

**CHENMING ELECTRONIC TECHNOLOGY CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three 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)

May 3, 2023

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 Standards on Auditing as of March 31, 2023 and 2022

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheet

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>				<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 537,379	9	411,222	6	606,664	8	2100	Short-term loans (note (6)(i))	\$ 240,000	4	40,000	-	787,186	11
1110	Current financial assets at fair value through profit or loss (note (6)(b))	883	-	800	-	1,029	-	2130	Current contract liabilities (note (6)(q))	2,737	-	2,791	-	727	-
1170	Trade receivables, net (notes (6)(c) and (6)(q))	1,924,288	30	2,643,333	37	1,707,869	24	2170	Trade payables	1,739,299	27	2,354,120	33	1,566,971	22
1310	Inventories, net (note (6)(d))	890,809	14	968,952	14	1,244,636	17	2200	Other payables	283,469	5	272,783	4	218,877	3
1476	Other current financial assets (notes (6)(f) and (7))	20,387	-	32,545	-	477,809	7	2220	Other payables-related parties (notes (6)(e) and (7))	-	-	-	-	34,350	1
1479	Other current assets	73,084	1	91,940	1	37,828	1	2230	Current tax liabilities	53,027	1	50,148	1	16,515	-
		<u>3,446,830</u>	<u>54</u>	<u>4,148,792</u>	<u>58</u>	<u>4,075,835</u>	<u>57</u>	2280	Current lease liabilities (note (6)(k))	1,311	-	2,028	-	13,333	-
Non-current assets:								2300	Other current liabilities	3,091	-	1,005	-	1,755	-
1600	Property, plant, and equipment (notes (6)(f), (7) and (8))	2,465,824	39	2,515,016	36	2,538,503	36	2320	Long-term loans, current portion	-	-	-	-	328,000	5
1755	Right-of-use assets (notes (6)(g) and (7))	184,474	3	186,985	3	232,211	3			<u>2,322,934</u>	<u>37</u>	<u>2,722,875</u>	<u>38</u>	<u>2,967,714</u>	<u>42</u>
1760	Investment property, net (notes (6)(h) and (8))	226,864	4	227,778	3	194,852	3	Non-current liabilities:							
1780	Intangible assets	6,745	-	8,219	-	12,641	-	2540	Long-term loans (note (6)(j))	949,200	15	1,334,900	19	1,361,449	19
1840	Deferred income tax assets	5,402	-	5,402	-	1,705	-	2580	Non-current lease liabilities (notes (6)(k) and (7))	89	-	127	-	3,363	-
1980	Other non-current financial assets	6,442	-	8,656	-	19,866	-	2645	Guarantee deposits	25,952	-	26,152	1	7,232	-
1990	Other non-current assets	4,961	-	1,339	-	94,922	1			<u>975,241</u>	<u>15</u>	<u>1,361,179</u>	<u>20</u>	<u>1,372,044</u>	<u>19</u>
		<u>2,900,712</u>	<u>46</u>	<u>2,953,395</u>	<u>42</u>	<u>3,094,700</u>	<u>43</u>		Total liabilities	<u>3,298,175</u>	<u>52</u>	<u>4,084,054</u>	<u>58</u>	<u>4,339,758</u>	<u>61</u>
Total assets		<u>\$ 6,347,542</u>	<u>100</u>	<u>7,102,187</u>	<u>100</u>	<u>7,170,535</u>	<u>100</u>	Equity attributable to owners of parent (note (6)(o)):							
								3100	Ordinary shares	1,959,350	31	1,959,350	28	1,959,350	27
								3200	Capital surplus	313,563	5	313,563	4	313,563	4
								3300	Retained earnings	820,694	13	795,688	11	582,794	8
								3410	Exchange differences on translation of foreign financial statements	(44,240)	(1)	(50,468)	(1)	(24,930)	-
									Total equity	<u>3,049,367</u>	<u>48</u>	<u>3,018,133</u>	<u>42</u>	<u>2,830,777</u>	<u>39</u>
								Total liabilities and equity		<u>\$ 6,347,542</u>	<u>100</u>	<u>7,102,187</u>	<u>100</u>	<u>7,170,535</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended			
	March 31			
	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue, net (note (6)(q))	\$ 1,533,349	100	1,176,282	100
5000 Operating costs (notes (6)(d), (6)(m) and (12))	<u>1,387,261</u>	<u>90</u>	<u>1,089,403</u>	<u>93</u>
5900 Gross profit from operations	<u>146,088</u>	<u>10</u>	<u>86,879</u>	<u>7</u>
6000 Operating expenses (notes (6)(m) and (12)):				
6100 Selling expenses	33,872	2	33,628	3
6200 Administrative expenses	49,902	4	49,115	4
6300 Research and development expenses	<u>13,251</u>	<u>1</u>	<u>14,067</u>	<u>1</u>
	<u>97,025</u>	<u>7</u>	<u>96,810</u>	<u>8</u>
6900 Net operating income (loss)	<u>49,063</u>	<u>3</u>	<u>(9,931)</u>	<u>(1)</u>
7000 Non-operating income and expenses:				
7050 Finance costs, net (note (6)(k))	(599)	-	(11,361)	(1)
7100 Interest income	615	-	467	-
7110 Rent revenue (note (7))	9,033	1	4,173	-
7190 Other income (note (6)(f))	1,463	-	39,223	4
7230 Foreign exchange gains (losses) (note (6)(s))	(30,572)	(2)	1,595	-
7590 Other expense and losses	<u>(14)</u>	<u>-</u>	<u>(16)</u>	<u>-</u>
	<u>(20,074)</u>	<u>(1)</u>	<u>34,081</u>	<u>3</u>
7900 Profit (loss) from continuing operations before tax	28,989	2	24,150	2
7950 Less: Income tax expenses (note (6)(n))	<u>3,983</u>	<u>-</u>	<u>16,828</u>	<u>1</u>
Profit	<u>25,006</u>	<u>2</u>	<u>7,322</u>	<u>1</u>
8300 Other comprehensive income (loss):				
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	6,228	-	41,724	3
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>6,228</u>	<u>-</u>	<u>41,724</u>	<u>3</u>
8300 Other comprehensive income (loss)	<u>6,228</u>	<u>-</u>	<u>41,724</u>	<u>3</u>
8500 Comprehensive income (loss)	<u>\$ 31,234</u>	<u>2</u>	<u>49,046</u>	<u>4</u>
Earnings per share (expressed in NTD) (note (6)(p)):				
9750 Basic earnings per share	<u>\$ 0.13</u>		<u>0.04</u>	
9850 Diluted earnings per share	<u>\$ 0.13</u>		<u>0.04</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 Standards on Auditing

