

**CHENMING ELECTRONIC TECHNOLOGY CORP.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~29
(7) Related-party transactions	29~30
(8) Pledged assets	30
(9) Commitments and contingencies	31
(10) Losses due to major disasters	31
(11) Subsequent events	31
(12) Other	31
(13) Other disclosures	
(a) Information on significant transactions	31~34
(b) Information on investees	35
(c) Information on investment in mainland China	35~36
(d) Major shareholders	36
(14) Segment information	36



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of CHENMING ELECTRONIC TECHNOLOGY CORP. (the "Company") and its subsidiaries (the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2022

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021**

**CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheet**

**March 31, 2022, December 31, 2021, and March 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note (6)(a))	\$ 606,664	8	222,648	3	305,208	6	2100	Short-term loans (note (6)(i))	\$ 787,186	11	1,030,771	15	277,070	6
1110	Current financial assets at fair value through profit or loss (note (6)(b))	1,029	-	-	-	-	-	2130	Current contract liabilities (note (6)(q))	727	-	674	-	504	-
1170	Trade receivables, net (notes (6)(c) and (p))	1,707,869	24	2,199,511	31	1,394,507	30	2170	Trade payables	1,566,971	22	1,965,398	27	1,045,995	22
1310	Inventories, net (note (6)(d))	1,244,636	17	1,360,682	19	1,054,899	22	2200	Other payables	218,877	3	257,855	4	211,003	5
1476	Other current financial assets (note (6)(f))	477,809	7	1,182	-	22,567	-	2220	Other payables-related parties (notes (6)(d) and (7))	34,350	1	33,216	-	-	-
1479	Other current assets	37,828	1	83,984	1	83,797	2	2230	Current tax liabilities	16,515	-	526	-	6,216	-
		<u>4,075,835</u>	<u>57</u>	<u>3,868,007</u>	<u>54</u>	<u>2,860,978</u>	<u>60</u>	2280	Current lease liabilities	13,333	-	6,690	-	13,267	-
<b>Non-current assets:</b>								2300	Other current liabilities (note (6)(k))	1,755	-	585	-	919	-
1600	Property, plant, and equipment (notes (6)(f) and (8))	2,538,503	36	2,812,920	39	1,393,690	30	2320	Long-term loans, current portion	328,000	5	-	-	-	-
1755	Right-of-use assets (note (6)(g))	232,211	3	224,544	3	240,693	5			<u>2,967,714</u>	<u>42</u>	<u>3,295,715</u>	<u>46</u>	<u>1,554,974</u>	<u>33</u>
1760	Investment property, net (notes (6)(h) and (8))	194,852	3	195,162	3	196,090	4	<b>Non-current liabilities:</b>							
1780	Intangible assets	12,641	-	14,084	-	3,062	-	2540	Long-term loans (note (6)(j))	1,361,449	19	1,663,458	23	699,000	15
1840	Deferred income tax assets	1,705	-	5,780	-	3,021	-	2580	Non-current lease liabilities (note (6)(k))	3,363	-	2,936	-	5,201	-
1980	Other non-current financial assets (note (8))	19,866	-	20,463	-	24,567	1	2645	Guarantee deposits	7,232	-	8,062	-	8,019	-
1990	Other non-current assets	94,922	1	70,942	1	9,773	-			<u>1,372,044</u>	<u>19</u>	<u>1,674,456</u>	<u>23</u>	<u>712,220</u>	<u>15</u>
		<u>3,094,700</u>	<u>43</u>	<u>3,343,895</u>	<u>46</u>	<u>1,870,896</u>	<u>40</u>		<b>Total liabilities</b>	<u>4,339,758</u>	<u>61</u>	<u>4,970,171</u>	<u>69</u>	<u>2,267,194</u>	<u>48</u>
<b>Total assets</b>		<u>\$ 7,170,535</u>	<u>100</u>	<u>7,211,902</u>	<u>100</u>	<u>4,731,874</u>	<u>100</u>	<b>Equity attributable to owners of parent (note (6)(o)):</b>							
								3100	Ordinary shares	1,959,350	27	1,559,350	22	1,559,350	33
								3200	Capital surplus	313,563	4	173,563	2	131,819	2
								3300	Retained earnings	582,794	8	575,472	8	749,928	16
								3410	Exchange differences on translation of foreign financial statements	(24,930)	-	(66,654)	(1)	(66,885)	(1)
									<b>Total equity attributable to owners of parent</b>	<u>2,830,777</u>	<u>39</u>	<u>2,241,731</u>	<u>31</u>	<u>2,374,212</u>	<u>50</u>
								36XX	Non-controlling interests	-	-	-	-	90,468	2
									<b>Total equity</b>	<u>2,830,777</u>	<u>39</u>	<u>2,241,731</u>	<u>31</u>	<u>2,464,680</u>	<u>52</u>
									<b>Total liabilities and equity</b>	<u>\$ 7,170,535</u>	<u>100</u>	<u>7,211,902</u>	<u>100</u>	<u>4,731,874</u>	<u>100</u>

