employees and directors remuneration in 2021. The remuneration to employees was \$3,000, and the remuneration to directors and supervisors were \$1,500 in 2020. The actual amount and the estimated amount, which was estimated in the financial statement on December 31, 2020, had no difference. Related information would be available at the Market Observation Post System website.

(s) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair values of the Group's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For the related information, please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2021.

(i) Receivable securities

For the credit risk exposure of trade receivables, please refer to note (6)(c).

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

(ii) Liquidity Risk

Except for bank loans and lease liabilities, the following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	<u>Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2022					
Secured loans	\$ 1,743,207	(1,769,539)	(344,757)	-	(1,424,782)
Trade payables	1,461,270	(1,461,270)	(1,461,270)	-	-
Lease liabilities (including current and non-current)	12,844	(13,282)	(10,573)	(1,218)	(1,491)
Other payables (including related parties)	277,002	(277,002)	(277,002)	-	-
Guarantee deposits	9,446	(9,446)	(1,837)	-	(7,609)
	<u>\$ 3,503,769</u>	<u>(3,530,539)</u>	<u>(2,095,439)</u>	<u>(1,218)</u>	<u>(1,433,882)</u>

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2021					
Secured loans	\$ 2,694,229	\$ (2,732,128)	(1,047,996)	(374,462)	(1,309,670)
Trade payables	1,965,398	(1,965,398)	(1,965,398)	-	-
Lease liabilities (including current and non-current)	9,626	(9,908)	(6,866)	(2,280)	(762)
Other payables (including related parties)	291,071	(291,071)	(291,071)	-	-
Guarantee deposits	8,062	(8,062)	(20)	-	(8,042)
	<u>\$ 4,968,386</u>	<u>\$ (5,006,567)</u>	<u>(3,311,351)</u>	<u>(376,742)</u>	<u>(1,318,474)</u>
June 30, 2021					
Secured loans	\$ 1,037,545	(1,037,545)	(341,545)	(270,000)	(426,000)
Trade payables	1,227,906	(1,227,906)	(1,227,906)	-	-
Lease liabilities (including current and non-current)	14,748	(15,083)	(10,851)	(3,529)	(703)
Other payables (including related parties)	243,367	(243,367)	(243,367)	-	-
Guarantee deposits	7,578	(7,578)	(5,418)	-	(2,160)
	<u>\$ 2,531,144</u>	<u>(2,531,479)</u>	<u>(1,829,087)</u>	<u>(273,529)</u>	<u>(428,863)</u>

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>June 30, 2022</u>			<u>December 31, 2021</u>			<u>June 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 27,765	29.72	825,176	62,912	27.68	1,741,404	41,412	27.86	1,153,738
USD to CNY	12,693	6.7114	377,236	15,704	6.3757	434,687	15,041	6.4601	419,042
CNY to TWD	93,263	4.439	413,994	99,845	4.344	433,727	84,393	4.309	363,649
Financial liabilities									
Monetary items									
USD to TWD	6,916	29.72	205,544	29,919	27.68	828,158	21,617	27.86	602,250
USD to CNY	857	6.7114	25,470	3,929	6.3757	108,755	551	6.4601	15,351
CNY to TWD	185,704	4.439	824,340	307,393	4.344	1,335,315	166,578	4.309	717,785

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, other receivables, trade payables, and other payables that are denominated in foreign currencies.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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A weakening or strengthening 5% of each functional currency against Group entities' functional currency as of June 30, 2022, would have affected the net profit before tax as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 30,982	27,574
Weakening 5%	(30,982)	(27,574)
USD (against the CNY)		
Strengthening 5%	17,588	20,185
Weakening 5%	(17,588)	(20,185)
CNY (against the TWD)		
Strengthening 5%	(20,517)	(17,707)
Weakening 5%	20,517	17,707