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent						Other component of equity Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings		
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance on January 1, 2022	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	2,241,731
Loss for the three months ended March 31, 2022	-	-	-	-	7,322	7,322	-	7,322
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	41,724	41,724
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	7,322	7,322	41,724	49,046
Issue of shares	400,000	140,000	-	-	-	-	-	540,000
Balance on March 31, 2022	\$ 1,959,350	313,563	302,505	59,020	221,269	582,794	(24,930)	2,830,777
Balance on January 1, 2023	\$ 1,959,350	313,563	302,505	66,654	426,529	795,688	(50,468)	3,018,133
Profit for the three months ended March 31, 2023	-	-	-	-	25,006	25,006	-	25,006
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	6,228	6,228
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	25,006	25,006	6,228	31,234
Balance on March 31, 2023	\$ 1,959,350	313,563	302,505	66,654	451,535	820,694	(44,240)	3,049,367

See accompanying notes to consolidated financial statements.

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

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

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 28,989	24,150
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	127,612	110,909
Amortization expense	2,424	3,286
Expected credit gains	(237)	(62)
Net gains on financial assets or liabilities at fair value through profit or loss	(83)	(29)
Interest expenses	599	11,361
Interest income	(615)	(467)
Gain from disposal of property, plant and equipment, net	-	(37,753)
Total adjustments to reconcile profit	<u>129,700</u>	<u>87,245</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	-	(1,000)
Decrease in trade receivables	723,826	517,121
Decrease in inventories	100,509	137,067
Decrease in other current assets	18,856	46,156
Decrease in other financial assets	12,158	373
Decrease (increase) in contract liabilities	(54)	53
Decrease in trade payables	(618,903)	(424,901)
Increase (decrease) in other payables and other current liabilities	17,942	(50,020)
Total changes in operating assets and liabilities	<u>254,334</u>	<u>224,849</u>
Total adjustments	<u>384,034</u>	<u>312,094</u>
Cash inflow generated from operations	413,023	336,244
Interest received	615	467
Income taxes paid	(1,123)	(839)
Net cash flows from operating activities	<u>412,515</u>	<u>335,872</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant, and equipment	(92,570)	(225,341)
Decrease in refundable deposits	2,214	597
Acquisition of intangible assets	(928)	(1,689)
Increase in prepayments for equipment and others	(3,902)	(32,346)
Net cash flows used in investing activities	<u>(95,186)</u>	<u>(258,779)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	200,000	(243,585)
Proceeds from long-term loans	84,300	228,131
Repayments of long-term loans	(470,000)	(202,140)
Decrease in guarantee deposits	(200)	(830)
Payment of lease liabilities	(755)	(3,726)
Proceeds from issuing shares	-	540,000
Interest paid	(5,667)	(11,455)
Net cash flows from (used in) financing activities	<u>(192,322)</u>	<u>306,395</u>
Effect of exchange rate changes on cash and cash equivalents	1,150	528
Net increase in cash and cash equivalents	<u>126,157</u>	<u>384,016</u>
Cash and cash equivalents at beginning of period	<u>411,222</u>	<u>222,648</u>
Cash and cash equivalents at end of period	<u>\$ 537,379</u>	<u>606,664</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 Standards on Auditing as of March 31, 2023 and 2022
as of March 31, 2023 and 2022

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

**(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 server cases, 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, 2022 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 three months ended March 31, 2023 and 2022 were authorized for issuance by the Board of Directors on May 3, 2023.