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

**CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2022 and 2021**

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

	For the three months ended			
	March 31			
	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue (note 6(q))</b>	\$ 1,176,282	100	1,058,728	100
5000 <b>Operating costs (notes 6(d), (m) and (12))</b>	<u>1,089,403</u>	<u>93</u>	<u>971,555</u>	<u>92</u>
5900 <b>Gross profit from operations</b>	<u>86,879</u>	<u>7</u>	<u>87,173</u>	<u>8</u>
6000 <b>Operating expenses (notes 6(m) and (12)):</b>				
6100     Selling expenses	33,628	3	25,737	2
6200     Administrative expenses	49,115	4	47,037	5
6300     Research and development expenses	<u>14,067</u>	<u>1</u>	<u>13,284</u>	<u>1</u>
	<u>96,810</u>	<u>8</u>	<u>86,058</u>	<u>8</u>
6900 <b>Net operating income (loss)</b>	<u>(9,931)</u>	<u>(1)</u>	<u>1,115</u>	<u>-</u>
7000 <b>Non-operating income and expenses:</b>				
7050     Finance costs, net (note 6(k))	(11,361)	(1)	(3,071)	-
7100     Interest income	467	-	331	-
7110     Rent revenue (notes 6(l) and (7))	4,173	-	3,907	-
7190     Other income (note 6(f))	39,223	4	623	-
7230     Foreign exchange gains (losses) (note 6(s))	1,595	-	12,106	1
7590     Other expense and losses	<u>(16)</u>	<u>-</u>	<u>(14)</u>	<u>-</u>
	<u>34,081</u>	<u>3</u>	<u>13,882</u>	<u>1</u>
7900 <b>Profit (loss) from continuing operations before tax</b>	<u>24,150</u>	<u>2</u>	<u>14,997</u>	<u>1</u>
7950 Less: Income tax expenses (note 6(n))	<u>16,828</u>	<u>1</u>	<u>2,092</u>	<u>-</u>
<b>Profit (loss)</b>	<u>7,322</u>	<u>1</u>	<u>12,905</u>	<u>1</u>
8300 <b>Other comprehensive income:</b>				
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361     Exchange differences on translation of foreign financial statements	41,724	3	(8,581)	(1)
8399     Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>41,724</u>	<u>3</u>	<u>(8,581)</u>	<u>(1)</u>
8300 <b>Other comprehensive income (loss)</b>	<u>41,724</u>	<u>3</u>	<u>(8,581)</u>	<u>(1)</u>
8500 <b>Comprehensive income</b>	<u>\$ 49,046</u>	<u>4</u>	<u>4,324</u>	<u>-</u>
<b>Profit attributable to:</b>				
8610     Owners of parent	7,322	1	12,736	1
8620     Non-controlling interests	<u>-</u>	<u>-</u>	<u>169</u>	<u>-</u>
	<u>\$ 7,322</u>	<u>1</u>	<u>12,905</u>	<u>1</u>
<b>Comprehensive income attributable to:</b>				
8710     Owners of parent	49,046	4	4,871	-
8720     Non-controlling interests	<u>-</u>	<u>-</u>	<u>(547)</u>	<u>-</u>
	<u>\$ 49,046</u>	<u>4</u>	<u>4,324</u>	<u>-</u>
<b>Earnings per share (expressed in NTD) (note 6(p)):</b>				
9750 Basic earnings per share	<u>\$ 0.04</u>		<u>0.08</u>	
9850 Diluted earnings per share	<u>\$ 0.04</u>		<u>0.08</u>	

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

CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity  
For the three months ended March 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent											
	Ordinary shares	Capital surplus	Retained earnings				Total retained earnings	Other component of equity Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings							
<b>Balance on January 1, 2021</b>	\$ 1,559,350	131,819	297,782	81,209	358,201	737,192	(59,020)	-	2,369,341	91,015	2,460,356	
Profit for the three months ended March 31, 2021	-	-	-	-	12,736	12,736	-	-	12,736	169	12,905	
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	(7,865)	-	(7,865)	(716)	(8,581)	
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	12,736	12,736	(7,865)	-	4,871	(547)	4,324	
<b>Balance on March 31, 2021</b>	<u>\$ 1,559,350</u>	<u>131,819</u>	<u>297,782</u>	<u>81,209</u>	<u>370,937</u>	<u>749,928</u>	<u>(66,885)</u>	<u>-</u>	<u>2,374,212</u>	<u>90,468</u>	<u>2,464,680</u>	
<b>Balance on January 1, 2022</b>	\$ 1,559,350	173,563	302,505	59,020	213,947	575,472	(66,654)	-	2,241,731	-	2,241,731	
Profit for the three months ended March 31, 2022	-	-	-	-	7,322	7,322	-	-	7,322	-	7,322	
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	41,724	-	41,724	-	41,724	
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	7,322	7,322	41,724	-	49,046	-	49,046	
Capital increase by cash	400,000	140,000	-	-	-	-	-	-	540,000	-	540,000	
<b>Balance on March 31, 2022</b>	<u>\$ 1,959,350</u>	<u>313,563</u>	<u>302,505</u>	<u>59,020</u>	<u>221,269</u>	<u>582,794</u>	<u>(24,930)</u>	<u>-</u>	<u>2,830,777</u>	<u>-</u>	<u>2,830,777</u>	

See accompanying notes to consolidated financial statements.

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

**CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

**For the three months ended March 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 24,150	14,997
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	110,909	51,596
Amortization expense	3,286	840
Expected credit losses (gains)	(62)	(344)
Net gains on financial assets or liabilities at fair value through profit or loss	(29)	-
Interest expenses	11,361	3,071
Interest income	(467)	(331)
Gain on disposal of property, plant and equipment, net	(37,753)	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>87,245</u>	<u>54,832</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in financial assets at fair value through profit or loss	(1,000)	-
Decrease in accounts receivable	517,121	338,348
Decrease (increase) in inventories	137,067	(90,239)
Decrease (increase) in other current assets	46,156	(11,171)
Decrease in other financial assets	373	-
Increase (decrease) in contract liabilities	53	(111)
Decrease in trade payables	(424,901)	(220,721)
Decrease in other payables and other current liabilities	(50,020)	(38,289)
<b>Total changes in operating assets and liabilities</b>	<u>224,849</u>	<u>(22,183)</u>
<b>Total adjustments</b>	<u>312,094</u>	<u>32,649</u>
Cash inflow generated from (used in) operations	336,244	47,646
Interest received	467	331
Income taxes paid	(839)	-
<b>Net cash flows from (used in) operating activities</b>	<u>335,872</u>	<u>47,977</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant, and equipment	(225,341)	(129,856)
Increase in prepayment for business facilities	(32,346)	(1,740)
Decrease in refundable deposits	597	2,031
Acquisition of intangible assets	(1,689)	(1,251)
<b>Net cash flows from (used in) investing activities</b>	<u>(258,779)</u>	<u>(130,816)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	(243,585)	(19,890)
Increase in long-term loans	228,131	77,000
Decrease in long-term loans	(202,140)	-
Decrease in guarantee deposits	(830)	(35)
Payment of lease liabilities	(3,726)	(2,217)
Proceeds from issuing shares	540,000	-
Interest paid	(11,455)	(2,978)
Acquisition of non-controlling interests	-	(24,208)
<b>Net cash flows from (used in) financing activities</b>	<u>306,395</u>	<u>27,672</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>528</u>	<u>(5,763)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	384,016	(60,930)
<b>Cash and cash equivalents at beginning of period</b>	<u>222,648</u>	<u>366,138</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 606,664</u>	<u>305,208</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards  
as of March 31, 2022 and 2021**