3) Exchange gains and losses of monetary items

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

	<u>For the six months ended June 30,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Exchange profit (loss)</u>	<u>Average rate</u>	<u>Exchange profit (loss)</u>	<u>Average rate</u>
TWD	\$ 86,711	-	5,930	-
CNY	(5,433)	4.4390	(1,667)	4.3447

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Fixed rate instruments:		
Financial assets	\$ -	12,927
Variable rate instruments:		
Financial assets	\$ 345,775	231,038
Financial liabilities	1,743,207	1,037,545

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$1,747 and \$1,008 for the six months ended June 30, 2022 and 2021, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value

1) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets, are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

	June 30, 2022				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss- Beneficiary certificate-Funds	\$ 961	961	-	-	961
Financial assets measured at amortized cost					
Cash and cash equivalents	345,962	-	-	-	-
Trade receivables, net	1,656,923	-	-	-	-
Refundable deposits	18,154	-	-	-	-
	<u>2,021,039</u>				
	<u>\$ 2,022,000</u>				

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2022				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at amortized cost						
Bank loans	\$ 1,743,207	-	-	-	-	-
Trade payables	1,461,270	-	-	-	-	-
Lease liabilities	12,844	-	-	-	-	-
Other payables (including related parties)	277,002	-	-	-	-	-
Guarantee deposit	9,446	-	-	-	-	-
	<u>\$ 3,503,769</u>					
		December 31, 2021				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 222,648	-	-	-	-	-
Trade receivables, net	2,199,511	-	-	-	-	-
Other financial assets	1,182	-	-	-	-	-
Refundable deposits	20,463	-	-	-	-	-
	<u>\$ 2,443,804</u>					
Financial liabilities measured at amortized cost						
Bank loans	\$ 2,694,229	-	-	-	-	-
Trade payables	1,965,398	-	-	-	-	-
Lease liabilities	9,626	-	-	-	-	-
Other payables (including related parties)	291,071	-	-	-	-	-
Guarantee deposits	8,062	-	-	-	-	-
	<u>\$ 4,968,386</u>					
		June 30, 2021				
		Fair Value				
	Book value	Level 1	Level 2	Level 3	Total	
Non-derivative financial assets mandatorily measured at fair value through profit or loss-						
Beneficiary certificate-Funds	\$ 1,575	1,575	-	-	-	1,575
Financial assets measured at amortized cost						
Cash and cash equivalents	244,612	-	-	-	-	-
Trade receivable, net	1,362,794	-	-	-	-	-
Refundable deposits	24,738	-	-	-	-	-
	<u>1,632,144</u>					
	<u>\$ 1,633,719</u>					

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,037,545	-	-	-	-
Trade payables	1,227,906	-	-	-	-
Lease liabilities	14,748	-	-	-	-
Other payables (including related parties)	243,367	-	-	-	-
Guarantee deposits	<u>7,578</u>	-	-	-	-
	<u>\$ 2,531,144</u>				

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

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

Derivative financial instruments

The Group does not operate any derivative financial instruments.

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(s) of the consolidated financial statements for the year ended December 31, 2021.

(u) Capital management

Management believes that the objectives, policies, and processes of the capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(v) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities for the six months ended June 30, 2022 and 2021 were as follows:

	January 1, 2022	Cash flows	Non-cash flows			June 30, 2022
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 1,663,458	(260,251)	-	-	-	1,403,207
Short-term loans	1,030,771	(690,771)	-	-	-	340,000
Lease liabilities	9,626	(7,439)	10,611	-	46	12,844
Guarantee deposits	<u>8,062</u>	<u>1,384</u>	-	-	-	<u>9,446</u>
Total liabilities from financing activities	<u>\$ 2,711,917</u>	<u>(957,077)</u>	<u>10,611</u>	<u>-</u>	<u>46</u>	<u>1,765,497</u>