(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 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”

- (b) 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:

(Continued)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments¹, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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”
- IFRS 16 “Requirements for Sale and Leaseback Transactions”

(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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	
PEAK SHREWD INC.	UNEEC ELECTRONIC (KUNSHAN) CO., LTD	Computer case and production of relative components	100 %	100%	-	Note 1

Note 1: The subsidiary was established on July 1, 2022 and dismissed by the board of directors on March 22, 2023 due to changes of operation plan.

(c) 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.

(Continued)

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

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.

(d) 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, 2022. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 50	816	117
Checking accounts and demand deposits	411,339	407,259	606,547
Time deposits	125,990	3,147	-
	<u>\$ 537,379</u>	<u>411,222</u>	<u>606,664</u>

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

(Continued)

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate-Funds	\$ <u>883</u>	<u>800</u>	<u>1,029</u>

As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group did not pledge any financial assets as collaterals.

(c) Trade receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trade receivables-measured at amortized cost	\$ 1,459,550	2,183,181	1,708,464
Trade receivables-measured at fair value through other comprehensive income	465,000	460,650	-
Less: Loss allowance	<u>(262)</u>	<u>(498)</u>	<u>(595)</u>
Trade receivables, net	<u>\$ 1,924,288</u>	<u>2,643,333</u>	<u>1,707,869</u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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:

	<u>March 31, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Allowance lifetime expected credit loss</u>
Current	\$ 1,908,424	0.01%	142
1 to 30 days past due	4,679	0.11%	5
31 to 150 days past due	<u>11,447</u>	1.00%	<u>115</u>
	<u>\$ 1,924,550</u>		<u>262</u>

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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	December 31, 2022		
	Gross carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 2,610,234	0.01%	249
1 to 30 days past due	4,880	0.25%	12
31 to 150 days past due	28,717	0.83%	237
	\$ 2,643,831		498
	March 31, 2022		
	Gross carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 1,661,586	0.02%	406
1 to 30 days past due	31,133	0.11%	34
31 to 150 days past due	15,745	0.98%	155
	\$ 1,708,464		595

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

	For the three months ended March 31,	
	2023	2022
Balance on January 1	\$ 498	649
Impairment losses reversed	(237)	(62)
Foreign exchange gains (losses)	1	8
Balance on March 31	\$ 262	595

The receivable factoring agreement entered into by the Company with a financial institution stipulated that most of the risks and rewards associated with the receivables would still be retained by the Company. Therefore, the said receivables do not meet the criteria for derecognition of financial assets.

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

As of March 31, 2023, the Group sold its trade receivables without recourse as follows:

March 31, 2023					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 465,000 (USD15,000 thousand dollars)	465,000 (USD15,000 thousand dollars)	-	-	-
December 31, 2022					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 245,760 (USD8,003 thousand dollars)	460,650 (USD15,000 thousand dollars)	-		-

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group did not pledge any receivables as collaterals.

(d) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 321,717	298,519	495,046
Work in progress	191,956	218,742	347,586
Finished goods and merchandise inventories	377,136	451,691	402,004
	\$ 890,809	968,952	1,244,636

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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The Group's composition details of operating cost for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended	
	March 31,	
	2023	2022
Cost of goods sold	1,393,890	1,081,622
Revenue from sale of scraps	(20,138)	(9,587)
Reversal of write-downs	(4,760)	(1,355)
Loss on scrapping of inventories	18,269	18,723
	<u>1,387,261</u>	<u>1,089,403</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 sub-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, resulting in the Group's shares in CHENMING ELECTRONIC (NINGBO) CO., LTD. to increase from 92% to 100%. As of March 31, 2022, the remaining balance of \$34,350, recognized as other payables-related parties, had been fully paid as of March 31, 2023. For the related information, please refer to note (7)(b) for details.

The Group established its subsidiary, UNEEC ELECTRONIC (KUNSHAN) CO., LTD., with a capital of USD 1,000,000, based on a resolution approved during the board meeting held on March 22, 2022. However, due to changes of operation plans, the board decided on March 22, 2023 to liquidate the above subsidiary thereafter.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(f) Property, plant, and equipment