**CHENMING ELECTRONIC TECHNOLOGY CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

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

**(1) Company history**

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

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

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

These consolidated financial statements for the three months ended March 31, 2022 and 2021 were authorized for issuance by the Board of Directors on May 11, 2022.

**(3) New standards, amendments and interpretations adopted:**

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

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

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

(Continued)

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

- (b) The impact of IFRS issued by 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

**(4) Summary of significant accounting policies**

**(a) Statement of compliance**

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

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

**(b) Basis of consolidation**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	TOP CITY INTERNATIONAL LIMITED	Investment	100 %	100 %	100 %	
The Company	CHENMING ELECTRONIC TECHNOLOGY USA, Inc.	Import and export business of computer case	100 %	100 %	100 %	
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC.	Investment	100 %	100 %	100 %	
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Investment	100 %	100 %	100 %	
GERSHWIN INTERNATIONAL LIMITED	Dongguan Chenming Electronic Co., Ltd	Computer case and production of relative components	100 %	100 %	100 %	
PEAK SHREWD INC.	CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	100 %	100 %	92 %	Note

Note : The Group acquired 8% interest of CHENMING ELECTRONIC (NINGBO) CO., LTD in April 2021, resulting in its ratio of shareholding to increase from 92% to 100%.

**(c) Income taxes**

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

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

(Continued)

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

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

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

(d) Employee benefits

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

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

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

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

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Cash on hand	\$ 117	123	417
Checking accounts and demand deposits	606,547	222,525	291,759
Time deposits	-	-	13,032
	<b><u>\$ 606,664</u></b>	<b><u>222,648</u></b>	<b><u>305,208</u></b>

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

(Continued)

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

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate-Funds	\$ <u>1,029</u>	<u>-</u>	<u>-</u>

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

(c) Trade receivables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Trade receivables	\$ 1,708,464	2,200,160	1,394,851
Less: Loss allowance	<u>(595)</u>	<u>(649)</u>	<u>(344)</u>
Trade receivables, net	<u>\$ 1,707,869</u>	<u>2,199,511</u>	<u>1,394,507</u>

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

	<u>March 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Allowance lifetime expected credit loss</u>
Current	\$ 1,661,586	0.02%	406
1 to 30 days past due	31,133	0.11%	34
31 to 150 days past due	<u>15,745</u>	0.98%	<u>155</u>
	<u>\$ 1,708,464</u>		<u>595</u>

(Continued)

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

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Allowance lifetime expected credit loss</b>
Current	\$ 2,149,086	0.02%	441
1 to 30 days past due	44,015	0.14%	63
31 to 150 days past due	7,059	2.05%	145
	<b>\$ 2,200,160</b>		<b>649</b>
	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Allowance lifetime expected credit loss</b>
Current	\$ 1,381,680	0.02%	291
1 to 30 days past due	9,903	0.11%	11
31 to 150 days past due	3,268	1.29%	42
	<b>\$ 1,394,851</b>		<b>344</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 649	692
Impairment losses recognized (reversed)	(62)	(344)
Foreign exchange gains / (losses)	8	(4)
Balance on March 31	<b>\$ 595</b>	<b>344</b>

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

(d) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 495,046	403,548	276,186
Work in progress	347,586	318,900	268,370
Finished goods and merchandise inventories	402,004	638,234	510,343
	<b>\$ 1,244,636</b>	<b>1,360,682</b>	<b>1,054,899</b>

(Continued)

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

The Group's composition details of operating cost for the three months ended March 31, 2022 and 2021 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Cost of goods sold	\$ 1,081,622	962,764
Revenue from sale of scraps	(9,587)	(10,061)
Inventories valuation and obsolescence losses (gain from price recovery of inventory)	(1,355)	(863)
Loss on scrapping of inventories	<u>18,723</u>	<u>19,715</u>
	<b><u>\$ 1,089,403</u></b>	<b><u>971,555</u></b>

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

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

The Group decided on March 17, 2021, to purchase 8% shares of CHENMING ELECTRONIC (NINGBO) CO., LTD. amounting to \$48,416 (USD1,700 thousand) from CHENMING (H.K.) CORPORATION LIMITED, through its subsidiary PEAK SHREWD INC., a fully owned subsidiary of the Group. The contract was signed in March 2021, and the related transfer procedures had been completed in April 2021. The Group increased its shares in CHENMING ELECTRONIC (NINGBO) CO., LTD from 92% to 100%. As of March 31, 2022, and December 31, 2021, the remaining unpaid balance of \$34,350 and \$33,216 was recognized as other payables-related parties. For the related information, please refer to note(7)(b) for details.

