

**CHENMING ELECTRONIC TECHNOLOGY CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the changes in equity and cash flows for the nine 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended, as well as its consolidated cash flows for the nine 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)

November 6, 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 Statement of Comprehensive Income****For the three months and nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	For the three months ended September 30				For the nine months ended September 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue, net (note (6)(r))								
	\$ 2,663,170	100	1,771,240	100	6,727,285	100	4,654,784	100	
5000	Operating costs (notes (6)(d), (6)(n) and (12))								
	<u>2,235,554</u>	<u>84</u>	<u>1,544,732</u>	<u>87</u>	<u>5,687,173</u>	<u>85</u>	<u>4,144,745</u>	<u>89</u>	
5900	Gross profit from operations								
	<u>427,616</u>	<u>16</u>	<u>226,508</u>	<u>13</u>	<u>1,040,112</u>	<u>15</u>	<u>510,039</u>	<u>11</u>	
6000	Operating expenses (notes (6)(n) and (12)):								
6100	Selling expenses	66,682	3	47,475	3	167,029	2	124,147	3
6200	Administrative expenses	89,320	3	82,573	4	271,234	4	208,203	4
6300	Research and development expenses	<u>17,055</u>	-	<u>15,618</u>	1	<u>47,797</u>	1	<u>42,621</u>	1
6450		<u>173,057</u>	<u>6</u>	<u>145,666</u>	<u>8</u>	<u>486,060</u>	<u>7</u>	<u>374,971</u>	<u>8</u>
6900	Net operating income								
	<u>254,559</u>	<u>10</u>	<u>80,842</u>	<u>5</u>	<u>554,052</u>	<u>8</u>	<u>135,068</u>	<u>3</u>	
7000	Non-operating income and expenses:								
7050	Finance costs, net (notes (6)(k) and (6)(l))	(2,176)	-	(2,302)	-	(8,000)	-	(2,973)	-
7100	Interest income	2,287	-	351	-	11,258	-	2,138	-
7110	Rent revenue (notes (6)(m) and (7))	23,431	-	24,390	1	71,417	1	61,994	1
7190	Other income (losses), net (notes (6)(k) and (6)(m))	323	-	(237)	-	(15,717)	-	2,000	-
7210	Gains (losses) on disposals of property, plant and equipment and investment property (note (6)(f))	(9,272)	-	(23,934)	(1)	(58,019)	(1)	(39,777)	(1)
7230	Foreign exchange gains (losses) (note (6)(t))	<u>(57,736)</u>	<u>(2)</u>	<u>15,797</u>	-	<u>(267)</u>	-	<u>63,447</u>	<u>1</u>
		<u>(43,143)</u>	<u>(2)</u>	<u>14,065</u>	-	<u>672</u>	-	<u>86,829</u>	<u>1</u>
7900	Profit from continuing operations before tax								
	211,416	8	94,907	5	554,724	8	221,897	4	
7950	Less: Income tax expenses (note (6)(o))	<u>46,940</u>	<u>2</u>	<u>12,913</u>	-	<u>121,134</u>	<u>2</u>	<u>38,483</u>	-
	Profit								
	<u>164,476</u>	<u>6</u>	<u>81,994</u>	<u>5</u>	<u>433,590</u>	<u>6</u>	<u>183,414</u>	<u>4</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	54,453	2	37,746	2	80,584	2	2,245	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss								
	<u>54,453</u>	<u>2</u>	<u>37,746</u>	<u>2</u>	<u>80,584</u>	<u>2</u>	<u>2,245</u>	-	
8300	Other comprehensive income (loss)								
	<u>54,453</u>	<u>2</u>	<u>37,746</u>	<u>2</u>	<u>80,584</u>	<u>2</u>	<u>2,245</u>	-	
8500	Comprehensive income								
	<u>\$ 218,929</u>	<u>8</u>	<u>119,740</u>	<u>7</u>	<u>514,174</u>	<u>8</u>	<u>185,659</u>	<u>4</u>	
	Earnings per share (expressed in NTD) (note (6)(q)):								
9750	Basic earnings per share	<u>\$ 0.80</u>		<u>0.42</u>		<u>2.17</u>		<u>0.94</u>	
9850	Diluted earnings per share	<u>\$ 0.80</u>		<u>0.42</u>		<u>2.13</u>		<u>0.93</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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Other component of equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	
Balance on January 1, 2023	\$ 1,959,350	313,563	302,505	66,654	426,529	795,688	(50,468)	3,018,133
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	22,022	-	(22,022)	-	-	-
Special reserve reversed	-	-	-	(16,186)	16,186	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(58,781)	(58,781)	-	(58,781)
Profit for the nine months ended September 30, 2023	-	-	-	-	183,414	183,414	-	183,414
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	2,245	2,245
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	183,414	183,414	2,245	185,659
Balance on September 30, 2023	\$ 1,959,350	313,563	324,527	50,468	545,326	920,321	(48,223)	3,145,011
Balance on January 1, 2024	\$ 1,959,350	380,656	324,527	50,468	615,056	990,051	(71,603)	3,258,454
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	25,314	-	(25,314)	-	-	-
Special reserve appropriated	-	-	-	21,135	(21,135)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(78,374)	(78,374)	-	(78,374)
Profit for the nine months ended September 30, 2024	-	-	-	-	433,590	433,590	-	433,590
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	-	80,584	80,584
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	433,590	433,590	80,584	514,174
Conversion of convertible bonds	92,039	287,492	-	-	-	-	-	379,531
Balance on September 30, 2024	\$ 2,051,389	668,148	349,841	71,603	923,823	1,345,267	8,981	4,073,785

