

**CHENMING ELECTRONIC TECHNOLOGY CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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, 2024 and 2023, 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, 2024 and 2023, 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 Wang, I-Wen and Chien, Szu-Chuan.

KPMG

Taipei, Taiwan (Republic of China)

May 8, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to 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)
CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheet
March 31, 2024, December 31, 2023, and March 31, 2023
(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 744,173	12	824,699	13	537,379	9	2100	Short-term loans (note (6)(i))	\$ 40,000	-	20,000	-	240,000	4
1110	Current financial assets at fair value through profit or loss (note (6)(b))	1,017	-	1,699	-	883	-	2130	Current contract liabilities (note (6)(r))	4,524	-	3,050	-	2,737	-
1170	Trade receivables, net (notes (6)(c) and (6)(r))	1,715,055	27	2,016,525	31	1,924,288	30	2170	Trade payables	1,749,685	28	1,996,607	31	1,739,299	27
1310	Inventories, net (note (6)(d))	875,346	14	778,427	12	890,809	14	2200	Other payables	288,503	5	318,465	5	283,469	5
1476	Other current financial assets (note (6)(m))	66,643	1	67,584	1	20,387	-	2230	Current tax liabilities (note (6)(o))	56,747	1	47,151	1	53,027	1
1479	Other current assets	70,789	1	70,872	1	73,084	1	2280	Current lease liabilities (note (6)(l))	2,421	-	2,436	-	1,311	-
		<u>3,473,023</u>	<u>55</u>	<u>3,759,806</u>	<u>58</u>	<u>3,446,830</u>	<u>54</u>	2300	Other current liabilities	3,175	-	12,009	-	3,091	-
								2322	Long-term borrowings, current portion (note (6)(j))	1,329	-	-	-	-	-
										<u>2,146,384</u>	<u>34</u>	<u>2,399,718</u>	<u>37</u>	<u>2,322,934</u>	<u>37</u>
Non-current assets:								Non-current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (notes (6)(b) and (6)(k))	2,152	-	1,640	-	-	-	2530	Bonds payable (note (6)(k))	298,402	5	377,911	6	-	-
1600	Property, plant, and equipment (notes (6)(f) and (8))	2,356,712	37	2,234,718	34	2,465,824	39	2540	Long-term loans (note (6)(j))	380,071	7	433,900	7	949,200	15
1755	Right-of-use assets (note (6)(g))	177,148	3	181,136	3	184,474	3	2560	Non-current tax liabilities (note (6)(o))	17,900	-	21,736	-	-	-
1760	Investment property, net (notes (6)(h) and (8))	270,226	5	274,448	4	226,864	4	2570	Deferred income tax liabilities	188	-	188	-	-	-
1780	Intangible assets	5,793	-	7,530	-	6,745	-	2580	Non-current lease liabilities (note (6)(l))	3,377	-	3,968	-	89	-
1840	Deferred income tax assets	8,525	-	8,525	-	5,402	-	2645	Guarantee deposits (note (6)(m))	28,272	-	27,318	-	25,952	-
1980	Other non-current financial assets (note (8))	5,446	-	5,505	-	6,442	-			<u>728,210</u>	<u>12</u>	<u>865,021</u>	<u>13</u>	<u>975,241</u>	<u>15</u>
1990	Other non-current assets	11,083	-	49,885	1	4,961	-			<u>2,874,594</u>	<u>46</u>	<u>3,264,739</u>	<u>50</u>	<u>3,298,175</u>	<u>52</u>
		<u>2,837,085</u>	<u>45</u>	<u>2,763,387</u>	<u>42</u>	<u>2,900,712</u>	<u>46</u>		Total liabilities						
									Equity attributable to owners of parent (notes (6)(k) and (6)(p)):						
								3100	Ordinary shares	1,979,051	31	1,959,350	30	1,959,350	31
								3200	Capital surplus	442,020	7	380,656	6	313,563	5
								3300	Retained earnings	1,065,993	17	990,051	15	820,694	13
								3410	Exchange differences on translation of foreign financial statements	(51,550)	(1)	(71,603)	(1)	(44,240)	(1)
										<u>3,435,514</u>	<u>54</u>	<u>3,258,454</u>	<u>50</u>	<u>3,049,367</u>	<u>48</u>
									Total equity						
Total assets		<u>\$ 6,310,108</u>	<u>100</u>	<u>6,523,193</u>	<u>100</u>	<u>6,347,542</u>	<u>100</u>	Total liabilities and equity		<u>\$ 6,310,108</u>	<u>100</u>	<u>6,523,193</u>	<u>100</u>	<u>6,347,542</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue, net (note (6)(r))	\$ 1,459,165	100	1,533,349	100
5000	Operating costs (notes (6)(d), (6)(n) and (12))	<u>1,251,527</u>	<u>86</u>	<u>1,387,261</u>	<u>90</u>
5900	Gross profit from operations	<u>207,638</u>	<u>14</u>	<u>146,088</u>	<u>10</u>
6000	Operating expenses (notes (6)(n) and (12)):				
6100	Selling expenses	39,290	3	33,872	2
6200	Administrative expenses	90,471	6	49,902	4
6300	Research and development expenses	<u>14,173</u>	<u>1</u>	<u>13,251</u>	<u>1</u>
		<u>143,934</u>	<u>10</u>	<u>97,025</u>	<u>7</u>
6900	Net operating income	<u>63,704</u>	<u>4</u>	<u>49,063</u>	<u>3</u>
7000	Non-operating income and expenses:				
7050	Finance costs, net (notes (6)(k) and (6)(l))	(3,133)	-	(599)	-
7100	Interest income	4,938	-	615	-
7110	Rent revenue (notes (6)(m) and (7))	24,725	2	9,033	1
7190	Other income (losses), net (note (6)(k))	(11)	-	1,449	-
7210	Gains (losses) on disposals of property, plant and equipment and investment property (note (6)(f))	(28,724)	(2)	-	-
7230	Foreign exchange gains (losses) (note (6)(t))	<u>31,864</u>	<u>2</u>	<u>(30,572)</u>	<u>(2)</u>
		<u>29,659</u>	<u>2</u>	<u>(20,074)</u>	<u>(1)</u>
7900	Profit from continuing operations before tax	93,363	6	28,989	2
7950	Less: Income tax expenses (note (6)(o))	<u>17,421</u>	<u>1</u>	<u>3,983</u>	<u>-</u>
	Profit	<u>75,942</u>	<u>5</u>	<u>25,006</u>	<u>2</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	20,053	1	6,228	-
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>20,053</u>	<u>1</u>	<u>6,228</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>20,053</u>	<u>1</u>	<u>6,228</u>	<u>-</u>
8500	Comprehensive income	<u>\$ 95,995</u>	<u>6</u>	<u>31,234</u>	<u>2</u>
	Earnings per share (expressed in NTD) (note (6)(q)):				
9750	Basic earnings per share	<u>\$ 0.39</u>		<u>0.13</u>	
9850	Diluted earnings per share	<u>\$ 0.38</u>		<u>0.13</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the three months ended March 31, 2024 and 2023****(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, 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
Balance on January 1, 2024	\$ 1,959,350	380,656	324,527	50,468	615,056	990,051	(71,603)	3,258,454
Profit for the three months ended March 31, 2024	-	-	-	-	75,942	75,942	-	75,942
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	20,053	20,053
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	75,942	75,942	20,053	95,995
Conversion of convertible bonds	19,701	61,364	-	-	-	-	-	81,065
Balance on March 31, 2024	\$ 1,979,051	442,020	324,527	50,468	690,998	1,065,993	(51,550)	3,435,514