The cost and depreciation of the property, plant, and equipment of the Group for the three months ended March 31, 2023 and 2022 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 equipment under acceptance</u>	<u>Total</u>
Cost:							
Balance on January 1, 2023	\$ 1,115,264	821,405	432,808	151,736	829,223	192,949	3,543,385
Additions	-	-	1,901	10,195	40,896	39,476	92,468
Disposals	-	-	(72,750)	(9,598)	(79,679)	-	(162,027)
Transferred into (out)	-	-	281	-	-	-	281
Effect of changes in exchange rates	-	938	799	193	2,461	-	4,391
Balance on March 31, 2023	<u>\$ 1,115,264</u>	<u>822,343</u>	<u>363,039</u>	<u>152,526</u>	<u>792,901</u>	<u>232,425</u>	<u>3,478,498</u>
Balance on January 1, 2022	\$ 1,533,559	868,941	423,531	103,618	616,403	-	3,546,052
Additions	-	-	249	9,916	214,890	-	225,055
Disposals	(418,295)	-	-	(76)	-	-	(418,371)
Transferred into (out)	-	-	3,687	497	-	-	4,184
Effect of changes in exchange rates	-	6,607	5,372	1,112	14,613	-	27,704
Balance on March 31, 2022	<u>\$ 1,115,264</u>	<u>875,548</u>	<u>432,839</u>	<u>115,067</u>	<u>845,906</u>	<u>-</u>	<u>3,384,624</u>
Depreciation:							
Balance on January 1, 2023	\$ -	325,368	247,097	56,920	398,984	-	1,028,369
Depreciation	-	6,121	6,175	10,291	101,189	-	123,776
Disposals	-	-	(72,750)	(9,598)	(59,455)	-	(141,803)
Effect of changes in exchange rates	-	429	493	87	1,323	-	2,332
Balance on March 31, 2023	<u>\$ -</u>	<u>331,918</u>	<u>181,015</u>	<u>57,700</u>	<u>442,041</u>	<u>-</u>	<u>1,012,674</u>
Balance on January 1, 2022	\$ -	313,757	283,316	33,268	102,791	-	733,132
Depreciation	-	6,542	4,344	6,501	87,051	-	104,438
Disposals	-	-	-	(76)	-	-	(76)
Effect of changes in exchange rates	-	2,579	3,206	344	2,498	-	8,627
Balance on March 31, 2022	<u>\$ -</u>	<u>322,878</u>	<u>290,866</u>	<u>40,037</u>	<u>192,340</u>	<u>-</u>	<u>846,121</u>
Book value:							
Balance on January 1, 2023	<u>\$ 1,115,264</u>	<u>496,037</u>	<u>185,711</u>	<u>94,816</u>	<u>430,239</u>	<u>192,949</u>	<u>2,515,016</u>
Balance on March 31, 2023	<u>\$ 1,115,264</u>	<u>490,425</u>	<u>182,024</u>	<u>94,826</u>	<u>350,860</u>	<u>232,425</u>	<u>2,465,824</u>
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>-</u>	<u>2,812,920</u>
Balance on March 31, 2022	<u>\$ 1,115,264</u>	<u>552,670</u>	<u>141,973</u>	<u>75,030</u>	<u>653,566</u>	<u>-</u>	<u>2,538,503</u>

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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In order to increase operational capital and improve financial structure, the Group decided to dispose of a parcel of land on March 23, 2022, and signed a real estate sales contract with Shin Yau Mei Biomedical Technology Corporation with a total price of \$477,000 (classified as other financial assets - current). After deducting related transaction costs of \$20,952 and the booking value of the land amounted to \$418,295. The Group recognized a gain on disposal of fixed assets of \$37,753 as the control of a good has been transferred. The related proceeds were fully received.

The Group had acquired equipment from its related party with a total price of \$36,923 in August, 2022. In the end, only four pieces of equipment were reserved, and the others were returned. As of December 31, 2022, the remaining unreceived balance of \$17,958 was recognized as other financial asset – current. As of March 31, 2023, the receivable has been fully collected. For the related information, please refer to note (7) for details.

As of March 31, 2023, December 31, 2022 and March 31, 2022 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.

(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 on January 1, 2023	\$ 214,824	27,561	19,354	2,476	264,215
Effect of changes in exchange rates	<u>491</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>635</u>
Balance on March 31, 2023	<u>\$ 215,315</u>	<u>27,705</u>	<u>19,354</u>	<u>2,476</u>	<u>264,850</u>
Balance on January 1, 2022	\$ 244,329	19,735	19,356	3,467	286,887
Additions	-	9,103	-	1,531	10,634
Effect of changes in exchange rates	<u>3,460</u>	<u>877</u>	<u>-</u>	<u>-</u>	<u>4,337</u>
Balance on March 31, 2022	<u>\$ 247,789</u>	<u>29,715</u>	<u>19,356</u>	<u>4,998</u>	<u>301,858</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2023	\$ 29,900	27,561	17,547	2,222	77,230
Depreciation	2,192	-	695	35	2,922
Effect of changes in exchange rates	<u>80</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>224</u>
Balance on March 31, 2023	<u>\$ 32,172</u>	<u>27,705</u>	<u>18,242</u>	<u>2,257</u>	<u>80,376</u>
Balance on January 1, 2022	\$ 29,209	18,249	12,823	2,062	62,343
Depreciation	2,454	2,275	1,312	120	6,161
Effect of changes in exchange rates	<u>426</u>	<u>717</u>	<u>-</u>	<u>-</u>	<u>1,143</u>
Balance on March 31, 2022	<u>\$ 32,089</u>	<u>21,241</u>	<u>14,135</u>	<u>2,182</u>	<u>69,647</u>
Book value:					
Balance on January 1, 2023	<u>\$ 184,924</u>	<u>-</u>	<u>1,807</u>	<u>254</u>	<u>186,985</u>
Balance on March 31, 2023	<u>\$ 183,143</u>	<u>-</u>	<u>1,112</u>	<u>219</u>	<u>184,474</u>
Balance on January 1, 2022	<u>\$ 215,120</u>	<u>1,486</u>	<u>6,533</u>	<u>1,405</u>	<u>224,544</u>
Balance on March 31, 2022	<u>\$ 215,700</u>	<u>8,474</u>	<u>5,221</u>	<u>2,816</u>	<u>232,211</u>