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

(f) Property, plant, and equipment

The cost and accumulated depreciation of the property, plant, and equipment of the Group for the three months ended March 31, 2022 and 2021 were as follows:

	<b>Land</b>	<b>Properties</b>	<b>Machinery and equipment</b>	<b>Office equipment and others</b>	<b>Molds</b>	<b>Total</b>
Cost:						
Balance on January 1, 2022	\$ 1,533,559	868,941	423,531	103,618	616,403	3,546,052
Additions	-	-	249	9,916	214,890	225,055
Disposals	(418,295)	-	-	(76)	-	(418,371)
Reclassifications	-	-	3,687	497	-	4,184
Effect of changes in exchange rates	<u>-</u>	<u>6,607</u>	<u>5,372</u>	<u>1,112</u>	<u>14,613</u>	<u>27,704</u>
Balance on March 31, 2022	<b><u>\$ 1,115,264</u></b>	<b><u>875,548</u></b>	<b><u>432,839</u></b>	<b><u>115,067</u></b>	<b><u>845,906</u></b>	<b><u>3,384,624</u></b>

(Continued)

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

	<u>Land</u>	<u>Properties</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Molds</u>	<u>Total</u>
Balance on January 1, 2021	\$ 613,714	778,789	408,568	30,770	-	1,831,841
Additions	-	-	48,746	2,304	53,108	104,158
Reclassifications	11,524	-	8,165	918	-	20,607
Effect of changes in exchange rates	-	(1,410)	(1,231)	(75)	(247)	(2,963)
Balance on March 31, 2021	<u>\$ 625,238</u>	<u>777,379</u>	<u>464,248</u>	<u>33,917</u>	<u>52,861</u>	<u>1,953,643</u>
Depreciation:						
Balance on January 1, 2022	\$ -	313,757	283,316	33,268	102,791	733,132
Depreciation	-	6,542	4,344	6,501	87,051	104,438
Disposals	-	-	-	(76)	-	(76)
Effect of changes in exchange rates	-	2,579	3,206	344	2,498	8,627
Balance on March 31, 2022	<u>\$ -</u>	<u>322,878</u>	<u>290,866</u>	<u>40,037</u>	<u>192,340</u>	<u>846,121</u>
Balance on January 1, 2021	\$ -	294,901	206,220	14,907	-	516,028
Depreciation	-	7,022	30,677	2,305	5,138	45,142
Effect of changes in exchange rates	-	(492)	(675)	(36)	(14)	(1,217)
Balance on March 31, 2021	<u>\$ -</u>	<u>301,431</u>	<u>236,222</u>	<u>17,176</u>	<u>5,124</u>	<u>559,953</u>
Book value:						
Balance on January 1, 2022	<u>\$ 1,533,559</u>	<u>555,184</u>	<u>140,215</u>	<u>70,350</u>	<u>513,612</u>	<u>2,812,920</u>
Balance on March 31, 2022	<u>\$ 1,115,264</u>	<u>552,670</u>	<u>141,973</u>	<u>75,030</u>	<u>653,566</u>	<u>2,538,503</u>
Balance on January 1, 2021	<u>\$ 613,714</u>	<u>483,888</u>	<u>202,348</u>	<u>15,863</u>	<u>-</u>	<u>1,315,813</u>
Balance on March 31, 2021	<u>\$ 625,238</u>	<u>475,948</u>	<u>228,026</u>	<u>16,741</u>	<u>47,737</u>	<u>1,393,690</u>

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

In order to increase the working capital and improve the financial structure of the Group, the Board of Directors decided to dispose of the land on March 23, 2022. The Company signed a sale contract of the land with a total price of \$477,000 (recognized as other financial assets- current) with Shin Yau Mei Biomedical Technology Corp. on March 29, 2022. As the requirement for control transfer has been met, the gain on disposal of property, plant and equipment of \$37,753 was recognized after deducting related transaction cost of \$20,952 and the carrying value of the land \$418,295.

(g) Right-of-use assets

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

	<u>Land</u>	<u>Properties</u>	<u>Transportation</u>	<u>others</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 244,329	19,735	19,356	3,467	286,887
Additions	-	9,103	-	1,531	10,634
Effect of changes in exchange rates	3,460	877	-	-	4,337
Balance at March 31, 2022	<u>\$ 247,789</u>	<u>29,715</u>	<u>19,356</u>	<u>4,998</u>	<u>301,858</u>

(Continued)



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

	<u>Land</u>	<u>Properties</u>	<u>Transportation</u>	<u>others</u>	<u>Total</u>
Balance at January 1, 2021	\$ 245,034	10,906	18,085	2,476	276,501
Additions	-	8,953	-	-	8,953
Effect of changes in exchange rates	(705)	(124)	-	-	(829)
Balance at March 31, 2021	<u>\$ 244,329</u>	<u>19,735</u>	<u>18,085</u>	<u>2,476</u>	<u>284,625</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 29,209	18,249	12,823	2,062	62,343
Depreciation of the period	2,454	2,275	1,312	120	6,161
Effect of changes in exchange rates	426	717	-	-	1,143
Balance at March 31, 2022	<u>\$ 32,089</u>	<u>21,241</u>	<u>14,135</u>	<u>2,182</u>	<u>69,647</u>
Balance at January 1, 2021	\$ 19,529	9,412	7,603	1,384	37,928
Depreciation of the period	2,438	2,235	1,302	170	6,145
Effect of changes in exchange rates	(60)	(81)	-	-	(141)
Balance at March 31, 2021	<u>\$ 21,907</u>	<u>11,566</u>	<u>8,905</u>	<u>1,554</u>	<u>43,932</u>
Book value:					
Balance at January 1, 2022	<u>\$ 215,120</u>	<u>1,486</u>	<u>6,533</u>	<u>1,405</u>	<u>224,544</u>
Balance at March 31, 2022	<u>\$ 215,700</u>	<u>8,474</u>	<u>5,221</u>	<u>2,816</u>	<u>232,211</u>
Balance at January 1, 2021	<u>\$ 225,505</u>	<u>1,494</u>	<u>10,482</u>	<u>1,092</u>	<u>238,573</u>
Balance at March 31, 2021	<u>\$ 222,422</u>	<u>8,169</u>	<u>9,180</u>	<u>922</u>	<u>240,693</u>