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 93,363	28,989
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	57,654	127,612
Amortization expense	1,752	2,424
Expected credit losses (gains)	308	(237)
Net gain on financial assets or liabilities at fair value through profit or loss	(130)	(83)
Interest expenses	3,133	599
Interest income	(4,938)	(615)
Loss from disposal of property, plant and equipment, net	28,724	-
Total adjustments to reconcile profit	<u>86,503</u>	<u>129,700</u>
Changes in operating assets and liabilities:		
Decrease in trade receivables	312,908	723,826
(Increase) decrease in inventories	(76,007)	100,509
(Increase) decrease in other current assets	(7,791)	18,856
Decrease in other financial assets	941	12,158
Increase (decrease) in contract liabilities	1,474	(54)
Decrease in trade payables	(259,175)	(618,903)
(Decrease) increase in other payables and other current liabilities	(43,114)	17,942
Total changes in operating assets and liabilities	<u>(70,764)</u>	<u>254,334</u>
Total adjustments	<u>15,739</u>	<u>384,034</u>
Cash inflow generated from operations	109,102	413,023
Interest received	4,938	615
Income taxes paid	(3,836)	(1,123)
Net cash flows from operating activities	<u>110,204</u>	<u>412,515</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant, and equipment	(157,840)	(92,570)
Decrease in refundable deposits	59	2,214
Acquisition of intangible assets	-	(928)
Increase in prepayments for equipment and others	(8,686)	(3,902)
Net cash flows used in investing activities	<u>(166,467)</u>	<u>(95,186)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	20,000	200,000
Proceeds from long-term loans	27,500	84,300
Repayments of long-term loans	(80,000)	(470,000)
Increase in guarantee deposits	954	(200)
Payment of lease liabilities	(606)	(755)
Interest paid	(1,381)	(5,667)
Net cash flows used in financing activities	<u>(33,533)</u>	<u>(192,322)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9,270</u>	<u>1,150</u>
Net (decrease) increase in cash and cash equivalents	<u>(80,526)</u>	<u>126,157</u>
Cash and cash equivalents at beginning of period	<u>824,699</u>	<u>411,222</u>
Cash and cash equivalents at end of period	<u>\$ 744,173</u>	<u>537,379</u>

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

**(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 manufacturing, research and development and sale of server cases and computer cases.

The consolidated financial statements of the Company as of and for the years ended March 31, 2024 comprise 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 were authorized for issue by the Board of Directors on May 8, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

(Continued)

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

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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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 Accounting Standards endorsed by the FSC) for a complete set of the full annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
PEAK SHREWD INC.	UNEEC ELECTRONIC (KUNSHAN) CO., LTD	Computer case and production of relative components	- %	- %	100 %	Note 1
The Company	CHENMING ELECTRONIC TECHNOLOGY (THAILAND) CO., LTD.	Computer case and production of relative components	100 %	100 %	- %	Note 2

Note 1: In September 2023, the liquidation procedure has been completed.

Note 2: The subsidiary was incorporated in July 2023.

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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.

(Continued)

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

(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 IFRS Accounting Standards (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, 2023. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim in consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note (6) to the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 291	230	50
Checking accounts and demand deposits	650,019	641,683	411,339
Time deposits	<u>93,863</u>	<u>182,786</u>	<u>125,990</u>
	<u>\$ 744,173</u>	<u>824,699</u>	<u>537,379</u>

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

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(b) Financial assets at fair value through profit or loss

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Beneficiary certificate-Funds	\$ 1,017	990	883
Derivative financial assets:			
Forward exchange contract	<u>-</u>	<u>709</u>	<u>-</u>
	<u>\$ 1,017</u>	<u>1,699</u>	<u>883</u>
Non-current mandatorily measured at fair value through profit or loss			
Convertible bonds - embedded derivatives	<u>\$ 2,152</u>	<u>1,640</u>	<u>-</u>

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.