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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 554,724	221,897
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	142,252	345,367
Amortization expense	5,162	5,954
Expected credit losses (gains)	17,706	190
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	409	(231)
Interest expenses	8,000	2,973
Interest income	(11,258)	(2,138)
Loss from disposal of property, plant and equipment, net	58,019	39,777
Total adjustments to reconcile profit	<u>220,290</u>	<u>391,892</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	-	(1,000)
(Increase) decrease in trade receivables	(1,171,827)	603,493
Decrease in inventories	43,790	223,833
(Increase) decrease in other current assets	(5,047)	21,477
Increase in other financial assets	(4,041)	(13,453)
Increase in contract liabilities	5,407	4,010
Increase (decrease) in trade payables	672,844	(683,333)
Increase in other payables and other current liabilities	61,133	62,883
Total changes in operating assets and liabilities	<u>(397,741)</u>	<u>217,910</u>
Total adjustments	<u>(177,451)</u>	<u>609,802</u>
Cash inflow generated from operations	377,273	831,699
Interest received	11,258	2,138
Income taxes paid	(36,348)	(10,176)
Net cash flows from operating activities	<u>352,183</u>	<u>823,661</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets designated at fair value through profit or loss	1,019	1,031
Acquisition of property, plant, and equipment	(387,602)	(268,746)
Decrease in refundable deposits	686	2,157
Acquisition of intangible assets	(2,958)	(3,175)
Net cash receipts from acquisitions of subsidiaries and other business units	(54,667)	(27,655)
Net cash flows used in investing activities	<u>(443,522)</u>	<u>(296,388)</u>
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term loans	(20,000)	20,000
Proceeds from long-term loans	209,900	156,800
Repayments of long-term loans	(170,000)	(470,000)
Increase in guarantee deposits	1,487	1,461
Payment of lease liabilities	(1,838)	(2,293)
Distribution of cash dividends	(78,374)	(58,781)
Interest paid	(4,437)	(15,529)
Net cash flows from (used in) financing activities	<u>(63,262)</u>	<u>(368,342)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>30,618</u>	<u>1,624</u>
Net (decrease) increase in cash and cash equivalents	(123,983)	160,555
Cash and cash equivalents at beginning of period	824,699	411,222
Cash and cash equivalents at end of period	<u>\$ 700,716</u>	<u>571,777</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

September 30, 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 September 30, 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 November 6, 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 endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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

(Continued)

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

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(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
			September 30, 2024	December 31, 2023	September 30, 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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
GERSHWIN INTERNATIONAL LIMITED	Dongguan Chenming Electronic Co., Ltd	Computer case and production of relative components	100 %	100 %	100 %	
PEAK SHREWD INC.	CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	100 %	100 %	100 %	
PEAK SHREWD INC.	UNEEC ELECTRONIC (KUNSHAN) CO., LTD	Computer case and production of relative components	- %	- %	- %	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.

(Continued)

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

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

(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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 1,121	230	730
Checking accounts and demand deposits	696,430	641,683	415,804
Time deposits	<u>3,165</u>	<u>182,786</u>	<u>155,243</u>
	<u>\$ 700,716</u>	<u>824,699</u>	<u>571,777</u>

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

(Continued)

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Beneficiary certificate-Funds	\$ -	990	1,000
Derivative financial assets:			
Forward exchange contract	<u>-</u>	<u>709</u>	<u>-</u>
	<u>\$ -</u>	<u>1,699</u>	<u>1,000</u>
Non-current mandatorily measured at fair value through profit or loss			
Convertible bonds - embedded derivatives	<u>\$ -</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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not pledge any financial assets as collaterals.

(c) Trade receivables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Trade receivables-measured at amortized cost	\$ 2,716,119	1,550,187	1,608,322
Trade receivables-measured at fair value through other comprehensive income	<u>515,579</u>	<u>466,931</u>	<u>433,918</u>
	3,231,698	2,017,118	2,042,240
Less: Loss allowance	<u>(2,224)</u>	<u>(593)</u>	<u>(690)</u>
Trade receivables, net	<u>\$ 3,229,474</u>	<u>2,016,525</u>	<u>2,041,550</u>

(Continued)

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

	For the nine months ended September 30,	
	2024	2023
Balance at January 1	\$ 593	498
Impairment losses recognized (reversed)	1,589	190
Foreign exchange (gains) losses	42	2
Balance at September 30	\$ 2,224	690

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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group sold its trade receivables without recourse as follows:

September 30, 2024					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 515,579 (USD16,290 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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September 30, 2023					
Purchaser	Amount Transferred	Credit Lines	Amount Advanced (Recognized in Short-term loans)	Range of Interest Rate	Guarantee item
Financial institutions	\$ 262,839 (USD8,145 thousand dollars)	465,000 (USD15,000 thousand dollars)	-	-	-

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not pledge any receivables as collaterals.