(h) Investment property

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

	<u>Land</u>	<u>Properties</u>	<u>Total</u>
Book value:			
Balance on January 1, 2022	<u>\$ 152,640</u>	<u>42,522</u>	<u>195,162</u>
Balance on March 31, 2022	<u>\$ 152,640</u>	<u>42,212</u>	<u>194,852</u>
Balance on January 1, 2021	<u>\$ 152,640</u>	<u>43,759</u>	<u>196,399</u>
Balance on March 31, 2021	<u>\$ 152,640</u>	<u>43,450</u>	<u>196,090</u>

There were no material addition, disposal, impairment, or reversal situation of investment properties for the three months ended March 31, 2022 and 2021. Please refer to note (12) for details. For other related information, please refer to note(6)(g) of the 2021 consolidated financial statements.

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

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

(Continued)

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

(i) Short-term loans

The short-term loans were summarized as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Secured loans	<u>\$ 787,186</u>	<u>1,030,771</u>	<u>277,070</u>
Unused credit line for short-term loans	<u>\$ 1,123,139</u>	<u>831,596</u>	<u>882,114</u>
Annual interest rates	<u>0.5%~4.35%</u>	<u>1.0%~4.3%</u>	<u>0.5%~1.2%</u>

(i) As of March 31, 2022, December 31, 2021, and March 31, 2021, the main management was the guarantor of short-term loan contracts, and the amount of loans was \$490,000, \$529,868 and \$120,000. Please refer to note (7).

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

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

(j) Long-term loans

The long-term loans were summarized as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Secured bank loans	\$ 1,689,449	1,663,458	699,000
Less: Current portion	328,000	-	-
Total	<u>\$ 1,361,449</u>	<u>1,663,458</u>	<u>699,000</u>
Unused long-term credit lines	<u>\$ 777,201</u>	<u>801,142</u>	<u>706,000</u>
Range of interest rate	<u>1.0%~4.5%</u>	<u>1.0%~4.5%</u>	<u>1.0%~1.3%</u>

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

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

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

(k) Lease liabilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	<u>\$ 13,333</u>	<u>6,690</u>	<u>13,267</u>
Non-current financial assets	<u>\$ 3,363</u>	<u>2,936</u>	<u>5,201</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ <b>100</b>	<b>82</b>
Expenses relating to short-term leases	\$ <b>757</b>	<b>127</b>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <b>45</b>	<b>46</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	\$ <b>4,628</b>	<b>2,472</b>

(i) Real estate leases

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

(ii) Other leases

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

(l) Operating lease

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

(m) Employee benefits— Defined contribution plans

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating expense	\$ <b>1,007</b>	<b>974</b>

(Continued)

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

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:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 19,894	18,231
Operating expense	2,436	1,989
	<b>\$ 22,330</b>	<b>20,220</b>

(n) Income taxes

(i) The components of income tax for the three months ended March 31, 2022 and 2021 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense (benefit)	16,828	2,092

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

(iii) Assessment of tax

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

(o) Capital and other equity

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

(i)

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

(Continued)

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

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

(ii) Capital surplus

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Additional paid-in capital	\$ 150,551	10,551	10,551
Difference arising from subsidiary's share price and its carrying value	<u>163,012</u>	<u>163,012</u>	<u>121,268</u>
	<u><b>\$ 313,563</b></u>	<u><b>173,563</b></u>	<u><b>131,819</b></u>

(iii) Retained Earnings

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

(iv) Earnings Distribution

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

(Continued)

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

(p) Earnings per share

For the three months ended March 31, 2022 and 2021, the Company's earnings per share was calculated as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>7,322</u>	<u>12,736</u>
Weighted-average number of ordinary shares (share in thousands)	<u>163,935</u>	<u>155,935</u>
	<u>\$ 0.04</u>	<u>0.08</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjusted the influence of potential ordinary shares)	\$ <u>7,322</u>	<u>12,736</u>
Weighted-average number of ordinary shares with potential influence of ordinary shares		
Weighted-average number of ordinary shares	163,935	155,935
Effect of employee stock remuneration (share in thousands)	<u>37</u>	<u>64</u>
Weighted-average number of ordinary shares (after adjusted the influence of potential ordinary shares)	<u>163,972</u>	<u>155,999</u>
	<u>\$ 0.04</u>	<u>0.08</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Primary geographical markets		
Taiwan	\$ 350,519	196,980
China	477,833	511,818
USA	202,116	202,027
Japan	108,893	117,970
Other	<u>36,921</u>	<u>29,933</u>
	<u>\$ 1,176,282</u>	<u>1,058,728</u>

(Continued)

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Major products		
PC and server chassis	\$ 1,069,828	754,628
Mobile device components	29,097	232,031
Mold	77,357	72,069
	<b>\$ 1,176,282</b>	<b>1,058,728</b>

(ii) Contract balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Trade receivables	\$ 1,708,464	2,200,160	1,394,851
Less: Loss allowance	(595)	(649)	(344)
Total	<b>\$ 1,707,869</b>	<b>2,199,511</b>	<b>1,394,507</b>
Contract liabilities	<b>\$ 727</b>	<b>674</b>	<b>504</b>

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$674 and \$615, respectively.

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

(r) Remunerations to employees, directors and supervisors

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

(Continued)

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

The Group's remuneration to employees was \$500 and \$300, respectively, and the remuneration to directors and supervisors was \$375 and \$75 for the three months ended March 31, 2022 and 2021. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration were calculated based on the closing price of the Company's shares on the day before the approval from the Board of Directors. A net loss after tax has occurred, so the Group did not need to estimate employees and directors remuneration in 2021. The remuneration to employees was \$3,000, and the remuneration to directors and supervisors were \$1,500 in 2020. The actual amount and the estimated amount, which was estimated in the financial statement on December 31, 2020, had no difference. Related information would be available at the Market Observation Post System website.