	<u>December 31, 2023</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Hedging financial assets			
Forward exchange contracts:			
Forward foreign exchange sold	USD 1,000	USD to TWD	113.1.5

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not pledge any financial assets as collaterals.

(c) Trade receivables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 656	-	-
Trade receivables-measured at amortized cost	1,473,260	1,550,187	1,459,550
Trade receivables-measured at fair value through other comprehensive income	<u>242,048</u>	<u>466,931</u>	<u>465,000</u>
	1,715,964	2,017,118	1,924,550
Less: Loss allowance	<u>(909)</u>	<u>(593)</u>	<u>(262)</u>
Trade receivables, net	<u>\$ 1,715,055</u>	<u>2,016,525</u>	<u>1,924,288</u>

(Continued)

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

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 was determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 1,699,787	0.02%	412
1 to 30 days past due	6,378	0.13%	8
31 to 150 days past due	9,799	4.99%	489
	\$ 1,715,964		909
	December 31, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 2,009,995	0.03%	523
1 to 30 days past due	6,487	0.69%	45
31 to 150 days past due	636	3.93%	25
	\$ 2,017,118		593
	March 31, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 1,908,424	0.01%	142
1 to 30 days past due	4,679	0.11%	5
31 to 150 days past due	11,447	1.00%	115
	\$ 1,924,550		262

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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The movements in the allowance for trade receivables were as follows:

	For the three months ended March 31,	
	2024	2023
Balance at January 1	\$ 593	498
Impairment losses recognized (reversed)	308	(237)
Foreign exchange (gains) losses	8	1
Balance at March 31	\$ 909	262

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

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group sold its trade receivables without recourse as follows:

March 31, 2024					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 242,048 (USD7,564 thousand dollars)	465,000 (USD15,000 thousand dollars)	-	-	-

December 31, 2023					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 466,931 (USD15,207 thousand dollars)	465,000 (USD15,000 thousand dollars)	-	-	-

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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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)	-	-	-

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not pledge any receivables as collaterals.

(d) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 362,234	256,930	321,717
Work in progress	179,556	143,072	191,956
Finished goods and merchandise inventories	333,556	378,425	377,136
	\$ 875,346	778,427	890,809

The Group's composition details of operating cost for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 1,251,963	1,393,890
Revenue from sale of scraps	(9,542)	(20,138)
Reversal of write-downs	(636)	(4,760)
Loss on scrapping of inventories	9,742	18,269
	\$ 1,251,527	1,387,261

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not pledge any inventories as collaterals.

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

The Group set up its subsidiary, UNEEC ELECTRONIC (KUNSHAN) CO., LTD., with a capital investment of USD1,000 thousand, based on a resolution approved during the board meeting held on March 23, 2022. However, due to changes of operation plans, the board decided on March 22, 2023, to liquidate the subsidiary mentioned above. As of December 31, 2023, the liquidation process has been repatriated, and the liquidation proceeds of USD 933 thousand have been collected.

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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, 2024 and 2023 were as follows:

	<u>Land</u>	<u>Properties</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Molds</u>	<u>Construction in progress and prepayments for equipment</u>	<u>Total</u>
Cost:							
Balance at January 1, 2024	\$ 1,115,264	743,411	388,902	124,991	301,531	282,928	2,957,027
Additions	96,867	13,080	10,344	6,276	35,695	-	162,262
Disposals	-	-	-	(11,076)	(106,821)	-	(117,897)
Transferred into (out)	32,324	218,653	82,596	3,504	(53,379)	(282,928)	770
Effect of changes in exchange rates	(233)	3,304	3,074	360	1,930	-	8,435
Balance at March 31, 2024	<u>\$ 1,244,222</u>	<u>978,448</u>	<u>484,916</u>	<u>124,055</u>	<u>178,956</u>	<u>-</u>	<u>3,010,597</u>
Balance at 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 at 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>
Depreciation:							
Balance at January 1, 2024	\$ -	323,746	194,670	40,182	163,711	-	722,309
Depreciation	-	7,791	8,687	5,786	31,042	-	53,306
Disposals	-	-	-	(8,079)	(81,094)	-	(89,173)
Transferred into (out)	-	1,925	-	-	(39,423)	-	(37,498)
Effect of changes in exchange rates	-	1,726	1,850	146	1,219	-	4,941
Balance at March 31, 2024	<u>\$ -</u>	<u>335,188</u>	<u>205,207</u>	<u>38,035</u>	<u>75,455</u>	<u>-</u>	<u>653,885</u>
Balance at 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 at 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>
Book value:							
Balance at January 1, 2024	<u>\$ 1,115,264</u>	<u>419,665</u>	<u>194,232</u>	<u>84,809</u>	<u>137,820</u>	<u>282,928</u>	<u>2,234,718</u>
Balance at March 31, 2024	<u>\$ 1,244,222</u>	<u>643,260</u>	<u>279,709</u>	<u>86,020</u>	<u>103,501</u>	<u>-</u>	<u>2,356,712</u>
Balance at 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 at 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>

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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The Group entered into a real estate agreement with a non-related party on August 8, 2023 for the acquisition of a parcel of land with the total price of \$128,801 (THB146,000 thousand), based on the resolution approved during the Board Meeting held on July 12, 2023. As of March 31, 2024, the related payment have been paid and the inspection process have been completed. Therefore the amount has been reclassified from construction in progress and prepayments for equipment into land.