(d) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 299,298	256,930	301,924
Work in progress	117,802	143,072	156,687
Finished goods and merchandise inventories	413,485	378,425	378,484
	\$ 830,585	778,427	837,095

The Group's composition details of operating cost for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Cost of goods sold	\$ 2,235,214	1,541,717	5,649,055	4,149,639
Revenue from sale of scraps	(14,511)	(14,537)	(43,305)	(47,215)
Inventories valuation and obsolescence losses (reversal of write-downs)	(8,596)	(133)	12,564	(10,612)
Loss on scrapping of inventories	23,448	17,657	68,712	52,905
Shortage (overage) of inventories	(1)	28	147	28
	\$ 2,235,554	1,544,732	5,687,173	4,144,745

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not pledge any inventories as collaterals.

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(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.

(f) Property, plant, and equipment

The cost and depreciation of the property, plant, and equipment of the Group for the nine months ended September 30, 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	97,000	13,459	35,311	33,975	98,577	118,950	397,272
Disposals	-	-	(66)	(26,492)	(157,554)	-	(184,112)
Transferred into (out)	32,369	211,486	86,597	3,504	(179,125)	(282,928)	(128,097)
Effect of changes in exchange rates	14,586	7,994	7,679	956	3,973	7,777	42,965
Balance at September 30, 2024	<u>\$ 1,259,219</u>	<u>976,350</u>	<u>518,423</u>	<u>136,934</u>	<u>67,402</u>	<u>126,727</u>	<u>3,085,055</u>
Balance at January 1, 2023	\$ 1,115,264	821,405	432,808	151,736	829,223	192,949	3,543,385
Additions	-	-	17,231	30,919	147,781	80,146	276,077
Disposals	-	-	(72,750)	(44,308)	(340,869)	-	(457,927)
Transferred into (out)	-	-	6,391	398	(259,050)	-	(252,261)
Effect of changes in exchange rates	-	285	321	7	(1,276)	-	(663)
Balance at September 30, 2023	<u>\$ 1,115,264</u>	<u>821,690</u>	<u>384,001</u>	<u>138,752</u>	<u>375,809</u>	<u>273,095</u>	<u>3,108,611</u>
Depreciation:							
Balance at January 1, 2024	\$ -	323,746	194,670	40,182	163,711	-	722,309
Depreciation	-	24,567	29,285	17,516	57,791	-	129,159
Disposals	-	-	(66)	(13,867)	(112,160)	-	(126,093)
Transferred into (out)	-	-	-	-	(97,750)	-	(97,750)
Effect of changes in exchange rates	-	4,264	4,606	421	2,611	-	11,902
Balance at September 30, 2024	<u>\$ -</u>	<u>352,577</u>	<u>228,495</u>	<u>44,252</u>	<u>14,203</u>	<u>-</u>	<u>639,527</u>
Balance at January 1, 2023	\$ -	325,368	247,097	56,920	398,984	-	1,028,369
Depreciation	-	18,291	19,406	29,110	267,040	-	333,847
Disposals	-	-	(72,750)	(39,336)	(306,064)	-	(418,150)
Transferred into (out)	-	-	-	-	(168,406)	-	(168,406)
Effect of changes in exchange rates	-	189	201	8	(509)	-	(111)
Balance at September 30, 2023	<u>\$ -</u>	<u>343,848</u>	<u>193,954</u>	<u>46,702</u>	<u>191,045</u>	<u>-</u>	<u>775,549</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 September 30, 2024	<u>\$ 1,259,219</u>	<u>623,773</u>	<u>289,928</u>	<u>92,682</u>	<u>53,199</u>	<u>126,727</u>	<u>2,445,528</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 September 30, 2023	<u>\$ 1,115,264</u>	<u>477,842</u>	<u>190,047</u>	<u>92,050</u>	<u>184,764</u>	<u>273,095</u>	<u>2,333,062</u>

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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 September 30, 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 \$9,272, \$23,934, \$58,019 and \$39,777 for the three months and nine months ended September 30, 2024 and 2023, and it was recognized as net gain (loss) on disposal of property, plant, and equipment.