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(h) Investment property

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

	<u>Land</u>	<u>Right-of-use Land</u>	<u>Properties</u>	<u>Total</u>
Book Value				
Balance on January 1, 2023	\$ <u>136,906</u>	<u>21,611</u>	<u>69,261</u>	<u>227,778</u>
Balance on March 31, 2023	\$ <u>136,906</u>	<u>20,957</u>	<u>69,001</u>	<u>226,864</u>
Balance on January 1, 2022	\$ <u>152,640</u>	<u>-</u>	<u>42,522</u>	<u>195,162</u>
Balance on March 31, 2022	\$ <u>152,640</u>	<u>-</u>	<u>42,212</u>	<u>194,852</u>

There were no significant additions, disposals, impairments, or reversals regarding investment properties of the Group for the March 31, 2023 and 2022. Please refer to note (12) for details. For other related information, please refer to note (6)(h) of the 2022 consolidated financial statements.

There were no significant differences between the fair values of investment properties and that of those disclosed in the 2022 consolidated financial statements. Please refer to note (6)(h) of the 2022 consolidated financial statement.

Please refer to note (8) for information on investment properties pledged as collateral as of March 31, 2023, December 31, 2022 and March 31, 2022.

(i) Short-term loans

The short-term loans were summarized as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Credit loans	\$ 190,000	-	190,000
Secured loans	<u>50,000</u>	<u>40,000</u>	<u>597,186</u>
	<u>\$ 240,000</u>	<u>40,000</u>	<u>787,186</u>
Unused credit line for short-term loans	<u>\$ 2,545,727</u>	<u>2,396,600</u>	<u>1,123,139</u>
Range of interest rates	<u>1.0%~1.65%</u>	<u>1.95%</u>	<u>0.5%~4.35%</u>

(i) As of March 31, 2023, December 31, 2022 and March 31, 2022, the main management was the guarantor of short-term loans. Please refer to note (7).

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

(iii) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group provided its assets as collateral for short-term loans, please refer to note (8) for details.

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(j) Long-term loans

The long-term loans were summarized as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Secured bank loans	\$ 949,200	1,334,900	1,689,449
Less: Current portion	-	-	328,000
Total	<u>\$ 949,200</u>	<u>1,334,900</u>	<u>1,361,449</u>
Unused long-term credit lines	<u>\$ 1,066,800</u>	<u>791,300</u>	<u>777,201</u>
Range of interest rate	<u>0.6%~1.83%</u>	<u>1.5%~1.85%</u>	<u>1.0%~4.5%</u>

- (i) The main management was the guarantor of long-term loans. Please refer to note (7).
- (ii) The Group increased its long-term loans of \$84,300 and \$228,131 for the three months ended March 31, 2023 and 2022, respectively. Due to the changes in its capital use and interest rates, the Group repaid the amounts of \$470,000 and \$202,140 for the three months ended March 31, 2022 and 2021, respectively.
- (iii) For information on interest rate and liquidity risk exposure, please refer to note (6)(s).
- (iv) The Group provided part of its assets as collaterals for long-term loans. Please refer to note (8) for details.

(k) Lease liabilities

The book value of lease liabilities were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 1,311</u>	<u>2,028</u>	<u>13,333</u>
Non-current	<u>\$ 89</u>	<u>127</u>	<u>3,363</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 13</u>	<u>100</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 333</u>	<u>-</u>
Expenses relating to short-term leases	<u>\$ 2,546</u>	<u>757</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 39</u>	<u>45</u>

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	\$ 3,686	4,628

(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 additions in operating lease for the three months ended March 31, 2023 and 2022. Please refer to note (6)(l) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(m) Employee benefits—Defined contribution plans

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

	For the three months ended March 31,	
	2023	2022
Operating expense	\$ 973	1,007

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 March 31,	
	2023	2022
Operating cost	\$ 16,215	19,894
Operating expense	1,950	2,436
	\$ 18,165	22,330

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

(n) Income taxes

- (i) The components of income tax for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
Current tax expense (benefit)	\$ 3,983	16,828

- (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 2020 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 March 31, 2023 and 2022. For the related information, please refer to note (6)(o) of the consolidated financial statements for the year ended December 31, 2022.