The Group had recognized scrapping loss of \$28,724 for the three months ended March 31, 2024, and it was recognized as net gain (loss) on disposal of property, plant, and equipment, investment property and intangible assets.

As of March 31, 2024, December 31, 2023 and March 31, 2023 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 at January 1, 2024	\$ 213,094	27,055	26,496	2,476	269,121
Transferred into (out)	(3,895)	-	-	-	(3,895)
Effect of changes in exchange rates	<u>1,730</u>	<u>506</u>	<u>-</u>	<u>-</u>	<u>2,236</u>
Balance at March 31, 2024	<u>\$ 210,929</u>	<u>27,561</u>	<u>26,496</u>	<u>2,476</u>	<u>267,462</u>
Balance at 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 at March 31, 2023	<u>\$ 215,315</u>	<u>27,705</u>	<u>19,354</u>	<u>2,476</u>	<u>264,850</u>
Accumulated depreciation:					
Balance at January 1, 2024	\$ 38,319	27,055	20,251	2,360	87,985
Depreciation	2,184	-	586	35	2,805
Transferred into (out)	(1,331)	-	-	-	(1,331)
Effect of changes in exchange rates	<u>349</u>	<u>506</u>	<u>-</u>	<u>-</u>	<u>855</u>
Balance at March 31, 2024	<u>\$ 39,521</u>	<u>27,561</u>	<u>20,837</u>	<u>2,395</u>	<u>90,314</u>
Balance at 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 at March 31, 2023	<u>\$ 32,172</u>	<u>27,705</u>	<u>18,242</u>	<u>2,257</u>	<u>80,376</u>
Book value:					
Balance at January 1, 2024	<u>\$ 174,775</u>	<u>-</u>	<u>6,245</u>	<u>116</u>	<u>181,136</u>
Balance at March 31, 2024	<u>\$ 171,408</u>	<u>-</u>	<u>5,659</u>	<u>81</u>	<u>177,148</u>
Balance at January 1, 2023	<u>\$ 184,924</u>	<u>-</u>	<u>1,807</u>	<u>254</u>	<u>186,985</u>
Balance at March 31, 2023	<u>\$ 183,143</u>	<u>-</u>	<u>1,112</u>	<u>219</u>	<u>184,474</u>

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

(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>
Cost:				
Balance at January 1, 2024	\$ 136,906	30,873	175,291	343,070
Transferred into (out)	<u>-</u>	<u>3,895</u>	<u>(7,167)</u>	<u>(3,272)</u>
Balance at March 31, 2024	<u>\$ 136,906</u>	<u>34,768</u>	<u>168,124</u>	<u>339,798</u>
Balance at January 1, 2023 (Same balance as March 31, 2023)	<u>\$ 136,906</u>	<u>30,873</u>	<u>100,601</u>	<u>268,380</u>
Depreciation:				
Balance at January 1, 2024	\$ -	10,291	58,331	68,622
Depreciation	-	257	1,286	1,543
Transferred into (out)	<u>-</u>	<u>1,331</u>	<u>(1,924)</u>	<u>(593)</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>11,879</u>	<u>57,693</u>	<u>69,572</u>
Balance at January 1, 2023	\$ -	9,262	31,340	40,602
Depreciation	<u>-</u>	<u>257</u>	<u>657</u>	<u>914</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>9,519</u>	<u>31,997</u>	<u>41,516</u>
Book Value				
Balance at March 31, 2024	<u>\$ 136,906</u>	<u>20,582</u>	<u>116,960</u>	<u>274,448</u>
Balance at January 1, 2024	<u>\$ 136,906</u>	<u>22,889</u>	<u>110,431</u>	<u>270,226</u>
Balance at January 1, 2023	<u>\$ 136,906</u>	<u>21,611</u>	<u>69,261</u>	<u>227,778</u>
Balance at March 31, 2023	<u>\$ 136,906</u>	<u>21,354</u>	<u>68,604</u>	<u>226,864</u>

The fair value of investment properties of the consolidated company does not significantly differ from the information disclosed in note (6)(h) of the consolidated financial report for the year 2023.

Please refer to note (8) for information on investment properties pledged as collateral as of March 31, 2024, December 31, 2023 and March 31, 2023.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(i) Short-term loans

The short-term loans were summarized as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Credit loans	\$ 40,000	20,000	190,000
Secured loans	<u>-</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 40,000</u>	<u>20,000</u>	<u>240,000</u>
Unused credit line for short-term loans	<u>\$ 3,294,176</u>	<u>3,172,376</u>	<u>2,545,727</u>
Range of interest rates	<u>1.00%-1.61%</u>	<u>1.00%~1.47%</u>	<u>1.00%~1.65%</u>

- (i) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group 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)(t).
- (iii) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group provided 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured bank loans	\$ 381,400	433,900	949,200
Less: Current portion	<u>1,329</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 380,071</u>	<u>433,900</u>	<u>949,200</u>
Unused long-term credit lines	<u>\$ 924,600</u>	<u>952,100</u>	<u>1,066,800</u>
Range of interest rate	<u>0.5%-2.08%</u>	<u>0.5%~1.95%</u>	<u>0.6%~1.83%</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 \$27,500 and \$84,300 for the three months ended March 31, 2024 and 2023, respectively. Due to the changes in its capital use and interest rates, the Group repaid the amounts of \$80,000 and \$470,000 for the three months ended March 31, 2024 and 2023, respectively.
- (iii) For information on interest rate and liquidity risk exposure, please refer to note (6)(t).
- (iv) The Group provided part of its assets as collaterals for long-term loans. Please refer to note (8) for details.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(k) Bonds payable

