

Stock Code : 6271

Tong Hsing Electronic Ind., Ltd.

Handbook for the 2021
Annual Meeting of Shareholders

(Translation)

Date : JUN 7, 2021

Location : No.398, Ying-Tao Road, Taoyuan, Taiwan

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TONG HSING ELECTRONIC INDUSTRIES, LTD.
Meeting Procedure of 2021 Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Reporting Items
- IV. Proposed Resolutions
- V. Discussion
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

TONG HSING ELECTRONIC INDUSTRIES, LTD.

2021 Agenda of Annual Meeting of Shareholders

Time: 9: 00 am on Monday, June 7, 2021 ,

Place: Chuto Plaza Hotel (No.398, Ying-Tao Road, Taoyuan, Taiwan)

I. Call the Meeting to Order:

II. Chairman's Remarks:

III. Reporting Items:

(I) To report the business of 2020.

(I) To report 2020 Employees' Compensation and Remuneration to Directors Distribution Status.

(III) Audit Committee's Review Report for 2020

IV. Proposed Resolutions:

(I) 2020 Business Report and Financial Statements.

(II) The Proposal for Distribution of 2020 Earnings.

V. Discussion:

(I) To discuss the amendments to the Rules of Procedures for the Election of Directors

(II) To discuss the amendment to the Procedures for Acquisition and Disposal of Assets

VI. Extemporaneous Motions

VII. Meeting Adjourned

III. Reporting Items

Item No. 1

To report the business of 2020

Explanatory Notes: Please refer to Attachment I, page 7 to 10

Item No.2:

To report 2020 Employees' Compensation and Remuneration to Directors Distribution Status

Explanatory Notes: I. The Articles of Incorporation in Article 19 stipulates that "before paying dividends or bonuses to shareholders, this Corporation shall set aside not less than 5% as profit sharing bonuses to its employees and not more than 2% of its annual profits as compensation to its directors; However, if there are accumulated losses, the Company shall retain the redeeming amounts in advance.

II. Subject to the above stipulation and the proposal of Compensation Committee on March 11, 2021, employees' total cash bonus and profit sharing bonus is NT\$106,720 thousand, and directors' compensation is NT\$38,354 thousand. Both compensations are to be distributed in cash.

Item No. 3

Audit Committee's Review Report for 2020

Explanatory Notes: Please refer to Attachment II, page 11

IV. Proposed Resolutions

Item No.1: To accept the 2020 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes: I. Tong Hsing's 2020 Financial Statements, including separate and consolidated forms were audited by Ms. Shi-Chuan Jian and Mr. Shin-Fu Yen of KPMG.

II. Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments III, page 11 to 26

III. Business Report: Please refer to Attachment I, page 7 to 10

IV. Proceed to accept

Resolution:

Item No.2: To approve the proposal for distribution of 2020 earnings (Proposed by the Board of Directors)

Explanatory Notes: I. According to the provisions of the Company Act and this Articles of Incorporation, it is proposed to specify the company's 2020 earnings distribution, the proposed cash dividend per share is NT\$ 5.5, and distribution of cash dividends of NT\$982,895,551 in total. The 2020 Earnings Distribution Proposal list is attached hereto as Attachment IV, page 27

II. The distribution ratio of this cash dividend case is calculated up to NT\$1, and those below NT\$1 are rounded down. The total amount of fractional cash dividends less than NT\$1 shall be included in other income of the Company.

III. Subject to the approval of the shareholders meeting, the chairman would be authorized to set a record date, issuance date and other related matters. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, a change of common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), or amendments made in response to other objective circumstances, it is proposed that the chairman be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

IV. Proceed to accept

Resolution:

V. Discussion

1. To revise the Rules of Procedures for the Election of Directors

(Proposed by the Board of Directors)

Explanatory Notes:

- I. Subject to FSC No. 1080311451 issued by the FSC, it is proposed that certain provisions of the Rules of Procedures for the Election of Directors be amended on April 25, 2019.
- II. The Comparison Table for the Rules of Procedures for the Election of Directors before and after Revision is attached hereto as Attachment V, Page 28 to 29
- III. Proceed to discuss.

Resolution:

2. To revise Procedures for Acquisition and Disposal of Assets

(Proposed by the Board of Directors)

Explanatory Notes:

- I. To conform to the operational requirements of the Company revise Procedures for Acquisition and Disposal of Assets
- II. The Comparison Table for the Procedures for Acquisition and Disposal of Assets before and after Revision is attached hereto as Attachment VII, Page 30 to 31.
- III. Proceed to discuss.

Resolution:

Extemporaneous Motions

Meeting Adjourned

Attachment I

TONG HSING ELECTRONIC INDUSTRIES, LTD.
2020 Business Report

I.2020 Business Report:

(I) Operating Guidelines

The Company shall continue to:

1. Enhance product and service quality and increase customer satisfaction.
2. Improve manufacturing processes, yield rate and phase in automation to lower production costs.
3. Invest in innovation and R&D and work closely with market leaders to build up long-term partnerships.
4. Strengthen cooperation with key suppliers to develop new materials, new equipment and new production technologies to differentiate product and services from competitors.
5. Integrate process technologies of substrates fabrication, packaging and testing to provide customers with complete turnkey solutions.

(II) Business Review, Operating Results, and Profitability Analysis

1. Consolidated Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Audited Financial Statement				YOY	
	2020		Year Ended December 31, 2019			
	Amount	%	Amount	%	Amount	%
Net Revenue	10,178,002	100	7,430,654	100	2,747,348	37
Realized gross profit	2,895,796	28	1,599,744	22	1,296,052	81
Operating Expenses	890,349	8	687,867	10	202,482	29
Net Operating Income	2,005,447	20	911,877	12	1,093,570	120
NON-OPERATING INCOME AND EXPENSES	(156,642)	(2)	30,369	-	(187,011)	-616
Income before Income Tax	1,848,805	18	942,246	12	906,559	96
Net Profit	1,450,675	14	741,956	10	708,719	96

2.2020 Financial Performance

(1) Consolidated Net Revenue

2020 consolidated net revenue including profit from combining subsidiary KINGPAK reported NT\$10,178 million representing an increase of NT\$2,747 million, or a great growth of 37% compared to the net revenue of NT\$7,431 million in 2019.

(2) Net consolidated profits after tax

2020 net consolidated profits after tax reported NT\$1,451 million representing an increase of NT\$709 million, or a growth of 96% compared to

the net consolidated profits after tax of NT\$742 million in 2019 and NT\$ 7.88 earnings per share

(3) Budget implementation

The Company has not published financial forecasts.