As of September 30, 2024, December 31, 2023 and September 30, 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, 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	4,187	1,225	-	-	5,412
Balance at September 30, 2024	<u>\$ 213,386</u>	<u>28,280</u>	<u>26,496</u>	<u>2,476</u>	<u>270,638</u>
Balance at January 1, 2023	\$ 214,824	27,561	19,354	2,476	264,215
Additions	-	-	4,154	-	4,154
Effect of changes in exchange rates	150	44	-	-	194
Balance at September 30, 2023	<u>\$ 214,974</u>	<u>27,605</u>	<u>23,508</u>	<u>2,476</u>	<u>268,563</u>
Accumulated depreciation:					
Balance at January 1, 2024	\$ 38,319	27,055	20,251	2,360	87,985
Depreciation	6,602	-	1,758	104	8,464
Transferred into (out)	(1,396)	-	-	-	(1,396)
Effect of changes in exchange rates	871	1,225	-	-	2,096
Balance at September 30, 2024	<u>\$ 44,396</u>	<u>28,280</u>	<u>22,009</u>	<u>2,464</u>	<u>97,149</u>
Balance at January 1, 2023	\$ 29,900	27,561	17,547	2,222	77,230
Depreciation	6,557	-	2,118	104	8,779
Effect of changes in exchange rates	43	44	-	-	87
Balance at September 30, 2023	<u>\$ 36,500</u>	<u>27,605</u>	<u>19,665</u>	<u>2,326</u>	<u>86,096</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 September 30, 2024	<u>\$ 168,990</u>	<u>-</u>	<u>4,487</u>	<u>12</u>	<u>173,489</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 September 30, 2023	<u>\$ 178,474</u>	<u>-</u>	<u>3,843</u>	<u>150</u>	<u>182,467</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)	-	3,895	-	3,895
Balance at September 30, 2024	<u>\$ 136,906</u>	<u>34,768</u>	<u>175,291</u>	<u>346,965</u>
Balance at January 1, 2023 (Same balance as September 30, 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	-	772	3,857	4,629
Transferred into (out)	-	1,396	-	1,396
Balance at September 30, 2024	<u>\$ -</u>	<u>12,459</u>	<u>62,188</u>	<u>74,647</u>
Balance at January 1, 2023	\$ -	9,262	31,340	40,602
Depreciation	-	771	1,970	2,741
Balance at September 30, 2023	<u>\$ -</u>	<u>10,033</u>	<u>33,310</u>	<u>43,343</u>
Book Value				
Balance at September 30, 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>22,309</u>	<u>113,103</u>	<u>272,318</u>
Balance at January 1, 2023	<u>\$ 136,906</u>	<u>21,611</u>	<u>69,261</u>	<u>227,778</u>
Balance at September 30, 2023	<u>\$ 136,906</u>	<u>20,840</u>	<u>67,291</u>	<u>225,037</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 September 30, 2024, December 31, 2023 and September 30, 2023.

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(i) Short-term loans

The short-term loans were summarized as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Credit loans	\$ -	<u>20,000</u>	<u>60,000</u>
Unused credit line for short-term loans	<u>\$ 2,930,970</u>	<u>3,172,376</u>	<u>3,205,113</u>
Range of interest rates	<u>-</u>	<u>1.00%~1.47%</u>	<u>1.40%~1.47%</u>

(i) As of September 30, 2024, December 31, 2023 and September 30, 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 September 30, 2024, December 31, 2023 and September 30, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Secured bank loans	\$ 473,800	433,900	1,021,700
Less: Current portion	(20,626)	-	-
Total	<u>\$ 453,174</u>	<u>433,900</u>	<u>1,021,700</u>
Unused long-term credit lines	<u>\$ 742,200</u>	<u>952,100</u>	<u>994,300</u>
Range of interest rate	<u>0.5%~2.3%</u>	<u>0.5%~1.95%</u>	<u>0.5%~1.95%</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 \$209,900 and \$156,800 for the nine months ended September 30, 2024 and 2023, respectively. Due to the changes in its capital use and interest rates, the Group repaid the amounts of \$170,000 and \$470,000 for the nine months ended September 30, 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

I. 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:

	September 30, 2024	December 31, 2023
Total convertible corporate bonds issued	\$ 400,000	400,000
Unamortized discounts on bonds payable	-	(22,089)
Accumulated converted amount	<u>(400,000)</u>	<u>-</u>
Balance of bonds payable as of reporting date	<u>\$ -</u>	<u>377,911</u>
Embedded derivatives – call option (recorded as financial assets at fair value through profit or loss – non-current)	<u>\$ -</u>	<u>1,640</u>
Equity component – conversion options (recorded as capital surplus)	<u>\$ -</u>	<u>67,093</u>
	For the three months ended June 30, 2024	For the nine months ended September 30, 2024
Embedded derivatives-gains or losses resulting from call option at fair value (recorded as other income (losses), net)	<u>\$ -</u>	<u>271</u>
Interest expense	<u>\$ (283)</u>	<u>(3,531)</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
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(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

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- b) The conversion price of NT\$43.5 per share upon issuance had been adjusted to NT\$43.3 per share after paying increase the investment in its subsidiary on common shares on August 2, 2024.
- (iv) For the three months ended September 30, 2024, the convertible bonds with a par value of \$400,000 were converted into ordinary shares of the Company of \$92,039, and the capital surplus arising from the conversion - premium on share issuance was \$354,585 (including the stock options converted to discount on share issuance of \$67,093, the unamortized discount on bonds payable of \$18,558, and the call options converted to premium on share issuance of \$1,911).