The Group issued the third domestic secured corporate bonds on November 16, 2023. The information was as follows:

(i) The details of bonds payable were as follows:

	March 31, 2024	December 31, 2023
Total convertible corporate bonds issued	\$ 400,000	400,000
Unamortized discounts on bonds payable	(15,898)	(22,089)
Accumulated converted amount	(85,700)	-
Balance of bonds payable as of reporting date	<u>\$ 298,402</u>	<u>377,911</u>
Embedded derivatives – call option (recorded as financial assets at fair value through profit or loss – non-current)	<u>\$ 2,152</u>	<u>1,640</u>
Equity component – conversion options (recorded as capital surplus)	<u>\$ 52,718</u>	<u>67,093</u>
		For the three months ended March 31, 2024
Embedded derivatives-gains or losses resulting from call option at fair value (recorded as other income (losses), net)		<u>\$ 812</u>
Interest expense		<u>\$ (1,856)</u>

(ii) The Company separated conversion option from liabilities, and recognized as equity and liability. The related information was as follows:

	The third
The compound interest present value of the convertible bonds' face value at issuance	\$ 382,560
The embedded derivative asset at issuance – call option	(1,400)
The equity components at issuance	<u>68,030</u>
Total amount of the convertible bonds at issuance	<u>\$ 449,190</u>
Issuance costs	<u>\$ 6,185</u>

The effective interest rate of the third issued convertible bonds was 1.9672%.

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

(iii) The significant terms of the third issued convertible corporate bonds were as follows:

- 1) Term: 3 years (November 16, 2023~ November 16, 2026)
- 2) Interest rate:0%
- 3) Guarantee situation:

Mega International Commercial Bank Co., Ltd. and Hua Nan Commercial Bank, Ltd. served as the guarantee banks for the convertible corporate bonds. Each guarantee bank is only responsible for guaranteeing within its respective scope, with the distribution of guarantee responsibilities being 50% for Mega International Commercial Bank Co., Ltd. and 50% for Hua Nan Commercial Bank, Ltd. They do not bear joint liabilities.

- 4) Redemption at the option of the Company
 - a) Within the period between three months after the issuance date (February 17, 2024) and 40 days before the last convertible date (October 6, 2026), if the closing price of the Company's common stock listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive business days, then the Company could redeem the bonds at face value of the corporate bonds in cash.
 - b) Within the period between three months after the issuance date (February 17, 2024) and 40 days before the last convertible date (October 6, 2026), if the remaining amount of the convertible bonds is less than 10% of the total par value, then the Company could redeem the bonds at face value of the corporate bonds in cash.
- 5) Repurchase at the option of bondholders: None.
- 6) Terms of conversion:
 - a) The bondholders may request the conversion of the convertible bonds into the Company's common stock at the par value and conversion price at the time of their request, at any time between three months after the issuance date (February 17, 2024) and the maturity date (November 16, 2026), except for the following periods:
 - The period starts from 15 business days before the book closure date for issuance of the bonus shares, book closure date for cash dividends, book closure date for rights issue, to the record date for distribution of entitlements;
 - The period starts from the base date of capital reduction to the day before the transaction of reissue of shares after the capital reduction;
 - The period starts from the starting date of the suspension of conversion for the change of the stock's par value to the date before the trading date of the reissuance shares.
 - The period in which transfer common stocks is suspended by laws
 - b) The conversion Price: The conversion price was NT\$43.5 per share at issuance.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(iv) For the three months ended March 31, 2024, the convertible bonds with a par value of \$85,700 were converted into ordinary shares of the Company of \$19,701, and the capital surplus arising from the conversion - premium on share issuance was \$75,739 (including the stock options converted to premium on share issuance of \$14,375, the unamortized discount on bonds payable of \$4,335, and the call options converted to premium on share issuance of \$300).

(l) Lease liabilities

The book value of lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 2,421</u>	<u>2,436</u>	<u>1,311</u>
Non-current	<u>\$ 3,377</u>	<u>3,968</u>	<u>89</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 47</u>	<u>13</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ -</u>	<u>333</u>
Expenses relating to short-term leases	<u>\$ 2,696</u>	<u>2,546</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 55</u>	<u>39</u>

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

	For the three months ended March 31,	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	<u>\$ 3,404</u>	<u>3,686</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.

(Continued)

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

(m) Operating lease

The Group leases out its investment property and has classified these leases as operating leases as it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note (6)(h) sets out information about the operating leases of investment property.

There were no significant additions in operating lease for the three months ended March 31, 2024 and 2023.

The rental revenue from investment properties were \$24,725 and \$9,033 for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, the lease receivable of \$66,504, \$67,369 and \$20,162, respectively, was based on the straight-line method, which was recognized under other financial assets – current, the guarantee deposit received amounted to \$19,098, \$18,747 and \$17,241, respectively. For related information, please refer to note(6)(m) of the consolidated financial report for the year 2023.

(n) 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,	
	2024	2023
Operating cost	\$ 120	-
Operating expense	949	973
	<u>\$ 1,069</u>	<u>973</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 March 31,	
	2024	2023
Operating cost	\$ 12,454	16,215
Operating expense	3,734	1,950
	<u>\$ 16,188</u>	<u>18,165</u>

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(o) Income taxes

- (i) The components of income tax for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,	
	2024	2023
Current tax expense (benefit)	\$ 17,421	3,983

- (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 2022 were assessed by the Taipei National Tax Administration.