(4) Research and Development Status:

Year	Process Technologies	Product Applications
2020	Development of structure for hybrid ceramic substrate with air cavity.	3D Sensing
	Advanced package development for driver embedded ceramic substrate	3D Sensing
	High resolution CMOS image sensor package development for ADAS and autonomous driving in automotive.	Image Sensor
	Thin film laser submount development for optical interconnection application.	Optical Communication
	Development of fan-out package structure with double side cooling.	High Frequency
	Process Development of AMB (active metal brazing) on SiN substrate.	High-Power Components

II . 2020 Business Plan

(I) Expected Sales Volume and Important Production and Sales Basis

The Company's main businesses include ceramic metalized substrates and image products.

Ceramic substrates are mainly used for high-power LEDs for outdoor lighting, flash photography, horticulture and automotive applications. In addition to high-brightness LEDs, ceramic substrates are also used in high-power edge emitting laser diodes and surface emitting laser diodes. Laser applications are set to grow in the coming years. In addition, the demand for high-power semiconductors from clean energy and automobile electrification has also contributed to the growth of ceramic metalized substrates.

In terms of image products, the growth of the smart phone market has slowed but the emergence of new applications such as multiple lenses, increase in resolution, 3D sensing, and infrared imaging sensors required for under-display fingerprint identification have gradually increased the number of image sensors installed on a single mobile phone. The growth of image products will outpace that of the mobile phone market.

(II) The Impact of External Competitive Environment, Legal Regulations, and Overall Business Environment

When we look forward to 2021, although the COVID-19 pandemic continues to spread across the world, China-United States Trade War accelerates the transformation of the global supply chain and the environmental protection law becomes even more

stringent in the face of the environmental deterioration, Tong Hsing continues our utmost efforts to explore the megatrend of 5G, automotive, energy and biomedical markets, and keep an optimistic attitude to the sales revenues and business prospect in the near future.

(III) Future Business Strategy

1. Continue to invest in Taiwan and increase production scale and efficiency

Tong Hsing continues its operations in Taiwan by building a new plant in Bade, and expand the Yingo and Longtan plants at the same time to accelerate production efficiency.

2. Adjust Customer and Product Types:

Tong Hsing continues to focus on 5G, automotive, energy and biomedical businesses, and develop high-values products.

3. Develop Long-Term Partner Relationships:

Tong Hsing will continue to build up and consolidate the long-term partner relationships through exploring new business opportunities.

4. Strengthen the Organization Management and Cooperation between among Business Units

Tong Hsing aims to strengthen the cooperation among operations and business units by improving the manufacturing processes, enhancing the cost-effective competitive advantages and efficiency to shape up a good enterprise culture.

I wish to thank all our shareholders for your attendance, long-term support, and encouragement. I wish you all health, peace, and happiness.

Tie-Min Chen, Chairman of the Board

Shao-Pin Ru, CEO

Chia-Li Huang, Finance Director

Attachment II

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Audit Committee's Review Report

The Board of Directors has approved the Company's 2020 Financial Statements, Business Report, and proposal for distribution of earnings. Ms. Szu-Chuan Chien and Ms. Jui-Lan, LO, the engagement partners from KPMG was retained to audit Tong Hsing's Financial Statements and have issued an audit report relating to the Financial Statements. We have examined the Company's 2020 Financial Statements, Business Report, and the proposal for distribution of earnings that have been approved by the Board of Directors. We hereby respectfully prepare and present this Report in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of The Company Act for your review.

Sincerely

General Shareholders' Meeting 2020

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Convener of the Audit Committee:: Tun-Son Lin

Date: March 11, 2021

Independent Auditors' Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the consolidated financial statements of Tong Hsing Electronic Industries, Ltd. and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tong Hsing Electronic Industries, Ltd. and its subsidiaries as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Tong Hsing Electronic Industries, Ltd. and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of KINGPAK Technology Inc. (KINGPAK), a subsidiary of the Group. Those financial statements were audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KINGPAK, is based solely on the report of other auditor. The financial statements of KINGPAK reflect the total assets amounting to \$3,200,464 thousand, constituting 12.58% of the consolidated total assets as of December 31, 2020; and the total net sales revenue amounting to \$1,358,600 thousand from the date of merger to December 31, 2020, constituting 13.35% of the consolidated total net sales revenue for the year ended December 31, 2020.

Tong Hsing Electronic Industries, Ltd. has additionally prepared its parent company only financial statements for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion with other matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. Valuation of inventories

Please refer to Note (4)(h) and Note (5)(a) of the consolidated financial statements for inventories accounting policy, and accounting assumptions and estimation uncertainty of inventory valuation, respectively. Information regarding inventory and related expenses are shown in Note (6)(e) of the consolidated financial statements.

Explanation to key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventory of Tong Hsing Electronic Industries, Ltd. and its subsidiaries is expected. Therefore, the inventory valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing control of inventory usage and storage management; inspecting the inventory aging statement, and analyzing the change of aging for different periods; performing sampling procedures and inspecting the rationality in order to verify the correctness of inventories aging statement; performing a retrospective review of historical accuracy of inventory valuation, considering the impact of COVID-19 pandemic, and reviewing the adequacy of the accounting policies.

2. Business combination

Please refer to Note (4)(r) of the consolidated financial statements for business combination policy. Information regarding to acquire of KINGPAK Technology Inc. is shown in Note (6)(f) of the consolidated financial statements.

Explanation to key audit matter:

Tong Hsing Electronic Industries, Ltd. and its subsidiaries acquired 100% of KINGPAK's issued and outstanding shares through stock exchange on June 19, 2020 (the effective date). Owing to the subjective nature of evaluation and complexity of calculation of consideration transferred decided by the management for the share exchange and the fair value of the directed assets being obtained. Therefore, the business combination transaction is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Evaluating the external professional's capability, independence, and similar experience.
- Determining the appropriateness and correctness of the variables from the external professional's appraisal pertaining to the acquisition of KINGPAK Technology Inc.
- Obtaining account record, checking the record with report of combination price allocation and the relevant internal and external documents to assess its conformity with the International Financial Reporting Standards and the fairness of the management's disclosure on the business combination.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing Tong Hing Electronic Industries, Ltd. and its subsidiaries' ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Tong Hsing Electronic Industries, Ltd. and its subsidiaries or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing Tong Hsing Electronic Industries, Ltd. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tong Hsing Electronic Industries, Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tong Hsing Electronic Industries, Ltd. and its subsidiaries' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Tong Hsing Electronic Industries, Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Tong Hsing Electronic Industries, Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2021