II. The fourth domestic secured corporate bonds

In order to invest a subsidiary in Thailand and to repay bank loans, the Company decided to issue domestic secured convertible bonds, wherein 5,000 bonds were issued at the par value of \$100 per share, totaling \$500,000, with a duration of three-year and a 0% coupon rate, based on a resolution approved during the Board meeting held on July 30, 2024. The issuance of bonds was declared effective on September 18, 2024. The issuance was conducted through a competitive auction method, issuing at 114.01% of the par value, resulting in an actual total raised amount of \$570,040, and was issued on October 18, 2024.

(I) Lease liabilities

The book value of lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ <u>2,294</u>	<u>2,436</u>	<u>1,816</u>
Non-current	\$ <u>2,272</u>	<u>3,968</u>	<u>2,200</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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>35</u>	<u>21</u>	<u>123</u>	<u>42</u>
Expenses relating to short-term leases	\$ <u>2,771</u>	<u>2,880</u>	<u>8,262</u>	<u>8,645</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>44</u>	<u>39</u>	<u>149</u>	<u>117</u>

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

	For the nine months ended	
	September 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 10,372</u>	<u>11,097</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.

(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 nine months ended September 30, 2024 and 2023.

The rental revenue from investment properties were \$71,417 and \$61,994 for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, December 31, 2023 and September 30, 2023, the lease receivable of \$67,606, \$67,369 and \$44,858, respectively, was based on the straight-line method, which was recognized under other financial assets – current. For the nine months ended September 30, 2024, the expected credit loss amount recognized based on characteristics of lessee's credit risk was \$16,117. Please refer to note (6)(t) for details. The guarantee deposit received amounted to \$19,070, \$19,070 and \$17,179, 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		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Operating cost	\$ 220	-	502	-
Operating expense	<u>943</u>	<u>991</u>	<u>2,849</u>	<u>2,971</u>
	<u>\$ 1,163</u>	<u>991</u>	<u>3,351</u>	<u>2,971</u>

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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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating cost	\$ 13,695	11,633	40,554	34,704
Operating expense	3,656	3,460	11,215	8,390
	\$ 17,351	15,093	51,769	43,094

(o) Income taxes

- (i) The components of income tax for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current tax expense (benefit)	\$ 46,940	12,913	121,134	38,483

- (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 September 30, 2024, a total of \$20,458 has been paid, leaving a remaining balance of \$25,572. The amount due within one year is \$15,343, while the amount due after one year is \$10,229. 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 September 30, 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.

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

(i) Ordinary shares

As of September 30, 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 205,139 thousand and 195,935 thousand shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the nine months ended September 30, 2024 and 2023 were as follows:

	For the nine months ended September 30	
	2024	2023
Balance on January 1	195,935	195,935
Conversion of convertible bonds	9,204	-
Balance on September 30	205,139	195,935

For the nine months ended September 30, 2024, the convertible bonds was converted by issuing 9,204 thousand new ordinary shares at par value, amounting to \$92,039, 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 September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$ 505,136	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	-	67,093	-
	\$ 668,148	380,656	313,563

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 2023 and 2022 approved in the shareholders meeting held on June 14, 2024 and June 16, 2023 was \$78,374 and \$58,781 by cash dividends. The relevant information can be accessed from the Market Observation Post System.

(Continued)

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

(q) Earnings per share

For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the Group's earnings per share was calculated as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>164,476</u>	<u>81,994</u>	<u>433,590</u>	<u>183,414</u>
Weighted-average number of ordinary shares (share in thousands)	<u>204,342</u>	<u>195,935</u>	<u>200,086</u>	<u>195,935</u>
	<u>\$ 0.80</u>	<u>0.42</u>	<u>2.17</u>	<u>0.94</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (basic)	164,476	81,994	433,590	183,414
Effect of dilutive potential ordinary shares:				
Interest expense and other gains or losses of convertible bonds	<u>283</u>	<u>-</u>	<u>3,260</u>	<u>-</u>
Profit attributable to ordinary shareholders of the Company (dilution)	<u>\$ 164,759</u>	<u>81,994</u>	<u>436,850</u>	<u>183,414</u>
Weighted-average number of ordinary shares with potential influence of ordinary shares				
Weighted-average number of ordinary shares	204,342	195,935	200,086	195,935
Effect of employee stock remuneration (share in thousands)	30	45	112	189
Effect of convertible bonds (share in thousands)	<u>962</u>	<u>-</u>	<u>5,259</u>	<u>-</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>205,334</u>	<u>195,980</u>	<u>205,457</u>	<u>196,124</u>
	<u>\$ 0.80</u>	<u>0.42</u>	<u>2.13</u>	<u>0.93</u>

(Continued)

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

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Primary geographical markets				
China	\$ 969,728	477,332	2,524,507	1,648,369
Taiwan	811,189	808,280	1,886,936	1,597,127
USA	795,436	407,860	2,089,641	1,168,154
Others	<u>86,817</u>	<u>77,768</u>	<u>226,201</u>	<u>241,134</u>
	<u>\$ 2,663,170</u>	<u>1,771,240</u>	<u>6,727,285</u>	<u>4,654,784</u>
Major products				
PC and server chassis	\$ 2,605,425	1,646,493	6,570,402	4,383,368
Mold	<u>57,745</u>	<u>124,747</u>	<u>156,883</u>	<u>271,416</u>
	<u>\$ 2,663,170</u>	<u>1,771,240</u>	<u>6,727,285</u>	<u>4,654,784</u>

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Trade receivables	\$ 3,231,698	2,017,118	2,042,240
Less: Loss allowance	<u>(2,224)</u>	<u>(593)</u>	<u>(690)</u>
Total	<u>\$ 3,229,474</u>	<u>2,016,525</u>	<u>2,041,550</u>
Contract liabilities	<u>\$ 8,457</u>	<u>3,050</u>	<u>6,801</u>

The amount of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$3,050 and \$2,791, 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.