	January 1, 2021	Cash flows	Non-cash flows			June 30, 2021
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 622,000	74,000	-	-	-	696,000
Short-term loans	296,960	44,585	-	-	-	341,545
Lease liabilities	11,745	(5,851)	8,912	-	(58)	14,748
Guarantee deposits	<u>8,054</u>	<u>(476)</u>	-	-	-	<u>7,578</u>
Total liabilities from financing activities	<u>\$ 938,759</u>	<u>112,258</u>	<u>8,912</u>	<u>-</u>	<u>(58)</u>	<u>1,059,871</u>

(7) Related-party transactions

(a) Names and relationships with related parties

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

<u>Names of related parties</u>	<u>Relationships with the Group</u>
CHENMING (H.K.) CORPORATION LIMITED	Same chairman with the Company
Lin, Mu-Ho	Chairman of the Company

(b) Transaction among other relative parties

(i) Lease

The Group rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them since August 2011. The rental fee is determined based on nearby office rental rates. The rental revenue for the three months and six months ended June 30, 2022 and 2021 were \$857, \$857, \$1,714 and \$1,714, respectively.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(ii) Equity trading

On March 17, 2021, the Board of Directors decided to acquire 8% of shares of CHENMING ELECTRONIC (NINGBO) CO., LTD., which amounted to \$48,416 (US\$1,700 thousand) and increased its shares in CHENMING ELECTRONICS (NINGBO) CO., LTD from 92% to 100%. The contracts were signed, and the related transfer procedures had been completed. As of June 30, 2022, December 31, 2021, and June 30, 2021, the remaining unpaid balance of \$35,664, \$33,216 and \$33,432 which was recognized as other payables related parties. Please refer to note (6)(e) for related information.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 2,052	2,232	4,780	5,120
Post-employment benefits	73	81	149	162
	<u>\$ 2,125</u>	<u>2,313</u>	<u>4,929</u>	<u>5,282</u>

(ii) Guarantee

The main management was the guarantor of the syndication contract, and the amounts of loans were \$1,743,207, \$2,193,326 and \$1,037,545, as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Assets	Subject	June 30, 2022	December 31, 2021	June 30, 2021
PPE and investment properties	Short-term loans and			
— land and right-of-use land	long-term loans	\$ 1,333,846	1,736,752	750,621
— properties	Short-term loans and			
	long-term loans	331,978	337,411	127,648
Other financial assets	Customs deposits			
— non-current		<u>13,404</u>	<u>16,476</u>	<u>20,535</u>
		<u>\$ 1,679,228</u>	<u>2,090,639</u>	<u>898,804</u>

(9) Commitments and contingencies

In the six months ended June 30, 2022, the Group decided to engage a non-related party to renew its plant with a total price of \$139,762. As of June 30, 2022, the total amount of work purchased and not yet due for payment was \$114,247.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(10) Losses due to major disasters: None.

(11) Subsequent events

The Group has signed a sale contract of the investment properties with a non-related party with a total price of \$98,880 (including tax) on July 22, 2022. As of the reporting date, the transfer procedures have not been completed yet.

(12) Other

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

By function	Three months ended June 30, 2022			Three months ended June 30, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	274,066	52,933	326,999	315,161	48,715	363,876
Labor and health insurance	-	2,544	2,544	-	1,736	1,736
Pension	16,449	3,311	19,760	19,163	2,962	22,125
Others	16,570	3,946	20,516	16,815	4,365	21,180
Depreciation	131,911	3,875	135,786	59,762	2,932	62,694
Amortization	2,501	380	2,881	1,679	200	1,879

By function	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	550,367	106,438	656,805	626,622	96,656	723,278
Labor and health insurance	-	4,700	4,700	-	3,351	3,351
Pension	36,343	6,754	43,097	37,394	5,925	43,319
Others	33,501	8,654	42,155	32,698	9,864	42,562
Depreciation	238,968	7,727	246,695	108,199	5,782	113,981
Amortization	5,406	761	6,167	2,320	399	2,719