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019		Liabilities and Equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
1100 Cash and cash equivalents	\$ 3,791,174	15	3,704,146	30	2100 Short-term borrowings	\$ 269,000	1	-	-
1110 Current financial assets at fair value through profit or loss	615,940	3	100,937	1	2110 Short-term notes and bills payable	50,000	-	-	-
1170 Notes and accounts receivable, net	1,820,573	7	1,337,301	11	2130 Contract liabilities—current	339,573	1	223,831	2
1200 Other receivables	57,024	-	39,873	-	2170 Notes and accounts payable	948,815	4	483,624	4
1310 Inventories	1,519,181	6	1,207,682	10	2200 Other payables	1,495,648	6	783,379	6
1410 Prepayments	38,892	-	30,645	-	2230 Current tax liabilities	487,857	2	213,907	2
1470 Other current assets	82,892	-	32,097	-	2250 Current provisions	140,808	1	-	-
1476 Other financial assets—current	36,857	-	39,218	-	2280 Lease liabilities—current	13,189	-	8,973	-
	<u>7,962,533</u>	<u>31</u>	<u>6,491,899</u>	<u>52</u>	2300 Other current liabilities	56,760	-	48,454	-
Non-current assets:						<u>3,801,650</u>	<u>15</u>	<u>1,762,168</u>	<u>14</u>
1510 Non-current financial assets at fair value through profit or loss	452,443	2	-	-	Non-Current liabilities:				
1535 Non-current financial assets at amortized cost	227,840	1	-	-	2527 Contract liabilities—non-current	-	-	77,765	1
1600 Property, plant and equipment	7,825,277	31	5,584,092	45	2570 Deferred tax liabilities	106,398	1	111,486	1
1755 Right-of-use assets	108,648	-	126,520	1	2580 Lease liabilities—non-current	96,175	-	118,514	1
1780 Intangible assets	8,614,290	34	68,940	1	2640 Net defined benefit liability—non-current	219,287	1	176,132	1
1840 Deferred tax assets	219,233	1	138,110	1	2645 Guarantee deposits received	4,130	-	-	-
1900 Other non-current assets	21,504	-	8,230	-		<u>425,990</u>	<u>2</u>	<u>483,897</u>	<u>4</u>
1980 Other financial assets—non-current	5,405	-	5,000	-	Total liabilities	<u>4,227,640</u>	<u>17</u>	<u>2,246,065</u>	<u>18</u>
	<u>17,474,640</u>	<u>69</u>	<u>5,930,892</u>	<u>48</u>	Equity: Equity attributable to owners of parent:				
Total assets	\$ 25,437,173	100	12,422,791	100	3100 Ordinary shares	1,787,083	7	1,653,575	13
					3200 Capital surplus	15,120,168	59	4,997,188	40
					3310 Legal reserve	1,410,144	5	1,335,844	11
					3320 Special reserve	97,411	-	74,592	1
					3350 Unappropriated retained earnings	2,925,436	12	2,179,238	18
					3400 Other equity interest	(130,709)	-	(63,711)	(1)
					Total equity	<u>21,209,533</u>	<u>83</u>	<u>10,176,726</u>	<u>82</u>
					Total liabilities and equity	\$ 25,437,173	100	12,422,791	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Sales revenue	\$10,259,318	101	7,567,846	102
4170 Less: sales returns and allowances	81,316	1	137,192	2
4100 Net sales revenue	10,178,002	100	7,430,654	100
5110 Cost of sales	7,282,206	72	5,830,910	78
5900 Gross profit	2,895,796	28	1,599,744	22
6000 Operating expenses:				
6100 Selling expenses	182,048	1	152,371	2
6200 Administrative expenses	517,253	5	434,303	6
6300 Research and development expenses	206,758	2	113,872	2
6450 Expected credit gains	(15,710)	-	(12,679)	-
	890,349	8	687,867	10
6900 Net operating income	2,005,447	20	911,877	12
Non-operating income and expenses:				
7100 Interest income	13,858	-	29,383	-
7190 Other income	33,795	-	25,973	-
7230 Foreign exchange (losses) gains, net	(173,916)	(2)	(18,002)	-
7235 Gains (losses) on current financial assets (liabilities) at fair value through profit or loss	(16,077)	-	543	-
7510 Finance cost—interest expense	(5,491)	-	(7,528)	-
7590 Miscellaneous disbursements	(8,811)	-	-	-
	(156,642)	(2)	30,369	-
7900 Profit before tax	1,848,805	18	942,246	12
7950 Less: tax expenses	398,130	4	200,290	2
Profit	1,450,675	14	741,956	10
Other comprehensive income:				
Items that may not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	(35,396)	-	1,311	-
8349 Income tax on items that may not be reclassified to profit or loss	6,716	-	(262)	-
	(28,680)	-	1,049	-
Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(59,433)	-	(30,313)	-
8399 Income tax on items that may be reclassified to profit or loss	15,703	-	7,494	-
	(43,730)	-	(22,819)	-
Other comprehensive income	(72,410)	-	(21,770)	-
8500 Comprehensive income	\$ 1,378,265	14	720,186	10
Earnings per share				
9750 Basic earnings per share	\$ 7.88		4.49	
9850 Diluted earnings per share	\$ 7.84		4.47	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unearned employee benefit	Total other equity interest	
Balance on January 1, 2019	\$ 1,653,575	5,063,801	1,234,484	105,549	2,432,168	3,772,201	(40,892)	-	(40,892)	10,448,685
Consolidated net income for the year ended December 31, 2019	-	-	-	-	741,956	741,956	-	-	-	741,956
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	1,049	1,049	(22,819)	-	(22,819)	(21,770)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	743,005	743,005	(22,819)	-	(22,819)	720,186
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	101,360	-	(101,360)	-	-	-	-	-
Special reserve appropriated	-	-	-	(30,957)	30,957	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(925,532)	(925,532)	-	-	-	(925,532)
Cash dividends from capital surplus	-	(66,613)	-	-	-	-	-	-	-	(66,613)
Balance on December 31, 2019	1,653,575	4,997,188	1,335,844	74,592	2,179,238	3,589,674	(63,711)	-	(63,711)	10,176,726
Consolidated net income for the year ended December 31, 2020	-	-	-	-	1,450,675	1,450,675	-	-	-	1,450,675
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(28,680)	(28,680)	(43,730)	-	(43,730)	(72,410)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,421,995	1,421,995	(43,730)	-	(43,730)	1,378,265
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	74,300	-	(74,300)	-	-	-	-	-
Special reserve appropriated	-	-	-	22,819	(22,819)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(578,751)	(578,751)	-	-	-	(578,751)
Capital reduction	(578,751)	-	-	-	-	-	-	-	-	(578,751)
Shares issued for business combination	712,901	10,144,616	-	-	-	-	-	(57,074)	(57,074)	10,800,443
Share-based payments	(642)	(21,636)	-	-	73	73	-	33,806	33,806	11,601
Balance on December 31, 2020	\$ 1,787,083	15,120,168	1,410,144	97,411	2,925,436	4,432,991	(107,441)	(23,268)	(130,709)	21,209,533