(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) Earnings Distribution

The 2022 earnings distribution by cash, amounting to \$58,781, which had been decided during the board meeting held on March 23, 2023, will have to be approved in the shareholders' meeting. Relevant information can be accessed from the Market Observation Post System. There were no 2021 earnings distribution due to net loss after tax incurred by the Group.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(p) Earnings per share

For the three months ended March 31, 2023 and 2022, the Group's earnings per share was calculated as follows:

	For the three months ended March 31,	
	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>25,006</u>	<u>7,322</u>
Weighted-average number of ordinary shares (share in thousands)	<u>195,935</u>	<u>163,935</u>
	<u>\$ 0.13</u>	<u>0.04</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>25,006</u>	<u>7,322</u>
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	195,935	163,935
Effect of employee stock remuneration (share in thousands)	<u>45</u>	<u>37</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>195,980</u>	<u>163,972</u>
	<u>\$ 0.13</u>	<u>0.04</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2023	2022
Primary geographical markets		
China	\$ 501,434	350,519
Taiwan	458,216	477,833
USA	485,836	202,116
Japan	75,418	108,893
Others	<u>12,445</u>	<u>36,921</u>
	<u>\$ 1,533,349</u>	<u>1,176,282</u>
Major products		
PC and server chassis	\$ 1,474,393	1,069,828
Mobile device components	-	29,097
Mold	<u>58,956</u>	<u>77,357</u>
	<u>\$ 1,533,349</u>	<u>1,176,282</u>

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(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	\$ 1,924,550	2,643,831	1,708,464
Less: Loss allowance	<u>(262)</u>	<u>(498)</u>	<u>(595)</u>
Total	<u>\$ 1,924,288</u>	<u>2,643,333</u>	<u>1,707,869</u>
Contract liabilities	<u>\$ 2,737</u>	<u>2,791</u>	<u>727</u>

The amount of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$2,783 and \$674, 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.

The Company's remuneration to employees was \$1,000 and \$500, and the remuneration to directors and supervisors was \$375 for the three months ended March 31, 2023 and 2022. 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.

(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)(s) of the consolidated financial statements for the year ended December 31, 2022.

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

(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>
March 31, 2023					
Bank loans	\$ 1,189,200	(1,208,247)	(243,500)	-	(964,747)
Trade payables	1,739,299	(1,739,299)	(1,739,299)	-	-
Lease liabilities (including current and non-current)	1,400	(1,416)	(1,326)	(90)	-
Other payables	283,469	(283,469)	(283,469)	-	-
Guarantee deposits	<u>25,952</u>	<u>(25,952)</u>	<u>-</u>	<u>-</u>	<u>(25,952)</u>
	<u>\$ 3,239,320</u>	<u>(3,258,383)</u>	<u>(2,267,594)</u>	<u>(90)</u>	<u>(990,699)</u>
December 31, 2022					
Bank loans	\$ 1,374,900	(1,399,014)	(40,780)	-	(1,358,234)
Trade payables	2,354,120	(2,354,120)	(2,354,120)	-	-
Lease liabilities (including current and non-current)	2,155	(2,186)	(2,056)	(130)	-
Other payables (including related parties)	272,783	(272,783)	(272,783)	-	-
Guarantee deposits	<u>26,152</u>	<u>(26,152)</u>	<u>-</u>	<u>-</u>	<u>(26,152)</u>
	<u>\$ 4,030,110</u>	<u>(4,054,255)</u>	<u>(2,669,739)</u>	<u>(130)</u>	<u>(1,384,386)</u>
March 31, 2022					
Bank loans	\$ 2,476,635	(2,507,591)	(1,128,819)	(240,892)	(1,137,880)
Trade payables	1,566,971	(1,566,971)	(1,566,971)	-	-
Lease liabilities (including current and non-current)	16,696	(17,284)	(13,718)	(1,894)	(1,672)
Other payables (including related parties)	253,227	(253,227)	(253,227)	-	-
Guarantee deposits	<u>7,232</u>	<u>(7,232)</u>	<u>(20)</u>	<u>-</u>	<u>(7,212)</u>
	<u>\$ 4,320,761</u>	<u>(4,352,305)</u>	<u>(2,962,755)</u>	<u>(242,786)</u>	<u>(1,146,764)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</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	\$ 48,170	30.45	1,466,777	70,907	30.71	2,177,554	33,971	28.625	972,420
USD to CNY	32,066	6.8717	976,410	27,930	6.9646	857,730	15,483	6.3482	443,201
CNY to TWD	99,834	4.431	442,364	128,419	4.408	566,071	69,217	4.506	311,892
Financial liabilities									
Monetary items									
USD to TWD	24,448	30.45	744,442	33,656	30.71	1,033,576	9,618	28.625	275,315
USD to CNY	1,366	6.8717	41,595	1,526	6.9646	46,863	2,225	6.3482	63,691
CNY to TWD	225,661	4.431	999,904	312,534	4.408	1,377,650	192,864	4.506	869,045

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.

A weakening or strengthening 5% of each functional currency against Group entities' functional currency as of March 31, 2023 and 2022 would have affected the net profit before tax as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
USD (against the TWD)		
Strengthening 5%	\$ 36,117	34,855
Weakening 5%	(36,117)	(34,855)
USD (against the CNY)		
Strengthening 5%	46,741	18,976
Weakening 5%	(46,741)	(18,976)
CNY (against the TWD)		
Strengthening 5%	(27,877)	(27,858)
Weakening 5%	27,877	27,858

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

3) Exchange gains and losses of monetary items

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

	For the three months ended March 31,			
	2023		2022	
	Exchange profit (loss)	Average rate	Exchange profit (loss)	Average rate
TWD	\$ (46,364)	-	3,250	-
CNY	3,572	4.421	(373)	4.4373

(iv) Interest rate analysis

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

	Carrying amount	
	March 31, 2023	March 31, 2022
Fixed rate instruments:		
Financial assets	\$ 125,990	-
Variable rate instruments:		
Financial assets	411,289	606,472
Financial liabilities	1,189,200	2,476,635

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 \$486 and \$1,169 for the three months ended March 31, 2023 and 2022, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

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

(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.