- (iv) Income tax payment

The Company's profit-seeking enterprise income for 2022 shows a voluntary supplementary payment of \$46,030. Due to the impact of COVID-19, the company has applied to the National Taxation Bureau of Taipei, Ministry of Finance for a 36-month installment plan. As of March 31, 2024, a total of \$12,787 has been paid, leaving a remaining balance of \$33,243. The amount due within one year is \$15,343, while the amount due after one year is \$17,900. These amounts have been classified as current and non-current income tax liabilities in this reporting period, respectively.

(p) 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, 2024 and 2023. For the related information, please refer to note (6)(p) of the consolidated financial statements for the year ended December 31, 2023.

- (i) Ordinary shares

As of March 31, 2024 and 2023, the authorized common stocks of the Company amounted to \$3,000,000, with a par value of NT\$10 per share, of which 197,905 thousand and 195,935 thousand shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31	
	2024	2023
Balance on January 1	195,935	195,935
Conversion of convertible bonds	1,970	-
Balance on March 31	197,905	195,935

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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For the three months ended March 31, 2024, the convertible bonds was converted by issuing 1,970 thousand new ordinary shares at par value, amounting to \$19,701, upon the request of the bondholders. As of the reporting date, the registration procedures have not been completed.

(ii) Capital surplus

The balances of capital surplus as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 226,290	150,551	150,551
Difference arising from subsidiary's share price and its carrying value	163,012	163,012	163,012
Convertible bonds – conversion options	<u>52,718</u>	<u>67,093</u>	<u>-</u>
	<u>\$ 442,020</u>	<u>380,656</u>	<u>313,563</u>

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Earnings Distribution

The appropriations of earnings for the year of 2022 approved in the shareholders meeting held on June 16, 2023 was \$58,781 by cash dividends. The relevant information can be accessed from the Market Observation Post System. The Company does not intend to distribute retained earnings in 2021 due to net loss after tax.

(q) Earnings per share

For the three months ended March 31, 2024 and 2023, the Group's earnings per share was calculated as follows:

	For the three months ended March 31,	
	2024	2023
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>75,942</u>	<u>25,006</u>
Weighted-average number of ordinary shares (share in thousands)	<u>196,451</u>	<u>195,935</u>
	<u>\$ 0.39</u>	<u>0.13</u>

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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	For the three months ended March 31,	
	2024	2023
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (basic)	\$ 75,942	25,006
Effect of dilutive potential ordinary shares:		
Interest expense and other gains or losses of convertible bonds	1,044	-
Profit attributable to ordinary shareholders of the Company (dilution)	\$ 76,986	25,006
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	196,451	195,935
Effect of employee stock remuneration (share in thousands)	128	45
Effect of convertible bonds (share in thousands)	8,680	-
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	205,259	195,980
	\$ 0.38	0.13

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2024	2023
Primary geographical markets		
China	\$ 616,427	501,434
USA	392,059	485,836
Taiwan	378,967	458,216
Others	71,712	87,863
	\$ 1,459,165	1,533,349
Major products		
PC and server chassis	\$ 1,424,486	1,474,393
Mold	34,679	58,956
	\$ 1,459,165	1,533,349

(Continued)

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

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ 1,715,964	2,017,118	1,924,550
Less: Loss allowance	(909)	(593)	(262)
Total	<u>\$ 1,715,055</u>	<u>2,016,525</u>	<u>1,924,288</u>
Contract liabilities	<u>\$ 4,524</u>	<u>3,050</u>	<u>2,737</u>

The amount of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$3,050 and \$2,783, 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.

(s) Remunerations to employees and directors

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' 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 were \$2,000 and \$1,000, and the remuneration to directors were \$375 for the three months ended March 31, 2024 and 2023. 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.

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$7,000, and to directors amounted to \$1,500, respectively. The aforementioned estimated amounts are identical to those of the actual distributions. The related information is available on the Market Observation Post System website.

(t) 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)(t) of the consolidated financial statements for the year ended December 31, 2023.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(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, 2024					
Bank loans	\$ 421,400	(425,957)	(40,644)	-	(385,313)
Trade payables	1,749,685	(1,749,685)	(1,749,685)	-	-
Lease liabilities (including current and non-current)	5,798	(6,036)	(2,550)	(1,792)	(1,694)
Bonds payable	298,402	(314,300)	-	-	(314,300)
Other payables	288,503	(288,503)	(288,503)	-	-
Guarantee deposits	<u>28,272</u>	<u>(28,272)</u>	<u>-</u>	<u>-</u>	<u>(28,272)</u>
	<u>\$ 2,792,060</u>	<u>(2,812,753)</u>	<u>(2,081,382)</u>	<u>(1,792)</u>	<u>(729,579)</u>
December 31, 2023					
Bank loans	\$ 453,900	(459,346)	(20,294)	-	(439,052)
Trade payables	1,996,607	(1,996,607)	(1,996,607)	-	-
Lease liabilities (including current and non-current)	6,404	(6,690)	(2,589)	(2,078)	(2,023)
Bonds payable	377,911	(400,000)	-	-	(400,000)
Other payables	318,465	(318,465)	(318,465)	-	-
Guarantee deposits	<u>27,318</u>	<u>(27,318)</u>	<u>-</u>	<u>-</u>	<u>(27,318)</u>
	<u>\$ 3,180,605</u>	<u>(3,208,426)</u>	<u>(2,337,955)</u>	<u>(2,078)</u>	<u>(868,393)</u>
March 31, 2023					
Secured 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>