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,848,805	942,246
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	968,147	741,436
Amortization expense	67,379	8,422
Expected credit gains	(15,710)	(12,679)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	16,077	(543)
Interest expense	5,491	7,528
Interest income	(13,858)	(29,383)
Compensation cost of share-based payments	8,714	-
Loss (gain) on disposal of property, plant and equipment	1,220	(8,491)
Impairment loss of property, plant and equipment recognized in profit or loss	3,380	-
Gain on disposal of intangible assets	(2,573)	-
Other	(2,238)	2,310
Total adjustments to reconcile profit (loss)	1,036,029	708,600
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(510,814)	-
(Increase) decrease in contract assets	(52,439)	111
Increase in notes and accounts receivable	(69,724)	(55,581)
(Increase) decrease in other receivables	(10,297)	3,601
Decrease in inventories	25,057	133,885
Increase in prepayments	(1,646)	(2,237)
Increase (decrease) in other current assets	2,413	(996)
Increase in net deferred benefit assets	(94)	-
Increase (decrease) in notes and accounts payable	169,569	(14,643)
Increase (decrease) in other payables	356,709	(11,607)
Increase in provisions	1,684	-
Increase (decrease) in other current liabilities	(2,642)	1,323
Increase (decrease) in contract liabilities - current and non - current	(15,483)	300,431
Increase in net deferred benefit liabilities	5,488	155
	(102,219)	354,442
Cash inflow generated from operations	2,782,615	2,005,288
Interest received	16,108	29,015
Interest paid	(5,579)	(7,528)
Income taxes paid	(265,498)	(145,271)
Net cash flows from operating activities	2,527,646	1,881,504
Acquisition of non-current financial assets at fair value through profit or loss	(472,709)	-
Acquisition of non-current financial assets at amortized cost	(227,840)	-
Acquisition of property, plant and equipment	(1,754,335)	(2,144,025)
Proceeds from disposal of property, plant and equipment	9,004	43,251
(Increase) decrease in refundable deposits	(755)	3,564
Acquisition of intangible assets	(8,082)	(11,036)
Proceeds from disposal of intangible assets	2,573	-
Cash inflows due to business combination	1,211,838	-
Decrease in other financial assets	7,859	31,410
Net cash flows used in investing activities	(1,232,447)	(2,076,836)
Decrease in short-term borrowings	(11,000)	(251,430)
Increase in guarantee deposits received	4,130	-
Payments of lease liabilities	(11,060)	(9,490)
Cash dividends paid	(578,678)	(992,145)
Capital reduction by cash	(578,751)	-
Exercise of employee share options	2,814	-
Net cash flows used in financing activities	(1,172,545)	(1,253,065)
Effect of exchange rate changes on cash and cash equivalents	(35,626)	(15,887)
Net increase (decrease) in cash and cash equivalents	87,028	(1,464,284)
Cash and cash equivalents at beginning of period	3,704,146	5,168,430
Cash and cash equivalents at end of period	\$ 3,791,174	3,704,146

Independent Auditors' Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the parent company only financial statements of Tong Hsing Electronic Industries, Ltd. which comprise the parent company only balance sheets as of December 31, 2020 and 2019, the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditor (please refer to Other Matter paragraph) the accompanying financial statements present fairly, in all material respects, the financial position of Tong Hsing Electronic Industries, Ltd. as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of Tong Hsing Electronic Industries, Ltd. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of KINGPAK Technology Inc. (KINGPAK), which represented investment in other entity accounted for using the equity method of the Company. Those financial statements were audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KINGPAK, is based solely on the report of other auditor. The Investment of KINGPAK accounted for using the equity method constituting 44.62% of the total assets as of December 31, 2020; and the related share of profit of subsidiaries, associates and joint ventures accounted for using equity method from the date of merger to December 31, 2020 constituting 5.61% of the total profit before tax for the year ended December 31, 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. Valuation of inventories

Please refer to Note (4)(g) and Note (5)(a) of the parent company only financial statements for inventories accounting policy, and accounting assumptions and estimation uncertainty of inventory valuation, respectively. Information regarding inventory and related expenses are shown in Note (6)(e) of the parent company only financial statements.

Explanation to key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventory of Tong Hsing Electronic Industries, Ltd. is expected. Therefore, the inventory valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing control of inventory usage and storage management; inspecting the inventory aging statement, and analyzing the change of aging for different periods; performing sampling procedures and inspecting the rationality in order to verify the correctness of inventories aging statement; performing a retrospective review of historical accuracy of inventory valuation, considering the impact of COVID-19 pandemic, and reviewing the adequacy of the accounting policies.

2. Business combination

Please refer to Note (4)(q) of the parent company only financial statements for business combination policy. Information regarding to business combination is shown in Note (6)(f) of the parent company only financial statements.

Explanation to key audit matter:

Tong Hsing Electronic Industries, Ltd. acquired 100% of KINGPAK' s issued and outstanding shares through stock exchange on June 19, 2020 (the effective date). Owing to the subjective nature of evaluation and complexity of calculation of consideration transferred decided by the management for the share exchange and the fair value of the directed assets being obtained. Therefore, the business combination transaction is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Evaluating the external professional' s capability, independence, and similar experience.
- Determining the appropriateness and correctness of the variables from the external professional' s appraisal pertaining to the acquisition of KINGPAK Technology Inc.
- Obtaining account record, checking the record with report of combination price allocation and the relevant internal and external documents to assess its conformity with the International Financial Reporting Standards and the fairness of the management' s disclosure on the business combination.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Tong Hsing Electronic Industries, Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Tong Hsing Electronic Industries, Ltd. or to cease its operations, or there is no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing Tong Hsing Electronic Industries, Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tong Hsing Electronic Industries, Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tong Hsing Electronic Industries, Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Tong Hsing Electronic Industries, Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2021

Assets		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents	\$ 2,022,398	9	3,286,975	27
1110	Current financial assets at fair value through profit or loss	615,940	3	100,937	1
1170	Notes and accounts receivable, net	1,406,685	6	1,321,702	11
1180	Accounts receivable due from related parties, net	729	-	-	-
1200	Other receivables	58,163	-	38,833	-
1310	Inventories	1,044,403	4	925,992	8
1410	Prepayments	27,588	-	25,559	-
1470	Other current assets	82,678	-	32,097	-
		<u>5,258,584</u>	<u>22</u>	<u>5,732,095</u>	<u>47</u>
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss	452,443	2	-	-
1535	Non-current financial assets at amortized cost	227,840	1	-	-
1550	Investments accounted for using equity method	11,945,318	50	1,257,177	10
1600	Property, plant, and equipment	5,840,724	24	4,990,787	41
1755	Right-of-use assets	97,041	-	126,520	1
1780	Intangible assets	65,354	-	68,940	-
1840	Deferred tax assets	162,154	1	138,110	1
1920	Refundable deposits	4,103	-	3,013	-
1980	Other financial assets—non-current	5,405	-	5,000	-
		<u>18,800,382</u>	<u>78</u>	<u>6,589,547</u>	<u>53</u>
Total assets		<u>\$ 24,058,966</u>	<u>100</u>	<u>12,321,642</u>	<u>100</u>

Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current liabilities:					
2130	Contract liabilities—current	\$ 301,487	1	223,831	2
2170	Notes and accounts payable	629,246	3	421,106	4
2180	Accounts payable to related parties	86,325	-	49,827	-
2200	Other payables	1,096,437	5	783,265	6
2230	Current tax liabilities	369,969	2	207,932	2
2280	Lease liabilities—current	8,753	-	8,973	-
2300	Other current liabilities	52,621	-	48,493	-
		<u>2,544,838</u>	<u>11</u>	<u>1,743,427</u>	<u>14</u>
Non-Current liabilities:					
2527	Contract liabilities—non-current	-	-	77,765	-
2570	Deferred tax liabilities	106,398	-	111,486	1
2580	Lease liabilities—non-current	88,985	-	118,514	1
2640	Net defined benefit liability—non-current	109,212	1	93,724	1
		<u>304,595</u>	<u>1</u>	<u>401,489</u>	<u>3</u>
	Total liabilities	<u>2,849,433</u>	<u>12</u>	<u>2,144,916</u>	<u>17</u>
Equity:					
3100	Ordinary shares	1,787,083	8	1,653,575	13
3200	Capital surplus	15,120,168	63	4,997,188	41
3310	Legal reserve	1,410,144	6	1,335,844	11
3320	Special reserve	97,411	-	74,592	-
3350	Unappropriated retained earnings	2,925,436	12	2,179,238	18
3400	Other equity interest	(130,709)	(1)	(63,711)	-
	Total equity	<u>21,209,533</u>	<u>88</u>	<u>10,176,726</u>	<u>83</u>
	Total liabilities and equity	<u>\$ 24,058,966</u>	<u>100</u>	<u>12,321,642</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Sales revenue	\$ 8,812,211	101	7,492,252	102
4170 Less: sales returns and allowances	50,316	1	122,463	2
4100 Net sales revenue	8,761,895	100	7,369,789	100
5110 Cost of sales	6,378,646	73	5,958,720	81
5900 Gross profit	2,383,249	27	1,411,069	19
6000 Operating expenses:				
6100 Selling expenses	149,955	2	152,371	2
6200 Administrative expenses	343,711	4	237,630	3
6300 Research and development expenses	136,039	1	113,872	1
6450 Expected credit gains	(11,116)	-	(15,654)	-
	618,589	7	488,219	6
6900 Net operating income	1,764,660	20	922,850	13
Non-operating income and expenses:				
7100 Interest income	10,836	-	23,645	-
7190 Other income	17,094	-	17,965	-
7230 Foreign exchange (losses) gains, net	(105,598)	(1)	10,602	-
7235 Gains (losses) on current financial assets (liabilities) at fair value through profit or loss	(16,077)	-	543	-
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	129,395	1	(43,536)	-
7510 Finance cost – interest expense	(2,732)	-	(2,360)	-
7590 Miscellaneous disbursements	(603)	-	(3,072)	-
	32,315	-	3,787	-
7900 Profit before tax	1,796,975	20	926,637	13
7950 Less: tax expenses	346,300	4	184,681	3
Profit	1,450,675	16	741,956	10
Other comprehensive income:				
Items that may not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	(20,891)	-	35,430	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(11,967)	-	(27,295)	-
8349 Income tax on items that may not be reclassified to profit or loss	4,178	-	(7,086)	-
	(28,680)	-	1,049	-
Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(59,433)	-	(30,313)	-
8399 Income tax on items that may be reclassified to profit or loss	15,703	-	7,494	-
	(43,730)	-	(22,819)	-
Other comprehensive income	(72,410)	-	(21,770)	-
8500 Comprehensive income	\$ 1,378,265	16	720,186	10
Earnings per share				
9750 Basic earnings per share	\$ 7.88		4.49	
9850 Diluted earnings per share	\$ 7.84		4.47	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Uninvested employee compensation	Total other equity interest	
Balance on January 1, 2019	\$ 1,653,575	5,063,801	1,234,484	105,549	2,432,168	3,772,201	(40,892)	-	(40,892)	10,448,685
Net income for the year ended December 31, 2019	-	-	-	-	741,956	741,956	-	-	-	741,956
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	1,049	1,049	(22,819)	-	(22,819)	(21,770)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	743,005	743,005	(22,819)	-	(22,819)	720,186
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	101,360	-	(101,360)	-	-	-	-	-
Special reserve appropriated	-	-	-	(30,957)	30,957	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(925,532)	(925,532)	-	-	-	(925,532)
Cash dividends from capital surplus	-	(66,613)	-	-	-	-	-	-	-	(66,613)
Balance on December 31, 2019	1,653,575	4,997,188	1,335,844	74,592	2,179,238	3,589,674	(63,711)	-	(63,711)	10,176,726
Net income for the year ended December 31, 2020	-	-	-	-	1,450,675	1,450,675	-	-	-	1,450,675
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(28,680)	(28,680)	(43,730)	-	(43,730)	(72,410)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,421,995	1,421,995	(43,730)	-	(43,730)	1,378,265
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	74,300	-	(74,300)	-	-	-	-	-
Special reserve appropriated	-	-	-	22,819	(22,819)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(578,751)	(578,751)	-	-	-	(578,751)
Capital reduction	(578,751)	-	-	-	-	-	-	-	-	(578,751)
Shares issued for business combination	712,901	10,144,616	-	-	-	-	-	(57,074)	(57,074)	10,800,443
Share-based payments	(642)	(21,636)	-	-	73	73	-	33,806	33,806	11,601
Balance on December 31, 2020	\$ 1,787,083	15,120,168	1,410,144	97,411	2,925,436	4,432,991	(107,441)	(23,268)	(130,709)	21,209,533