	March 31, 2023				
	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	\$ 883	883	-	-	883
Financial assets measured at amortized cost					
Cash and cash equivalents	537,379	-	-	-	-
Trade receivables, net	1,924,288	-	-	-	-
Other financial assets	20,387	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	6,442	-	-	-	-
	<u>\$ 2,489,379</u>				
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,189,200	-	-	-	-
Trade payables	1,739,299	-	-	-	-
Lease liabilities	1,400	-	-	-	-
Other payables	283,469	-	-	-	-
Guarantee deposits	25,952	-	-	-	-
	<u>\$ 3,239,320</u>				

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

	December 31, 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	\$ 800	800	-	-	800
Financial assets measured at amortized cost					
Cash and cash equivalents	411,222	-	-	-	-
Trade receivables, net	2,643,333	-	-	-	-
Other financial assets	32,545	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	<u>8,656</u>	-	-	-	-
	<u>\$ 3,096,556</u>				
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,374,900	-	-	-	-
Trade payables	2,354,120	-	-	-	-
Lease liabilities	2,155	-	-	-	-
Other payables (including related parties)	272,783	-	-	-	-
Guarantee deposit	<u>26,152</u>	-	-	-	-
	<u>\$ 4,030,110</u>				
	March 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-derivative financial assets mandatorily measured at fair value through profit or loss- Beneficiary certificate-Funds	\$ 1,029	1,029	-	-	1,029
Financial assets measured at amortized cost					
Cash and cash equivalents	606,664	-	-	-	-
Trade receivable, net	1,707,869	-	-	-	-
Other financial assets	477,809	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	<u>19,866</u>	-	-	-	-
	<u>\$ 2,813,237</u>				

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

	March 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,476,635	-	-	-	-
Trade payables	1,566,971	-	-	-	-
Lease liabilities	16,696	-	-	-	-
Other payables (including related parties)	253,227	-	-	-	-
Guarantee deposits	<u>7,232</u>	-	-	-	-
	<u>\$ 4,320,761</u>				

2) Valuation techniques for financial instruments measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) 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.

If the Group can frequently acquire the financial instrument's open quotation from either the stock exchange, brokers, underwriters, industrial trade union, or authorities, and the price is equal to that of fair market, then that financial instrument has active market value. On the other hand, if the condition above is not achieved, we define that instrument to have non-active market value. Generally, the significant difference between the bid-ask spread or the trading volume is very small, similar to the index of a nonactive market.

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

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

The financial instruments from the non-active market are evaluated by the discount cash flow model, the main assumption is according to time value of money and investment risk to evaluate future cash flow.

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(t) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

Reconciliation of liabilities arising from financing activities for the three months ended March 31, 2023 and 2022 were as follows:

	January 1, 2023	Cash flows	Non-cash flows			March 31, 2023
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 1,334,900	(385,700)	-	-	-	949,200
Short-term loans	40,000	200,000	-	-	-	240,000
Lease liabilities	2,155	(755)	-	-	-	1,400
Guarantee deposits	26,152	(200)	-	-	-	25,952
Total liabilities from financing activities	<u>\$ 1,403,207</u>	<u>(186,655)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,216,552</u>

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

	January 1, 2022	Cash flows	Non-cash flows			March 31, 2022
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 1,663,458	25,991	-	-	-	1,689,449
Short-term loans	1,030,771	(243,585)	-	-	-	787,186
Lease liabilities	9,626	(3,726)	10,634	-	162	16,696
Guarantee deposits	8,062	(830)	-	-	-	7,232
Total liabilities from financing activities	<u>\$ 2,711,917</u>	<u>(222,150)</u>	<u>10,634</u>	<u>-</u>	<u>162</u>	<u>2,500,563</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
SHANG MEI PRECISION INDUSTRIAL CO., LTD.	The entity with significant influence over the Group
SHENG MEI PRECISION INDUSTRIAL (KUNSHAN) CO., LTD.	The subsidiary of the entity with significant influence over the Group

(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 ended March 31, 2023 and 2022 were both \$857.

(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 March 31, 2022, the remaining unpaid balance of \$34,350 which was recognized as other payables related parties. As of March 31, 2023, the remaining unpaid balance had all been paid. Please refer to note (6)(e) for related information.

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

(iii) Property transaction

In August 2022, the Group purchased machinery equipment amounting to \$36,923 from Sheng Mei Precision Industrial (KunShan) Co., Ltd.. Only four pieces of equipment were reserved, and the others were returned. As of December 31, 2022, the remaining unreceived balance of \$17,958 was recognized as other financial asset –current. As of March 31, 2023, the receivable has been fully collected .