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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:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	\$ 54,928	32.000	1,757,696	69,309	30.705	2,128,133	48,170	30.45	1,466,777
USD to CNY	21,408	7.095	685,056	26,995	7.0827	828,881	32,066	6.8717	976,410
CNY to TWD	143,585	4.408	632,923	154,219	4.327	667,306	99,834	4.431	442,364
Financial liabilities									
Monetary items									
USD to TWD	34,946	32.000	1,118,272	41,102	30.705	1,262,037	24,448	30.45	744,442
USD to CNY	1,319	7.095	42,208	1,158	7.0827	35,556	1,366	6.8717	41,595
CNY to TWD	292,367	4.408	1,288,754	316,679	4.327	1,370,270	225,661	4.431	999,904

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, 2024 and 2023 would have affected the net profit before tax as follows:

	March 31, 2024	March 31, 2023
USD (against the TWD)		
Strengthening 5%	\$ 31,971	36,117
Weakening 5%	(31,971)	(36,117)
USD (against the CNY)		
Strengthening 5%	32,142	46,741
Weakening 5%	(32,142)	(46,741)
CNY (against the TWD)		
Strengthening 5%	(32,792)	(27,877)
Weakening 5%	32,792	27,877

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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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,			
	2024		2023	
	Exchange profit (loss)	Average rate	Exchange profit (loss)	Average rate
TWD	\$ 24,265	-	(46,364)	-
CNY	1,735	4.380	3,572	4.421

(iv) Interest rate analysis

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

	Carrying amount	
	March 31, 2024	March 31, 2023
Fixed rate instruments:		
Financial assets	\$ 93,863	125,990
Variable rate instruments:		
Financial assets	649,969	411,289
Financial liabilities	421,400	1,189,200

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 increase or decreased by \$143 for the three months ended March 31, 2024 and decrease or increase by \$486 for the three months ended March 31, 2023, 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.

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	March 31, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss (including current and non-current)					
Non-derivative financial assets mandatorily measured at fair value through profit or loss – Beneficiary certificate-Funds	\$ 1,017	1,017	-	-	1,017
Derivative financial assets – convertible bonds-embedded derivative instrument	<u>2,152</u>	-	-	2,152	2,152
	<u>3,169</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	744,173	-	-	-	-
Trade receivables, net	1,715,055	-	-	-	-
Other financial assets	66,643	-	-	-	-
Refundable deposits (classified as other financial assets— non-current)	<u>5,446</u>	-	-	-	-
	<u>\$ 2,531,317</u>				
Financial liabilities measured at amortized cost					
Bank loans	\$ 421,400	-	-	-	-
Trade payables	1,749,685	-	-	-	-
Lease liabilities	5,798	-	-	-	-
Bonds payable	298,402	-	-	-	-
Other payables	288,503	-	-	-	-
Guarantee deposits	<u>28,272</u>	-	-	-	-
	<u>\$ 2,792,060</u>				

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	December 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	\$ 990	990	-	-	990
Mandatorily measured at fair value through profit or loss- forward exchange contract	709	-	709	-	709
Derivative financial assets- convertible bonds-embedded derivative instrument	<u>1,640</u>	-	-	1,640	1,640
	<u>3,339</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	824,699	-	-	-	-
Trade receivables, net	2,016,525	-	-	-	-
Other financial assets	67,584	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	<u>5,505</u>	-	-	-	-
	<u>\$ 2,914,313</u>				
Financial liabilities measured at amortized cost					
Bank loans	\$ 453,900	-	-	-	-
Trade payables	1,996,607	-	-	-	-
Lease liabilities	6,404	-	-	-	-
Bonds payable	377,911	-	-	-	-
Other payables	318,465	-	-	-	-
Guarantee deposit	<u>27,318</u>	-	-	-	-
	<u>\$ 3,180,605</u>				

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	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	\$ <u>883</u>	883	-	-	883
Financial assets measured at amortized cost					
Cash and cash equivalents	537,379	-	-	-	-
Trade receivable, net	1,924,288	-	-	-	-
Other financial assets	20,387	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	<u>6,442</u>	-	-	-	-
	<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	<u>25,952</u>	-	-	-	-
	<u>\$ 3,239,320</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.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices.

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.

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

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

b) Derivative financial instruments

These are valued based on widely accepted valuation models used in the market, such as the discounted cash flow method and option pricing models. Forward foreign exchange contracts are typically valued based on the current forward exchange rates.

4) Reconciliation of level 3 fair values

	Fair value through profit or loss
	Derivative financial assets — convertible bonds
Balance on January 1, 2024	\$ 1,640
Converted	(300)
Total gains and losses recognized	
In profit or loss	812
In other comprehensive income	-
Balance on March 31, 2024	\$ 2,152

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- 5) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – call option of convertible bonds".

Most of fair value measurements categorized within Level 3 use the single and significant unobservable inputs. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent from each other, as a result, there is no relevance between them.

Quantitative information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship between significant unobservable input and fair value measurement</u>
Financial assets at fair value through profit or loss – call option of convertible bonds	Binomial convertible bonds pricing models	Volatility (62.41% and 59.13% as of March 31,2024 and December 31,2023)	The higher the volatility is, the higher the fair value will be.

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonable alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	<u>Input</u>	<u>Move up or down</u>	<u>Other Comprehensive Income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2024				
Financial assets at fair value through profit or loss - call option of convertible bonds	Volatility	5%	<u>189</u>	<u>(94)</u>
December 31, 2023				
Financial assets at fair value through profit or loss - call option of convertible bonds	Volatility	5%	<u>280</u>	<u>(320)</u>

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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(u) of the consolidated financial statements for the year ended December 31, 2023.