(English Translation of Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,796,975	926,637
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	752,706	600,066
Amortization expense	10,501	8,422
Expected credit gains	(11,116)	(15,654)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	16,077	(543)
Interest expense	2,732	2,360
Interest income	(10,836)	(23,645)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(129,395)	43,536
Loss (gain) on disposal of property, plant, and equipment	32	3,072
Other	(1,277)	(94)
Total adjustments to reconcile profit (loss)	629,424	617,520
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(510,814)	-
(Increase) decrease in contract assets	(52,439)	111
Increase in notes and accounts receivable	(74,596)	(55,137)
(Increase) decrease in other receivables	(18,833)	2,197
(Increase) decrease in inventories	(118,411)	44,615
Increase in prepayments	(2,029)	(4,047)
(Increase) decrease in other current assets	1,858	(996)
Increase (decrease) in notes and accounts payable	244,638	(47,881)
Increase (decrease) in other payables	296,178	(63,823)
Increase in other current liabilities	4,128	1,362
Increase (decrease) in contract liabilities-current and non-current	(109)	300,431
Decrease in net defined benefit liabilities	(5,403)	(7,762)
	(235,832)	169,070
Cash inflow generated from operations	2,190,567	1,713,227
Interest received	11,441	24,489
Dividends received	176,019	-
Interest paid	(2,732)	(2,360)
Income taxes paid	(190,522)	(128,490)
Net cash flows from operating activities	2,184,773	1,606,866
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(472,709)	-
Acquisition of non-current financial assets at amortized cost	(227,840)	-
Acquisition of property, plant, and equipment	(1,597,294)	(2,095,901)
Proceeds from disposal of property, plant, and equipment	19,901	4,510
(Increase) decrease in refundable deposits	(1,090)	3,483
Acquisition of intangible assets	(6,915)	(11,036)
Increase in other financial assets	(405)	-
Net cash flows used in investing activities	(2,286,352)	(2,098,944)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(4,730)
Payments of lease liabilities	(8,383)	(9,490)
Cash dividends paid	(578,678)	(992,145)
Capital reduction by cash	(578,751)	-
Exercise of employee share options	2,814	-
Net cash flows used in financing activities	(1,162,998)	(1,006,365)
Net decrease in cash and cash equivalents	(1,264,577)	(1,498,443)
Cash and cash equivalents at beginning of period	3,286,975	4,785,418
Cash and cash equivalents at end of period	\$ 2,022,398	3,286,975

Attachment IV

TONG HSING ELECTRONIC INDUSTRIES, LTD. 2020 Earnings Distribution Proposal

Currency Unit: NT\$

Beginning balance of retained earnings		\$ 1,503,367,944
Plus: Net Profit after Tax		1,450,674,714
Less: Special Reserve(Reversal) - Shareholder Equity Loss		(43,730,617)
Less:: 2020 Actuarial gains and losses		(28,679,338)
Plus: Adjusted share-based payment transactions to retain surplus		72,994
Less: Statutory surplus reserve		(142,206,837)
Distributable net profit		2,739,498,860
Distribution items		
Dividends to shareholders	982,895,551	
Cash dividend-NT\$5.5/share	982,895,551	
Subtotal		<u>982,895,551</u>
End of Period Appropriation		<u>1,756,603,309</u>

Notes:

1. The earning distribution of this year will be listed in the references after the statutory reserve after tax.
2. The distribution ratio of the cash dividend is calculated up to NT\$, and those below NT\$ are rounded down unconditionally. The total amount of fractional cash dividends less than NT\$1 shall be reversed to other earnings.
3. Subject to the approval of the shareholders meeting, the chairman would be authorized to set a record date on which the cash dividends would be distributed.
4. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, a change of common shares(such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), or amendments made in response to other objective circumstances, it is proposed that the chairman be authorized to adjust the cash dividends by the board of shareholders.

Tie-Min Chen, Chairman of the Board

Shao-Pin Ru, CEO

Chia-Li Huang, Finance Director

Attachment V

**TONG HSING ELECTRONIC INDUSTRIES, LTD.
Comparison Table for the Rules of Procedures for the Election of
Directors before and after Revision**

Before the Revision	After the Revision	Description
<p><u>Article IX:</u> <u>If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</u></p>	<p>Deleted</p>	<p>In conjunction with the election of directors and supervisors of listed (counter) companies, a candidate nomination system shall be adopted from 2021, and shareholders shall select from the list of candidates for directors. The shareholders shall understand information including names, educational backgrounds and experiences of each nominee from the list of candidate before the Shareholders' Meeting has been convened, and it is no longer necessary to identify a nominee via the candidate's shareholder account number or ID number, so this article is unnecessary and therefore is deleted.</p>
<p>Article X: A ballot is invalid under any of the following circumstances: 1, The ballot was not prepared by the Company. 2, <u>More than two candidates were written in one column of the ballot.</u> 3, <u>The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</u> 4, <u>The writing is unclear and indecipherable or has been altered.</u> 5, <u>Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.</u> 6, <u>Blank ballots not completed by the voter.</u> 7, <u>The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</u></p>	<p>Article IX: A ballot is invalid under any of the following circumstances: 1, Those who do not use voting votes prepared by the Company's board of directors or those who have the right to convene. 2, <u>The filled-in list of elected persons and director candidates does not match after verification.</u> 3, <u>The writing is unclear and indecipherable or has been altered.</u> 4, <u>Other words or marks are entered in addition to the candidate's account name and the number of voting rights allotted.</u> 5, <u>Blank ballots not completed by the voter.</u></p>	<p>The article number was amended due to the deletion of Article 9. Pursuant to regulations in Article 173 of the Company Act, shareholders may, upon approval from the competent authority, convene a meeting under special circumstances (for instance, when a notice that the Board of Directors will not convene a meeting has been received). Paragraph 1 in this Article has therefore been amended accordingly. In conjunction with the election of directors and supervisors of listed (counter) companies, a candidate nomination system shall be adopted from 2021, and shareholders shall select from the list of candidates for directors. Accordingly, paragraph 2 and 5 of this article are deleted.</p>

Before the Revision	After the Revision	Description
Article XI: (omitted)	Article X: (omitted)	The article number was amended due to the deletion of Article 9.
Article XII: (omitted)	Article XI: (omitted)	The article number was amended due to the deletion of Article 9.
Article XIII: This procedure was formulated on June 21, 2019.	Article XII: This procedure was formulated on June 21, 2019. <u>The first amendment was made on June 7, 2021.</u>	Article number and revision date were amended due to the deletion of Article IX.

Attachment VI

TONG HSING ELECTRONIC INDUSTRIES, LTD. Rules of Procedures for the Election of Directors (Before the revision)

Article I: Unless otherwise provided in the Company Act or the Articles of Incorporation of this Company, the directors(Including independent directors) of this Company shall be elected in accordance with the rules specified herein.

Article II: Election of directors(including independent directors) the Company shall be held at the shareholders' meeting. The Company shall prepare ballots and add the number of voting rights.