(b) Seasonality of operations

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

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Trade receivables due from related parties	Yes	178,320	178,320	118,880	0.87463%~1.21086%	Short-term financial	-	Operating demand	-	-	-	2,182,856 (note 1)	2,182,856 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	Yes	146,487	57,707	-	4.35%	"	-	"	-	-	-	461,474 (note 2)	461,474 (note 2)
3	Dongguan Chenming Electronic Co., Ltd	CHENMING ELECTRONIC (NINGBO) CO., LTD	"	Yes	66,585	66,585	-	4.35%	"	-	-	-	-	-	281,274 (note 3)	281,274 (note 3)
Total						<u>302,612</u>	<u>118,880</u>									

Note 1: The total amount for lending to a subsidiary whose voting shares are 100% owned, directly or indirectly, by TOP CITY INTERNATIONAL LIMITED for funding for a short-term period shall not exceed the net worth of TOP CITY INTERNATIONAL LIMITED, which amounted to \$2,182,856. And the total amount lendable to each of such borrowers still shall not exceed the net worth of TOP CITY INTERNATIONAL LIMITED, which amounted to \$2,182,856.

Note 2: The total amount for lending to a company for funding for a short-term period shall not exceed forty percent of the net worth of CHENMIN ELECTRONIC (NINGBO) CO., LTD, which amounted to \$461,474 (\$1,153,685*40%). In addition, the total amount lendable to any one borrower shall be no more than forty percent of the borrower's net worth, which amounted to \$461,474 (\$1,153,685*40%).

Note 3: The total amount for lending to a company for funding for a short-term period shall not exceed forty percent of the net worth of Dongguan Chenming Electronic Co., Ltd, which amounted to \$281,274 (\$703,186*40%). In addition, the total amount lendable to any one borrower shall be no more than forty percent of the borrower's net worth, which amounted to \$281,274 (\$703,186*40%).

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary / endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in mainland China
		Name	Relationship with the Company										
0	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	100% owned subsidiary	1,140,515 (note 1)	53,268	53,268	-	-	1.87 %	2,281,030 (note 1)	Yes	No	Yes
1	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	Both are subsidiaries of the Company	461,474 (note 2)	163,460	163,460	14,860	-	14.17 %	922,948 (note 2)	No	No	Yes
0	The Company	Dongguan Chenming Electronic Co., Ltd	100% owned subsidiary	1,140,515 (note 1)	407,605	407,605	72,567	-	14.30 %	2,281,030 (note 1)	Yes	No	Yes

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1: The total amount of endorsement guarantees of the Company and its subsidiaries shall not exceed 80% of the Company's net worth; the amount of endorsement guarantees for an entity shall not exceed 40% of the Company's net worth. The total endorsement guarantees of the Company shall not exceed 40% of the net worth of the Company which amounted to \$1,140,515. (\$2,851,287*40%). In addition, the total endorsement guarantees of the Company shall be no more than 80% of the Company's net worth, which amounted to \$2,281,030 (\$2,851,287*80%).

Note 2: The total amount of endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall not exceed 80% of its net worth; the amount of endorsement guarantees for an entity shall not exceed 40% of its net worth. The total endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall not exceed 40% of the net worth of CHENMING ELECTRONIC (NINGBO) CO., LTD., which amounted to \$461,474.(\$1,153,685*40%). In addition, the total endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall be no more than 80% of its net worth, which amounted to \$922,948 (\$1,153,685*80%).

- (iii) Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates, and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Beneficiary certificate: Mega Global Metaverse Tech Fund	-	Current financial assets at fair value through profit or loss	100	961	- %	961	-

- (iv) Individual securities acquired or disposed of with an accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
The Company	Land	2022.03.23	2020.11.09	418,295	477,000	Other account receivables	37,753	Shin Yau Mei Biomedical Technology Corp.	Non-related parties	enrich working capital	Note 1	No

Note 1: The Company obtained the appraisal report from Xinyi Real Estate Appraisers Joint Firm and the price was negotiated between the counterparties.