(s) Financial Instruments

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

(i) Receivable securities

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

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

(ii) Liquidity Risk

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

	<u>Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2022</b>					
Secured loans	\$ 2,476,635	(2,507,591)	(1,128,819)	(240,892)	(1,137,880)
Trade payables	1,566,971	(1,566,971)	(1,566,971)	-	-
Lease liabilities (including current and non-current)	16,696	(17,284)	(13,718)	(1,894)	(1,672)
Other payables (including related parties)	253,227	(253,227)	(253,227)	-	-
Guarantee deposits	<u>7,232</u>	<u>(7,232)</u>	<u>(20)</u>	<u>-</u>	<u>(7,212)</u>
	<b><u>\$ 4,320,761</u></b>	<b><u>(4,352,305)</u></b>	<b><u>(2,962,755)</u></b>	<b><u>(242,786)</u></b>	<b><u>(1,146,764)</u></b>

(Continued)



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

	<u>Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2021</b>					
Secured loans	\$ 2,694,229	\$ (2,732,128)	(1,047,996)	(374,462)	(1,309,670)
Trade payables	1,965,398	(1,965,398)	(1,965,398)	-	-
Lease liabilities (including current and non-current)	9,626	(9,908)	(6,866)	(2,280)	(762)
Other payables (including related parties)	291,071	(291,071)	(291,071)	-	-
Guarantee deposits	8,062	(8,062)	(20)	-	(8,042)
	<u>\$ 4,968,386</u>	<u>\$ (5,006,567)</u>	<u>(3,311,351)</u>	<u>(376,742)</u>	<u>(1,318,474)</u>
<b>March 31, 2021</b>					
Secured loans	\$ 976,070	(976,070)	(277,070)	(270,000)	(429,000)
Trade payables	1,045,995	(1,045,995)	(1,045,995)	-	-
Lease liabilities (including current and non-current)	18,468	(18,948)	(13,642)	(3,889)	(1,417)
Other payables (including related parties)	211,003	(211,003)	(211,003)	-	-
Guarantee deposits	8,019	(8,019)	(6,219)	-	(1,800)
	<u>\$ 2,259,555</u>	<u>(2,260,035)</u>	<u>(1,553,929)</u>	<u>(273,889)</u>	<u>(432,217)</u>

Except for the long-term loan of \$328,000 which was reclassified to current portion of long-term liabilities as the early repayment due to the land disposal, the Group didn't expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to NTD	\$ 33,971	28.625	972,420	62,912	27.68	1,741,404	49,150	28.535	1,402,495
USD to CNY	15,483	6.3482	443,201	15,704	6.3757	434,687	18,236	6.5713	520,364
CNY to NTD	69,217	4.506	311,892	99,845	4.344	433,727	61,669	4.344	267,890
Financial liabilities									
Monetary items									
USD to NTD	9,618	28.625	275,315	29,919	27.68	828,158	25,199	28.535	719,053
USD to CNY	2,225	6.3482	63,691	3,929	6.3757	108,755	637	6.5713	18,177
CNY to NTD	192,864	4.506	869,045	307,393	4.344	1,335,315	212,457	4.344	922,913

(Continued)

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

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 major foreign currency against Group entities' functional currency as of March 31, 2022, would have affected the net profit before tax as follows:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
USD (against the NTD)		
Strengthening 5%	\$ 34,855	34,172
Weakening 5%	(34,855)	(34,172)
USD (against the CNY)		
Strengthening 5%	18,976	25,109
Weakening 5%	(18,976)	(25,109)
CNY (against the NTD)		
Strengthening 5%	(27,858)	(32,751)
Weakening 5%	27,858	32,751

3) Exchange gains and losses of monetary items

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

	<u>For the three months ended March 31,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Exchange profit (loss)</u>	<u>Average rate</u>	<u>Exchange profit (loss)</u>	<u>Average rate</u>
NTD	\$ 3,250	-	10,792	-
CNY	(373)	4.4373	301	4.3643

(Continued)

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

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
Fixed rate instruments:		
Financial assets	\$ -	13,032
Variable rate instruments:		
Financial assets	\$ 606,472	291,684
Financial liabilities	2,476,635	976,070

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$1,169 and \$428 for the three months ended March 31, 2022 and 2021, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value

1) The kinds of financial instruments and fair value

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

(Continued)

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

	March 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss- Beneficiary certificate-Funds	\$ 1,029	1,029	-	-	1,029
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	606,664	-	-	-	-
Trade receivables, net	1,707,869	-	-	-	-
Other financial assets	477,809	-	-	-	-
Refundable deposits	19,866	-	-	-	-
	<u>\$ 2,813,237</u>				
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 2,476,635	-	-	-	-
Trade payables	1,566,971	-	-	-	-
Lease liabilities	16,696	-	-	-	-
Other payables (including related parties)	253,227	-	-	-	-
Guarantee deposit	7,232	-	-	-	-
	<u>\$ 4,320,761</u>				
<b>December 31, 2021</b>					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 222,648	-	-	-	-
Trade receivables, net	2,199,511	-	-	-	-
Other financial assets	1,182	-	-	-	-
Refundable deposits	20,463	-	-	-	-
	<u>\$ 2,443,804</u>				
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 2,694,229	-	-	-	-
Trade payables	1,965,398	-	-	-	-
Lease liabilities	9,626	-	-	-	-
Other payables (including related parties)	291,071	-	-	-	-
Guarantee deposits	8,062	-	-	-	-
	<u>\$ 4,968,386</u>				

(Continued)

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

	March 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 305,208	-	-	-	-
Trade receivable, net	1,394,507	-	-	-	-
Other financial assets	22,567	-	-	-	-
Refundable deposits	<u>24,567</u>	-	-	-	-
	<u><b>\$ 1,746,849</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Bank loans	\$ 976,070	-	-	-	-
Trade payables	1,045,995	-	-	-	-
Lease liabilities	18,468	-	-	-	-
Other payables (including related parties)	211,003	-	-	-	-
Guarantee deposits	<u>8,019</u>	-	-	-	-
	<u><b>\$ 2,259,555</b></u>				

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

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

Derivative financial instruments

The Group does not operate any derivative financial instruments.