(Continued)

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

The Company's remuneration to employees were \$4,000, \$2,000, \$11,000 and \$4,500, and the remuneration to directors were \$375, \$375, \$1,125 and \$1,125 for the three months and nine months ended September 30, 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.

(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).

The Company did not recognize any impairment losses on other receivables in 2023. The changes in the allowance for losses from January 1 to September 30, 2024, were as follows:

	Other receivables
Balance on January 1	\$ -
Recognized impairment loss	16,117
Balance on September 30	\$ 16,117

(Continued)

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

(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>
September 30, 2024					
Bank loans	\$ 473,800	(480,665)	(20,809)	-	(459,856)
Trade payables	2,708,677	(2,708,677)	(2,708,677)	-	-
Lease liabilities (including current and non-current)	4,566	(4,728)	(2,377)	(1,090)	(1,261)
Other payables	397,575	(397,575)	(397,575)	-	-
Guarantee deposits	<u>28,805</u>	<u>(28,805)</u>	<u>-</u>	<u>-</u>	<u>(28,805)</u>
	<u>\$ 3,613,423</u>	<u>(3,620,450)</u>	<u>(3,129,438)</u>	<u>(1,090)</u>	<u>(489,922)</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>
September 30, 2023					
Bank loans	\$ 1,081,700	(1,099,789)	(60,882)	-	(1,038,907)
Trade payables	1,672,503	(1,672,503)	(1,672,503)	-	-
Lease liabilities (including current and non-current)	4,016	(4,160)	(1,920)	(1,734)	(506)
Other payables	329,306	(329,306)	(329,306)	-	-
Guarantee deposits	<u>27,613</u>	<u>(27,613)</u>	<u>-</u>	<u>-</u>	<u>(27,613)</u>
	<u>\$ 3,115,138</u>	<u>(3,133,371)</u>	<u>(2,064,611)</u>	<u>(1,734)</u>	<u>(1,067,026)</u>

(Continued)

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:

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	\$ 88,649	31.65	2,805,741	69,309	30.705	2,128,133	45,971	32.27	1,483,484
USD to CNY	32,472	7.0074	1,027,739	26,995	7.0827	828,881	31,365	7.1798	1,012,149
CNY to TWD	125,394	4.523	567,157	154,219	4.327	667,306	109,204	4.415	482,136
Financial liabilities									
Monetary items									
USD to TWD	51,371	31.65	1,625,892	41,102	30.705	1,262,037	22,463	32.27	724,881
USD to CNY	2,262	7.0074	71,592	1,158	7.0827	35,556	3,989	7.1798	128,725
CNY to TWD	353,574	4.523	1,599,215	316,679	4.327	1,370,270	218,840	4.415	966,179

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 September 30, 2024 and 2023 would have affected the net profit before tax as follows:

	September 30, 2024	September 30, 2023
USD (against the TWD)		
Strengthening 5%	\$ 58,992	37,930
Weakening 5%	(58,992)	(37,930)
USD (against the CNY)		
Strengthening 5%	47,807	44,171
Weakening 5%	(47,807)	(44,171)
CNY (against the TWD)		
Strengthening 5%	(51,603)	(24,202)
Weakening 5%	51,603	24,202

(Continued)

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

3) Exchange gains and losses of monetary items

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

	For the nine months ended September 30,			
	2024		2023	
	Exchange profit (loss)	Average rate	Exchange profit (loss)	Average rate
TWD	\$ (5,036)	-	34,456	-
CNY	1,070	4.4571	6,611	4.3852

(iv) Interest rate analysis

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

	Carrying amount	
	September 30, 2024	September 30, 2023
Fixed rate instruments:		
Financial assets	\$ 3,165	155,243
Variable rate instruments:		
Financial assets	696,380	415,754
Financial liabilities	473,800	1,081,700

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 \$417 for the three months ended September 30, 2024 and decrease or increase by \$1,249 for the three months ended September 30, 2023, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

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

(v) Fair value

1) The kinds of financial instruments and fair value

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

	September 30, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 700,716	-	-	-	-
Trade receivables, net	3,229,474	-	-	-	-
Other financial assets	71,625	-	-	-	-
Refundable deposits (classified as other financial assets—non-current)	4,819	-	-	-	-
	\$ 4,006,634				
Financial liabilities measured at amortized cost					
Bank loans	\$ 473,800	-	-	-	-
Trade payables	2,708,677	-	-	-	-
Lease liabilities	4,566	-	-	-	-
Other payables	397,575	-	-	-	-
Guarantee deposits	28,805	-	-	-	-
	\$ 3,613,423				