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 2,913	2,728
Post-employment benefits	81	76
	\$ 2,994	2,804

(ii) Guarantee

Chairman of the company, Mu-Ho Lin, was the guarantor of the syndication contract as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Assets	Subject	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment and investment properties	Short-term loans and long-term loans			
— land and right-of-use land		\$ 1,330,888	1,331,412	1,754,328
— properties	Short-term loans and long-term loans	320,070	323,460	337,528
Other financial assets	Customs deposits			
— non-current		2,055	2,055	15,098
		\$ 1,653,013	1,656,927	2,106,954

(9) Commitments and contingencies

The Group's unrecognized contractual commitments were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ 26,410	89,314	28,000

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

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

By function By item	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	232,485	50,800	283,285	276,301	53,505	329,806
Labor and health insurance	-	2,625	2,625	-	2,156	2,156
Pension	16,215	2,923	19,138	19,894	3,443	23,337
Others	17,088	4,839	21,927	16,931	4,708	21,639
Depreciation	124,564	3,048	127,612	107,057	3,852	110,909
Amortization	1,518	906	2,424	2,905	381	3,286

(b) Seasonality of operations

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

(13) Other disclosures

(a) Information on significant transactions:

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

(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	182,700	182,700	121,800	5.88795%~6.05708%	Short-term financial	-	Operating demand	-	-	-	2,343,257 (note 1)	2,343,257 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	Yes	57,603	57,603	-	4	"	-	"	-	-	-	470,140 (note 2)	470,140 (note 2)
3	Dongguan Chenming Electronic Co., Ltd	CHENMING ELECTRONIC (NINGBO) CO., LTD	"	Yes	57,603	57,603	-	4	"	-	"	-	-	-	317,202 (note 3)	317,202 (note 3)

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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 \$2,343,257. 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 \$2,343,257.

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 CHENMING ELECTRONIC (NINGBO) CO., LTD, which amounted to \$470,140 (\$1,175,351*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 \$470,140 (\$1,175,351*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 \$317,202 (\$793,006*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 \$317,202 (\$793,006*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 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										
1	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	100% owned subsidiary	1,219,747 (note 1)	53,172	53,172	-	-	1.74 %	2,439,494 (note 1)	Yes	No	Yes
2	The Company	Dongguan Chenming Electronic Co., Ltd	100% owned subsidiary	1,219,747 (note 1)	300,405	300,405	-	-	9.85 %	2,439,494 (note 1)	Yes	No	Yes
						353,577							
3	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	Both are subsidiaries of the Company	470,140 (note 2)	167,475	167,475	-	-	14.25 %	940,281 (note 2)	No	No	Yes

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 \$1,219,747. (\$3,049,367*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 \$2,439,494 (\$3,049,367*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 \$470,140.(\$1,175,351*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 \$940,281 (\$1,175,351*80%).

(iii) Securities held as of March 31, 2023 (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	883	- %	883	-

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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- (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: None.
- (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	603,422	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 (632,347)	(99)%	Note
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(603,422)	(72)%	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 payables 632,347	66 %	"

Note: The transactions have been eliminated in the 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			
Dongguan Chenming Electronic Co., Ltd	The Company	Subsidiaries	Trade receivables 632,347	3.31	-	-	222,766	-	Note 2
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	The company's ultimate parent company is the same	Other current financial assets 140,073	-	-	-	-	-	Note 2, 3

Note 1: The accumulated received balance as of April 24, 2023.

Note 2: The transactions have been eliminated in the consolidated financial statements.

Note 3: Including interest receivables \$18,273.

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(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	121,800	Rate 5.88795%~6.05708%	2%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	603,422	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	39%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Trade receivables	632,347	"	10%

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of the investment	Investment income (losses)	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	2,166,745	2,166,745	65,558	100 %	2,343,257	42,355	42,355	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY USA, Inc.	U.S.A.	Import and export business of computer case	6,236	6,236	200	100 %	241	(28)	(28)	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	987,831	32,242		The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC	Samoa	Investment	802,568	802,568	23,410	100 %	1,205,077	8,432		The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED

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.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(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	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of March 31, 2023 (note 3)	Accumulated remittance of earnings as of March 31, 2023
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	1,964,025 (USD64,500)	notes 1 and 6	682,385 (USD22,410)	-	-	682,385 (USD22,410)	9,407	100 %	9,407	1,175,351	-
Dongguan Chenming Electronic Co., Ltd	"	882,380 (note 4) (USD28,978) (note 5)	notes 1 and 7	758,205 (USD24,900)	-	-	758,205 (USD24,900)	39,700	100 %	39,700	793,006	-
UNEEC ELECTRONIC (KUNSHAN) CO., LTD	"	30,450 (USD1,000)	notes 1 and 6	30,450 (USD1,000)	-	-	30,450 (USD1,000)	(973)	100 %	(973)	29,605	-

(ii) Limitation on investment in mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	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
1,471,040 (USD48,310)	1,659,830 (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 \$30.45 as of March 31, 2023.

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

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
SHANG MEI PRECISION INDUSTRIAL CO., LTD		39,000,000	19.90 %
Lin, Mu-Ho		30,000,230	15.31 %

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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.