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/trade receivables (payables)	
The Company	Dongguan Chenming Electronic Co., Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	1,038,625	99 %	Net 60 days from the end of month of purchase	No suppliers for comparison	Net 60 days from the end of month of purchase and depending on the operating demand	Trade payables (53,599)	(95)%	
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(1,038,625)	(68)%	Net 60 days from the end of month of delivery	No customers for comparison	Net 60 days from the end of month of delivery and depending on the operating demand	Trade receivables 53,599	12 %	"

Note: The transactions have been eliminated in the consolidated financial statements.

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	The company's ultimate parent company is the same	Other current financial assets 132,647	-	-	-	-	-	Note 1, 2

Note 1: The transactions have been eliminated in the consolidated financial statements.

Note 2: Including interest receivables \$13,767.

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	2	Other current financial assets	132,647	Rate 0.87463%~1.21086%	2%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	1,038,625	The price is based on the fixed ratio of final selling price, and the credit period is net 60 days from the end of month of delivery	41%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Trade receivables	53,599	"	1%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

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

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of the investment	Investment income (losses)	Note
				June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	2,099,183	2,099,183	63,358	100 %	2,182,856	(28,922)	(28,922)	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY USD, Inc.	U.S.A.	Import and export business of computer case	6,236	6,236	200	100 %	324	(984)	(984)	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	918,958	(40,687)	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC	Samoa	Investment	735,006	735,006	21,210	100 %	1,118,139	9,897	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company

Note: The investment income (losses) of the current period are recognized according to the financial statements which have been reviewed and certified by the Company's independent external auditors.

(c) Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In Thousands of United States Dollars/In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (note 3)	Method of investment	Accumulated outflow of investment from January 1, 2022 (note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of June 30, 2022 (note 3)	Accumulated remittance of earnings as of June 30, 2022
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	1,916,940 (USD64,500)	notes 1 and 6	630,361 (USD21,210)	-	-	630,361 (USD21,210)	12,337	100 %	12,337	1,153,685	-
Dongguan Chenming Electronic Co., Ltd	"	861,226 (note 4) (USD28,978) (note 5)	notes 1 and 7	740,028 (USD24,900)	-	-	740,028 (USD24,900)	(28,881)	100 %	(28,881)	703,186	-

(ii) Limitation on investment in mainland China:

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs (note 3)	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
1,370,389 (USD46,110)	1,620,037 (USD54,510)	Unlimited (note 8)

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

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

Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$29.72 as of June 30, 2022.

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

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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Note5: Invested the amount of USD 1,078 thousand on equipment in Dongguan Chenming Electronic Co., Ltd by GERSHWIN INTERNATIONAL LIMITED.

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

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

Note8: According to the "REGULATIONS GOVERNING THE APPROVAL OF INVESTMENT OR TECHNICAL COOPERATION IN MAINLAND CHINA" amended in August 29, 2008, by the MOEAIC, the Company has acquired related documents. Therefore, there is no restriction to the Company's investing amount in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in "Information on significant transactions".

(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
Lin, Mu-Ho		30,000,230	15.31 %
Shang Mei Precision Industrial Co., Ltd		51,000,000	26.03 %

Note 1: The above table discloses the information on stockholders with over 5% ownership of Chenming on the last business day as of the end of the reporting period. The percentage of ownership was calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the number of common stock and preferred stock, including treasury stock, registered by Chenming through the delivering of non-physical securities to TDCC. The number of issued capital stock recorded in the consolidated financial statements may be different from the actual number of stocks registered by Chenming through the delivering of non-physical securities to TDCC due to the difference in the calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

The Group has only one segment, which mainly produce computer and mobile device components. Operating segment information is consistent with the balance sheet report, and for the profit and loss segment refer to income statement, and for the assets segment refer to the balance sheet.