(Continued)

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

	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>				

(Continued)

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

	September 30, 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>1,000</u>	1,000	-	-	1,000
Financial assets measured at amortized cost					
Cash and cash equivalents	571,777	-	-	-	-
Trade receivable, net	2,041,550	-	-	-	-
Other financial assets	45,998	-	-	-	-
Refundable deposits (classified as other financial assets – non-current)	<u>6,499</u>	-	-	-	-
	<u>\$ 2,666,824</u>				
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,081,700	-	-	-	-
Trade payables	1,672,503	-	-	-	-
Lease liabilities	4,016	-	-	-	-
Other payables	329,306	-	-	-	-
Guarantee deposits	<u>27,613</u>	-	-	-	-
	<u>\$ 3,115,138</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.

(Continued)

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

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	(1,911)
Total gains and losses recognized	
In profit or loss	271
In other comprehensive income	-
Balance on September 30, 2024	\$ -

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

- 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 (59.13% as of 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>
December 31, 2023				
Financial assets at fair value through profit or loss - call option of convertible bonds	Volatility	5%	280	(320)

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.

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

(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

The reconciliation of liabilities from fundraising activities for the nine months ended September 30, 2024 and 2023 were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash flows</u>			<u>September 30, 2024</u>
			<u>Additions</u>	<u>Write-off</u>	<u>Foreign exchange movement</u>	
Long-term loans(including current portion)	\$ 433,900	39,900	-	-	-	473,800
Short-term loans	20,000	(20,000)	-	-	-	-
Bonds payable	377,911	-	-	(377,911)	-	-
Lease liabilities	6,404	(1,838)	-	-	-	4,566
Guarantee deposits	<u>27,318</u>	<u>1,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,805</u>
Total liabilities from financing activities	<u>\$ 865,533</u>	<u>19,549</u>	<u>-</u>	<u>(377,911)</u>	<u>-</u>	<u>507,171</u>

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash flows</u>			<u>September 30, 2023</u>
			<u>Additions</u>	<u>Write-off</u>	<u>Foreign exchange movement</u>	
Long-term loans	\$ 1,334,900	(313,200)	-	-	-	1,021,700
Short-term loans	40,000	20,000	-	-	-	60,000
Lease liabilities	2,155	(2,293)	4,154	-	-	4,016
Guarantee deposits	<u>26,152</u>	<u>1,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,613</u>
Total liabilities from financing activities	<u>\$ 1,403,207</u>	<u>(294,032)</u>	<u>4,154</u>	<u>-</u>	<u>-</u>	<u>1,113,329</u>

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

(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

(b) Transaction among other relative parties

(i) Lease

The Group rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them since August 2011. The rental fee is determined based on nearby office rental rates. The rental revenue for the three months and nine months ended September 30, 2024 and 2023 were \$857, \$857, \$2,571 and \$2,571, respectively.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Short-term employee benefits	\$ 4,364	1,718	12,469
Post-employment benefits	217	68	572	220
	\$ 4,581	1,786	13,041	6,806

(ii) Guarantee

Chairman of the company, Mu-Ho Lin, was the guarantor of the syndication contract as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

(8) Pledged assets

Assets	Subject	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment and investment properties	Short-term loans and long-term loans			
— land and right-of-use land		\$ 1,326,783	1,326,294	1,328,736
— properties	Short-term loans and long-term loans	296,120	306,305	311,933
Other financial assets	Customs deposits			
— non-current		263	2,249	2,249
		\$ 1,623,166	1,634,848	1,642,918

(Continued)

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

(9) Commitments and contingencies

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has entered into agreements for the construction of land and plants, amounting to \$105,377, \$107,101 and \$128,612, respectively, which have yet to be paid.

(10) Losses due to major disasters: None.

(11) Subsequent events

The company issued the fourth domestic secured corporate bonds on October 18, 2024. Please refer to note (6)(k) for further details.

(12) Other

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

By function By item	Three months ended September 30, 2024			Three months ended September 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	325,093	72,994	398,087	242,183	77,679	319,862
Labor and health insurance	204	2,191	2,395	-	1,906	1,906
Pension	13,915	4,599	18,514	11,633	4,451	16,084
Others	22,873	7,639	30,512	18,395	4,953	23,348
Depreciation	37,129	2,833	39,962	94,452	3,068	97,520
Amortization	966	747	1,713	977	714	1,691

By function By item	Nine months ended September 30, 2024			Nine months ended September 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	900,578	220,868	1,121,446	712,599	202,558	915,157
Labor and health insurance	643	7,220	7,863	-	6,807	6,807
Pension	41,056	14,064	55,120	34,704	11,361	46,065
Others	63,352	23,911	87,263	54,061	14,178	68,239
Depreciation	133,947	8,305	142,252	336,328	9,039	345,367
Amortization	3,069	2,093	5,162	3,522	2,432	5,954

(b) Seasonality of operations

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

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

(13) Other disclosures

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Trade receivables due from related parties	Yes	189,900	189,900	126,600	6.09936%~6.69133%	Short-term financial	-	Operating demand	-	-	-	2,658,800 (note 1)	2,658,800 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	Yes	434,208	316,610	253,288	3.95%~4.05%	"	-	"	-	-	-	1,324,186 (note 2)	1,324,186 (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 \$2,658,800. 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 \$2,658,800.