Article III: In the election of the Company's directors (including independent directors), the names of the electors shall be replaced by the shareholder attendance numbers.

Article IV: The election of the directors(including independent directors) at the Company is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted.

Article V: In the election of the Company's directors (including independent directors), each share has the same voting rights as the number of persons to be elected, and one person may be elected collectively or several persons may be distributed. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately.

Article VI: In the election of the company's directors (including independent directors), those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article VII: Before the election begins, the chairperson shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article VIII: The ballot cabinets (boxes) used for the election shall be prepared by the Company and shall be publicly checked by the scrutineer before voting commences.

Article IX: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered.

Article X: A ballot is invalid under any of the following circumstances:

- (I) Ballots not put in the ballot box.
- (II) The ballot was not prepared by the Company.
- (III) A blank ballot is placed in the ballot box.
- (IV) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- (V) Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- (VI) The writing is unclear and indecipherable.
- (VII) Any one of the account name (name), account number (identity certificate number) and the number of voting rights of the filled-in candidate has been altered.
- (VIII) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- (IX) The total number of voting rights voted by an elector exceeds the total number of voting rights held by the elector.
- (X) The number of electees filled in exceeds the number of candidates to be elected.

Article XI: Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors(including independent directors) shall be announced by the chairperson.

Article XII: These Rules shall become effective from the date they are approved at the Meeting. The same applies in case of revision.

Article XIII: The Procedures were enacted on June 21, 2019.

Attachment VII

**Tong Hsing Electronic Industries, Ltd.
Comparison Table for the Procedures for the Acquisition or
Disposal of Assets before and after Revision**

Before the Version	After the Version	Reason of Revision
<p>Article 19: Financial Derivatives Trading</p> <p>1. Strategy</p> <p><u>The Company's Financial derivatives trading is mainly to offset the risks, and shall not engage in any optimistic transactions. Currency contracts are only restricted to foreign currency exchanges derived from import and export transactions, and hedging purpose.</u></p> <p>2. Responsibility</p> <p>(1) Finance Personnel shall:</p> <p>A. <u>Handle derivatives transactions, and establish hedging strategies.</u></p> <p>B. <u>Calculate the hedging position, obtain market information and evaluate the currency trend and risks every month to establish a trading strategy. They shall execute the transaction after the concurrence of the managing authority.</u></p> <p>C. <u>Execute derivative transactions based on the strategy concurred by the level of delegation and authority.</u></p> <p>D. <u>When there is an immense change in the financial market and the responsible financial personnel's strategy can no longer comply with the change, they shall provide an evaluation report, and re-assess the existing strategy, and execute the transaction as concurred by the CEO.</u></p>	<p>Article 19: Financial Derivatives Trading</p> <p>1. <u>The company have Financial Derivatives Trading Procedures to control of risk management and auditing matters</u></p> <p>2. <u>The company engaging in derivatives trading shall adopt the following risk management measures:</u></p> <p>(1) <u>Define Risk management scope.</u></p> <p>(2) <u>Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</u></p> <p>(3) <u>Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</u></p> <p>(4) <u>Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades</u></p>	<p>To conform to the operational requirements of the Company</p>

Before the Version	After the Version	Reason of Revision
<p><u>(2) Accounting Personnel shall:</u> <u>A. Review if the trading is in line with the level of delegation and authority and strategy.</u> <u>B. Prepare a bi-weekly report in connection with the transactions entered into for hedging purpose to the CEO for approval.</u></p> <p><u>C. Handle accounting affairs:</u> <u>D. Report and make a public announcement of the financial derivative transactions engaged by the Company in accordance with relevant regulations.</u></p> <p><u>(3) Designated personnel in Settling Transaction: Designated Finance personnel shall settle the transaction.</u></p> <p><u>3. Trading Dollar Amount</u> <u>(1) Contracts:</u> <u>A. Hedging: The dollar amount of total contracts outstanding shall not exceed the respective currency demand and hedging position (i.e. foreign currency assets or assets against liability)</u> <u>B. Transaction: The Company shall not engage in any transactions for trading purpose.</u></p> <p><u>(2) Loss Control</u> <u>The hedging transaction is conducted mainly to offset the Company's exposure to risk position during transactions. The loss limit shall not exceed 20% of the contract amount for any individual contract or for all contracts in aggregate, the Finance personnel shall report to the Chairman and the CEO. Once having identified unusual performances and results, the Chairman or his designee appointed by written designation</u></p>	<p><u>required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</u></p> <p><u>3. The company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</u> <u>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</u> <u>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</u> <u>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</u> <u>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures</u></p>	

Before the Version	After the Version	Reason of Revision
<p><u>needs to report to the Chairman or the Board immediately and undertake any actions deemed necessary to correct the situation.</u></p> <p><u>(excerpt from original article)</u></p>	<p><u>for engaging in derivatives trading formulated by the company.</u></p> <p><u>(2)When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</u></p> <p><u>The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</u></p> <p><u>4.The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged shall be recorded in detail in the log book. The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in</u></p>	

Before the Version	After the Version	Reason of Revision
	<u>derivatives trading, and prepare an audit report. If any material violation is discovered, all audit committee members shall be notified in writing.</u>	
<p>Article 33 The Procedures have been approved by the Board of Directors, and submitted to each supervisor, and approved at a shareholders meeting. The Procedures are promulgated on June 24, 1999 by the Board of Directors, and the first Amendment was approved on June 3, 1990, the second Amendment on June 20, 2003, the third Amendment on December 21, 2006, the fourth Amendment on May 15, 2007, the fifth Amendment on June 19, 2012, the sixth Amendment on June 19, 2014, and the seventh Amendment on June 16, 2017, and the eighth Amendment on June 21, 2019, and the ninth Amendment on February 14, 2020.</p>	<p>Article 33 The Procedures have been approved by the Board of Directors, and submitted to each supervisor, and approved at a shareholders meeting. The Procedures are promulgated on June 24, 1999 by the Board of Directors, and the first Amendment was approved on June 3, 1990, the second Amendment on June 20, 2003, the third Amendment on December 21, 2006, the fourth Amendment on May 15, 2007, the fifth Amendment on June 19, 2012, the sixth Amendment on June 19, 2014, and the seventh Amendment on June 16, 2017, and the eighth Amendment on June 21, 2019, and the ninth Amendment on February 14, 2020, <u>and the tenth Amendment on June 7, 2021.</u></p>	<p>Add the date of the eighth Amendment</p>

Attachment VIII

Tong Hsing Electronic Industries, Ltd. Procedures for the Acquisition and Disposal of Assets (before Revision)

Article 1 Purpose

These key points are enacted for the purpose of protecting investors, fulfilling information disclosure, and enhancing public companies to establish the risk management system for derivative products transaction.