(v) 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, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note (6)(v) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

For the three months ended March 31, 2022, there were non-cash transactions for fundraising activities, and the reconciliation of liabilities from fundraising activities for the three months ended March 31, 2024 was as follows:

	January 1, 2024	Cash flows	Non-cash flows			March 31, 2024
			Additions	Write-off	Foreign exchange movement	
Bonds payable	\$ 377,911	-	-	(79,509)	-	298,402
Total liabilities from financing activities	\$ 377,911	-	-	(79,509)	-	298,402

(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.

Names of related parties	Relationships with the Group
Lin, Mu-Ho	Chairman of the Company

(Continued)

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(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, 2024 and 2023 were both \$857.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 4,490	2,913
Post-employment benefits	171	81
	<u>\$ 4,661</u>	<u>2,994</u>

(ii) Guarantee

Chairman of the company, Mu-Ho Lin, was the guarantor of the syndication contract as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

(8) Pledged assets

Assets	Subject	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment and investment properties	Short-term loans and long-term loans			
— land and right-of-use land		\$ 1,326,750	1,326,294	1,330,888
— properties	Short-term loans and long-term loans	303,296	306,305	320,070
Other financial assets	Customs deposits			
— non-current		<u>2,055</u>	<u>2,249</u>	<u>2,055</u>
		<u>\$ 1,632,101</u>	<u>1,634,848</u>	<u>1,653,013</u>

(9) Commitments and contingencies

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	<u>\$ 95</u>	<u>107,101</u>	<u>26,410</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(12) Other

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

By item	By function	Three months ended March 31, 2024			Three months ended March 31, 2023		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		219,824	73,130	292,954	232,485	50,800	283,285
Labor and health insurance		184	2,278	2,462	-	2,625	2,625
Pension		12,574	4,683	17,257	16,215	2,923	19,138
Others		18,029	9,367	27,396	17,088	4,839	21,927
Depreciation		54,961	2,693	57,654	124,564	3,048	127,612
Amortization		1,090	662	1,752	1,518	906	2,424

- (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	192,000	192,000	128,000	6.40592%~6.69133%	Short-term financial	-	Operating demand	-	-	-	2,482,075 (note 1)	2,482,075 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	Yes	423,168	423,168	180,728	3.95%~4.15%	"	-	"	-	-	-	1,217,003 (note 2)	1,217,003 (note 2)

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 \$2,482,075. 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 \$2,482,075.

Note 2: The total amount for lending to a company for funding for a short-term period shall not exceed the net worth of CHENMING ELECTRONIC (NINGBO) CO., LTD, which amounted to \$1,217,003. In addition, the total amount lendable to any one borrower shall be no more than the borrower's net worth, which amounted to \$1,217,003.

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

(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	1,374,206 (note 1)	52,896	52,896	-	-	1.54 %	2,748,411 (note 1)	Yes	No	Yes
2	The Company	Dongguan Chenming Electronic Co., Ltd	100% owned subsidiary	1,374,206 (note 1)	308,240	308,240	-	-	8.97 %	2,748,411 (note 1)	Yes	No	Yes
						<u>361,136</u>							

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 \$1,374,206. (\$3,435,514*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 \$2,748,411 (\$3,435,514*80%).

(iii) Securities held as of March 31, 2024 (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 Bond ETF Strategic Income Fund	-	Current financial assets at fair value through profit or loss	100	1,017	- %	1,017	-

(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.

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

- (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	473,681	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 (935,160)	(99)%	Note
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(473,681)	(60)%	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 935,160	69 %	"

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 935,160	1.86	-	-	130,042	-	Note 2
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	The company's ultimate parent company is the same	Other current financial assets 155,516	-	-	-	-	-	Note 2, 3
CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	The company's ultimate parent company is the same	Other current financial assets 183,724	-	-	-	-	-	Note 2, 4

Note 1: The accumulated received balance as of April 24, 2024.

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

Note 3: Including interest receivables \$27,516.

Note 4: Including interest receivables \$2,996.

- (ix) Trading in derivative instruments: Note 6(b).

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

(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	155,516	Rate 6.40592%~6.69133%	2%
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	2	Other current financial assets	183,724	Rate 3.95%~4.15%	3%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	473,681	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	32%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Trade receivables	935,160	"	15%

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, 2024 (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, 2024			Net income (losses) of the investment	Investment income (losses)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	2,138,097	2,138,097	64,558	100 %	2,482,075	37,358	37,358	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY USA, Inc.	U.S.A.	Import and export business of computer case	6,236	6,236	200	100 %	40	(32)	(32)	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY (THAILAND) Co., LTD.	Thailand	Computer case and production of relative components	136,577	35,097	15,000	100 %	134,230	(131)	(131)	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,106,056	11,567	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	773,920	773,920	22,410	100 %	1,217,131	23,479	"	"

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, 2024 (note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of March 31, 2024 (note 3)	Accumulated remittance of earnings as of March 31, 2024
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	2,064,000 (USD64,500)	notes 1 and 6	717,120 (USD22,410)	-	-	717,120 (USD22,410)	23,473	100 %	23,473	1,217,003	-
Dongguan Chenming Electronic Co., Ltd	"	927,296 (note 4) (USD28,978) (note 5)	notes 1 and 7	796,800 (USD24,900)	-	-	796,800 (USD24,900)	18,714	100 %	18,714	940,226	-

- (ii) Limitation on investment in mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	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
1,516,064 (USD47,377)	1,714,464 (USD53,577)	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 \$32 as of March 31, 2024.

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".

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
SHANG MEI PRECISION INDUSTRIAL CO., LTD		35,000,000	17.68 %
Lin, Mu-Ho		29,991,230	15.15 %

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.