Note 2: The total amount for lending to a company for funding for a short-term period shall not exceed the net worth of CHENMIN ELECTRONIC (NINGBO) CO., LTD, which amounted to \$1,324,186. In addition, the total amount lendable to any one borrower shall be no more than the borrower's net worth, which amounted to \$1,324,186.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary / endorsements guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in mainland China
		Name	Relationship with the Company										
1	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	100% owned subsidiary	1,629,514 (note 1)	54,276	-	-	-	- %	3,259,028 (note 1)	Yes	No	Yes
2	The Company	Dongguan Chenming Electronic Co., Ltd	100% owned subsidiary	1,629,514 (note 1)	309,765	-	-	-	- %	3,259,028 (note 1)	Yes	No	Yes

Note 1: The total amount of endorsement guarantees of the Company and its subsidiaries shall not exceed 80% of the Company's net worth; the amount of endorsement guarantees for an entity shall not exceed 40% of the Company's net worth. The total endorsement guarantees of the Company shall not exceed 40% of the net worth of the Company which amounted to \$1,629,514. (\$4,073,785*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 \$3,259,028 (\$4,073,785*80%).

(Continued)

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

- (iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates, and joint ventures): None.
- (iv) Individual securities acquired or disposed of with an accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars / shares)

Name of company	Name and category of Security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Othres		Ending Balance	
					Shares / Units	Amount	Shares / Units	Amount	Shares / Units	Price	Cost	Gain (loss) on disposal	Shares / Units	Shares	Shares / Units	Amount
The Company	CHENMING ELECTRONIC TECHNOLOGY (THAILAND) CO., LTD.	Investments accounted for using equity method	Capital Increase by Cash	Subsidiaries	5,225	34,910	24,775	242,455	-	-	-	-	-	25,321	30,000	302,686

Note 1: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.

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

- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ trade receivables (payables)	
The Company	Dongguan Chenming Electronic Co., Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	2,338,434	96 %	Net 120 days from the end of month of purchase	No suppliers for comparison	Net 120 days from the end of month of purchase and depending on the operating demand	Trade payables (1,464,489)	(98)%	
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(2,338,434)	(71)%	Net 120 days from the end of month of delivery	No customers for comparison	Net 120 days from the end of month of delivery and depending on the operating demand	Trade receivables 1,464,489	79 %	"

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
Dongguan Chenming Electronic Co., Ltd	The Company	Subsidiaries	Trade receivables 1,464,489	2.43	-	-	407,642	-	Note 2
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	The company's ultimate parent company is the same	Other current financial assets 157,899	-	-	-	-	-	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 257,742	-	-	-	-	-	Note 2, 4

Note 1: The accumulated received balance as of October 25, 2024.

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

Note 3: Including interest receivables \$31,299.

Note 4: Including interest receivables \$4,454.

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

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	2	Other current financial assets	157,899	Rate 6.09936%~6.69133%	2%
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	2	Other current financial assets	257,742	Rate 3.95%~4.05%	3%
3	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	2,338,434	The price is based on the fixed ratio of final selling price, and the credit period is net 120 days from the end of month of delivery	35%
4	Dongguan Chenming Electronic Co., Ltd	The Company	1	Trade receivables	1,464,489	"	19%

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.

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

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 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 September 30, 2024			Net income (losses) of the investment	Investment income (losses)	Note
				September 30, 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 %	2,658,800	181,647	181,647	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY USA, Inc.	U.S.A.	Import and export business of computer case	6,236	6,236	200	100 %	15	(57)	(57)	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY (THAILAND) Co., LTD.	Thailand	Computer case and production of relative components	277,552	35,097	30,000	100 %	302,686	(744)	(744)	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	1,173,172	78,683	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 %	1,324,314	98,225	"	"

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

(c) Information on investment in mainland China:

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital	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 September 30, 2024	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of September 30, 2024 (note 3)	Accumulated remittance of earnings as of September 30, 2024
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	2,041,425 (USD64,500)	notes 1 and 6	709,277 (USD22,410)	-	-	709,277 (USD22,410)	98,221	100 %	98,221	1,324,186	-
Dongguan Chenming Electronic Co., Ltd	"	917,154 (note 4) (USD28,978) (note 5)	notes 1 and 7	788,085 (USD24,900)	-	-	788,085 (USD24,900)	98,397	100 %	98,397	1,019,909	-

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(ii) Limitation on investment in mainland China:

Accumulated Investment in Mainland China as of September 30, 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
1,499,482 (USD47,377)	1,695,712 (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 \$31.65 as of September 30, 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".

(d) Major shareholders:

(Unit: Share)		
Shareholding	Shares	Percentage
Shareholder's Name		
SHANG MEI PRECISION INDUSTRIAL CO., LTD	35,000,000	17.06 %
Lin, Mu-Ho	29,991,230	14.61 %

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.

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CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES
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(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.