(t) Financial risk management

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

(u) Capital management

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

(Continued)

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

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

Reconciliation of liabilities arising from financing activities for the three months ended March 31, 2022 and 2021 were as follows:

	January 1, 2022	Cash flows	Non-cash flows			March 31, 2022
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 1,663,458	25,991	-	-	-	1,689,449
Short-term loans	1,030,771	(243,585)	-	-	-	787,186
Lease liabilities	9,626	(3,726)	10,634	-	162	16,696
Guarantee deposits	8,062	(830)	-	-	-	7,232
Total liabilities from financing activities	<u>\$ 2,711,917</u>	<u>(222,150)</u>	<u>10,634</u>	<u>-</u>	<u>162</u>	<u>2,500,563</u>

  

	January 1, 2021	Cash flows	Non-cash flows			March 31, 2021
			Additions	Write-off	Foreign exchange movement	
Long-term loans	\$ 622,000	77,000	-	-	-	699,000
Short-term loans	296,960	(19,890)	-	-	-	277,070
Lease liabilities	11,745	(2,217)	8,953	-	(13)	18,468
Guarantee deposits	8,054	(35)	-	-	-	8,019
Total liabilities from financing activities	<u>\$ 938,759</u>	<u>54,858</u>	<u>8,953</u>	<u>-</u>	<u>(13)</u>	<u>1,002,557</u>

**(7) Related-party transactions**

(a) Names and relationships with related parties

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

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

(b) Transaction among other relative parties

(i) Lease

The Group rents parts of its office and miscellaneous equipment to its related parties and collects monthly rental from them since August 2011. The rental fee is determined based on nearby office rental rates. The rental revenue for the three months ended March 31, 2022 and 2021 were both \$857.

(Continued)

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

(ii) Equity trading

On March 17, 2021, the Board of Directors decided to acquire 8% of shares of CHENMING ELECTRONIC (NINGBO) CO., LTD., which amounted to \$48,416 (US\$1,700 thousand) and increased its shares in CHENMING ELECTRONICS (NINGBO) CO., LTD from 92% to 100%. The contracts were signed, and the related transfer procedures had been completed. As of March 31, 2022, and December 31, 2021, the remaining unpaid balance of \$34,350 and \$33,216, which was recognized as other payables related parties. Please refer to note (6)(e) for related information.

(c) Key management personnel compensation

(i) Key management personnel compensation was comprised of:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 2,728	2,888
Post-employment benefits	76	81
	<b>\$ 2,804</b>	<b>2,969</b>

(ii) Guarantee

The main management was the guarantor of the syndication contract, and the amounts of loans were \$2,179,449, \$2,193,326 and \$819,000, as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Assets</b>	<b>Subject</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
PPE and investment properties	Short-term loans and			
— land and right-of-use land	long-term loans			
(Note)		\$ 1,754,328	1,736,752	750,621
— properties	Short-term loans and			
	long-term loans	337,528	337,411	128,526
Other financial asse	Customs deposits			
— non-current		15,098	16,476	20,686
		<b>\$ 2,106,954</b>	<b>2,090,639</b>	<b>899,833</b>

Note: The land amounting to \$418,295 has been sold on March 29, 2022, and the proceeds was recognized as other financial assets - current.

(Continued)

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

(9) **Commitments and contingencies: None.**

(10) **Losses due to major disasters: None.**

(11) **Subsequent events: None.**

(12) **Other**

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

By function By item	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	276,301	53,505	329,806	311,461	47,941	359,402
Labor and health insurance	-	2,156	2,156	-	1,615	1,615
Pension	19,894	3,443	23,337	18,231	2,963	21,194
Others	16,931	4,708	21,639	15,883	5,499	21,382
Depreciation	107,057	3,852	110,909	48,437	2,850	51,287
Amortization	2,905	381	3,286	641	199	840

Note: The depreciation expense, of which the depreciation expense of investment properties was deducted, amounted to \$309 for the three months ended March 31, 2021, and was recognized as the deduction of rent revenue.

(b) **Seasonality of operations**

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

(13) **Other disclosures**

(a) **Information on significant transactions:**

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

(Continued)



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

(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	171,750	171,750	114,500	0.87463%~1.21086%	Short-term financial	-	Operating demand	-	-	-	2,184,064 (note 1)	2,184,064 (note 1)
2	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	"	Yes	148,698	58,578	-	4.35%	"	-	"	-	-	-	464,436 (note 2)	464,436 (note 2)
3	Dongguan Chenming Electronic Co., Ltd	CHENMING ELECTRONIC (NINGBO) CO., LTD	"	Yes	67,590	67,590	-	4.35%	"	-	-	-	-	-	276,156 (note 3)	276,156 (note 3)
Total						<u>297,918</u>	<u>114,500</u>									

Note 1: The total amount for lending to a subsidiary whose voting shares are 100% owned, directly or indirectly, by TOP CITY INTERNATIONAL LIMITED for funding for a short-term period shall not exceed the net worth of TOP CITY INTERNATIONAL LIMITED, which amounted to \$2,184,064. 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 \$2,184,064.

Note 2: The total amount for lending to a company for funding for a short-term period shall not exceed forty percent of the net worth of CHENMING ELECTRONIC (NINGBO) CO., LTD, which amounted to \$464,436 (\$1,161,091\*40%). In addition, the total amount lendable to any one borrower shall be no more than forty percent of the borrower's net worth, which amounted to \$464,436 (\$1,161,091\*40%).

Note 3: The total amount for lending to a company for funding for a short-term period shall not exceed forty percent of the net worth of Dongguan Chenming Electronic Co., Ltd, which amounted to \$276,156 (\$690,391\*40%). In addition, the total amount lendable to any one borrower shall be no more than forty percent of the borrower's net worth, which amounted to \$276,156 (\$690,391\*40%).

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary / endorsements guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in mainland China
		Name	Relationship with the Company										
0	The Company	CHENMING ELECTRONIC (NINGBO) CO., LTD	100% owned subsidiary	1,132,311	54,072	54,072	-	-	1.91 %	2,264,622 (note 1)	Yes	No	Yes
1	CHENMING ELECTRONIC (NINGBO) CO., LTD	Dongguan Chenming Electronic Co., Ltd	Both are subsidiaries of the Company	464,436	157,438	157,438	-	-	12.33 %	928,873 (note 2)	No	No	Yes
0	The Company	Dongguan Chenming Electronic Co., Ltd	100% owned subsidiary	1,132,311	405,268	405,268	36,949	-	14.32 %	2,264,622 (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 \$1,132,311. (\$2,830,777\*40%). In addition, the total endorsement guarantees of the Company shall be no more than 80% of the Company's net worth, which amounted to \$2,264,622 (\$2,830,777\*80%).

Note 2: The total amount of endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall not exceed 80% of its net worth; the amount of endorsement guarantees for an entity shall not exceed 40% of its net worth. The total endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall not exceed 40% of the net worth of CHENMING ELECTRONIC (NINGBO) CO., LTD., which amounted to \$464,436 (\$1,161,091\*40%). In addition, the total endorsement guarantees of CHENMING ELECTRONIC (NINGBO) CO., LTD., shall be no more than 80% of its net worth, which amounted to \$928,873 (\$1,161,091\*80%).

(Continued)

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

- (iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates, and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Beneficiary certificate: Cathay US ESG Fund USD	-	Current financial assets at fair value through profit or loss	100	1,029	- %	1,029	-

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

(In Thousands of New Taiwan Dollars)

- (vi) Disposal of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock:

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

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

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

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ trade receivables (payables)	
The Company	Dongguan Chenming Electronic Co., Ltd	Subsidiaries of GERSHWIN INTERNATIONAL LIMITED	Purchases	478,730	99 %	Net 60 days from the end of month of purchase	No suppliers for comparison	Net 60 days from the end of month of purchase and depending on the operating demand	Trade payables (161,020)	(97)%	
Dongguan Chenming Electronic Co., Ltd	The Company	Ultimate holding company	(Sale)	(478,730)	(70)%	Net 60 days from the end of month of delivery	No customers for comparison	Net 60 days from the end of month of delivery and depending on the operating demand	Trade receivables 161,020	37 %	"

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 161,020	5.01	-	-	130,042	-	Note 2
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	The company's ultimate parent company is the same	Other current financial assets 127,303	-	-	-	-	-	Note 2, 3

Note 1: Balance of April 25, 2022.

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

Note 3: Including interest receivables \$12,803.

- (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	127,303	Rate 0.87463%~1.21086%	2%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Sales	478,730	The price is based on the fixed ratio of final selling price, and the credit period is net 60 days from the end of month of delivery	41%
2	Dongguan Chenming Electronic Co., Ltd	The Company	1	Trade receivables	161,020	"	2%

Note 1: The numbers filled in as follows:

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

Note 2: Relationship with the transactions labeled as follows:

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

(Continued)

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of the investment	Investment income (losses)	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	TOP CITY INTERNATIONAL LIMITED	Samoa	Investment	2,099,183	2,099,183	63,358	100 %	2,184,064	(44,943)	(44,943)	Subsidiaries
The Company	CHENMING ELECTRONIC TECHNOLOGY USD, Inc.	U.S.A.	Import and export business of computer case	6,236	6,236	200	100 %	659	(621)	(621)	Subsidiaries
TOP CITY INTERNATIONAL LIMITED	GERSHWIN INTERNATIONAL LIMITED	Samoa	Investment	1,471,994	1,471,994	45,988	100 %	912,526	(47,119)	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company
TOP CITY INTERNATIONAL LIMITED	PEAK SHREWD INC	Samoa	Investment	735,006	735,006	21,210	100 %	1,126,855	1,384	The profit or loss on investments were recognized by TOP CITY INTERNATIONAL LIMITED	A grandson company

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

(c) Information on investment in mainland China:

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital (note 3)	Method of investment	Accumulated outflow of investment from January 1, 2022 (note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investment	Percentage of ownership	Investment income (losses) (note 2 and 3)	Carrying amount as of March 31, 2022 (note 3)	Accumulated remittance of earnings as of March 31, 2022
					Outflow	Inflow						
CHENMING ELECTRONIC (NINGBO) CO., LTD	Computer case and production of relative components	1,846,313 (USD64,500)	note 1 and 6	607,136 (USD21,210)	-	-	607,136 (USD21,210)	2,514	100 %	2,514	1,161,091	-
Dongguan Chenming Electronic Co., Ltd	"	829,495 (USD28,978) (note 4 and 5)	note 1 and 7	712,763 (USD24,900)	-	-	712,763 (USD24,900)	(41,676)	100 %	(41,676)	690,391	-

(ii) Limitation on investment in mainland China:

(In Thousands of USD)

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs (note 3)	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
1,319,899 (USD46,110)	1,560,349 (USD54,510)	Unlimited (note 8)

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

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

(Continued)

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

Note3: The USD was translated into New Taiwan Dollars at the exchange rate of \$28.625 as of March 31, 2022.

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

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

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders:

(Unit: Share)

Shareholder’s Name	Shareholding	Shares	Percentage
Lin, Mu-Ho		30,000,230	15.31 %
Hui Chi Investment Co., Ltd.		51,000,000	26.03 %

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

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

**(14) Segment information:**

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