Article 2 General Principles

These Regulations are adopted in accordance with the provisions of Article 36, paragraph 1 of the Securities and Exchange Act ("the Act").

Article 3

The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: Definition

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration there for (hereinafter

"transfer of shares") under Article 156, paragraph 8 of Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall

- be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6: Scope of Assets and Limits of Amounts

The limits of amounts for the acquisition of real estate and right-of-use assets by the Company and its subsidiary for non-operating purpose:

(1) Real Property for Non-Operating Purpose

The total amount of acquisition of all real property, right-of-use assets and marketable securities by the Company and its subsidiaries shall not exceed 20% of the Company's paid-in capital in its recent financial statements.

(2) Marketable securities

The total amount of all security investments by the Company shall not exceed 200% of the Company's Equity stated in its recent financial statements.

(3) Private Security Investments

The total amount of all security investments by the Company (not including subsidiaries) shall not exceed 150 % of the Company's Equity stated in its recent financial statements.

(4) Tangible and Intangible Assets

The total amount of all security investments by the Company shall not exceed 20% of the Company's paid-in capital stated in its recent financial statements.

Article 7: Evaluation Procedures

1. Non-Derivatives

- (1) Non-Derivatives which are acquired or disposed on a centralized exchange market or OTC exchange: The responsible units shall prepare a report for the acquisition and disposal for non-derivatives procured on an exchange on an OTC market by identifying the purpose, the scope of assets, the means of price determination, and supporting reference materials, and proceed the approval according to the levels to which authority is delegated.
- (2) For non-derivatives or placement of non-derivatives which are not acquired or disposed on a centralized exchange market or OTC exchange: the responsible units shall prepare a report for the acquisition and disposal for non-derivatives which are not procured on a centralized exchange on an OTC market by identifying the purpose, the scope of assets, transaction counterparty, transfer price, AR/AP, the means of price determination, and supporting reference materials, and proceed the approval according to the levels to which authority is delegated.

2. Real Property, Non-of-Use Assets, or Other Assets: the responsible units shall apply for the acquisition and disposal of the report for real property or other assets by identifying the purpose, the scope of assets, transaction counterparty, transfer price, AR/AP, the means of price determination, and supporting reference materials, and proceed the approval according to the levels to which authority is delegated.
3. The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the Board of Directors, they shall be submitted to Audit Committee, and then to a Shareholders meeting for resolution. The same shall apply in case of amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.
4. When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph of the Article, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 7-5

Where an Audit Committee is established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution.

If the approval of more than half of all the Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

Article 7-6

The terms "all the Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 8: Decision of Terms of Transaction

1. Means of Price Determination and Supporting References Materials

(1) Non-Derivatives

A. Non-Derivatives which are acquired on a centralized exchange market or OCT exchange market: The price will be based on the market price.

B. Non-Derivatives which are not acquired on a centralized exchange market or OCT exchange market: The price shall be determined by considering the PBR(Price Book Ratio), its profitability, its potential and transaction price when the non-derivatives is acquired.

(2) Other Assets: Price comparison, price negotiation, and tendering or other methods.

2. Real Property or Assets: The delegated departments shall proceed for decision of the authority according to the levels to which authority is delegated.

Article 9

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountants opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.

Article 10: Securities

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices

of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 11: Memberships or Intangible Assets

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 18-2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion

Article 14: Related Party Transactions

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 9-Article 13.. The calculation of the transaction amount referred to a related party shall be made in accordance with Article 13 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15:

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been

approved by the Board of Directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 2. The reason for choosing the related party as a transaction counterparty.
 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 7. Restrictive covenants and other important stipulations associated with the transaction.
- The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28- 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's Board of Directors may pursuant to Article 6, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 7-5.

Article 16

The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative

amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 17

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are

similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 18

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 19: Financial Derivatives Trading

1. Strategy

The Company's Financial derivatives trading is mainly to offset the risks, and shall not engage in any optimistic transactions. Currency contracts are only restricted to foreign currency exchanges derived from import and export transactions, and hedging purpose.

2. Responsibility

(1) Finance Personnel shall:

- A. Handle derivatives transactions, and establish hedging strategies.

- B. Calculate the hedging position, obtain market information and evaluate the currency trend and risks every month to establish a trading strategy. They shall execute the transaction after the concurrence of the managing authority.
 - C. Execute derivative transactions based on the strategy concurred by the level of delegation and authority.
 - D. When there is an immense change in the financial market and the responsible financial personnel's strategy can no longer comply with the change, they shall provide an evaluation report, and re-assess the existing strategy, and execute the transaction as concurred by the CEO.
- (2) Accounting Personnel shall:
- A. Review if the trading is in line with the level of delegation and authority and strategy.
 - B. Prepare a bi-weekly report in connection with the transactions entered into for hedging purpose to the CEO for approval.
 - C. Handle accounting affairs:
 - D. Report and make a public announcement of the financial derivative transactions engaged by the Company in accordance with relevant regulations.
- (3) Designated personnel in Settling Transaction: Designated Finance personnel shall settle the transaction.
3. Trading Dollar Amount
- (1) Contracts:
- A. Hedging: The dollar amount of total contracts outstanding shall not exceed the respective currency demand and hedging position (i.e. foreign currency assets or assets against liability)
 - B. Transaction: The Company shall not engage in any transactions for trading purpose.
- (2) Loss Control
- The hedging transaction is conducted mainly to offset the Company's exposure to risk position during transactions. The loss limit shall not exceed 20% of the contract amount for any individual contract or for all contracts in aggregate, the Finance personnel shall report to the Chairman and the CEO. Once having identified unusual performances and results, the Chairman or his designee appointed by written designation needs to report to the Chairman or the Board immediately and undertake any actions deemed necessary to correct the situation.
4. Performance Evaluation
- (1) Finance personnel shall prepare a bi-monthly report for the evaluation, monitoring, and control of risks arising from financial derivative transactions, and have the approval of the Chairman and the CEO, and review the subsequent improvement plan as concurred.
 - (2) Finance personnel shall regularly review the level of adequacy of the current risk control process and its degree of consistency with the principles and procedures set forth herein and report to the next coming meeting of the Board. Once having identified unusual performances and results, the Chairman or his designee appointed by written designation needs to report to the Chairman or the Board of Directors immediately and undertake any actions deemed necessary to correct the situation.

5. Level of Delegation/Authorization

(1) Each Transaction:

Manager	Director	VP	CEO	Chairman
Up to US\$1M	Up to US\$1.5M	Up to US\$2M	Up to US\$2.5M	US\$2.5M+

(2) The authorized personnel shall execute the transaction as concurred from the level of delegation and the authorization of each transaction set above.

(3) The limit of delegation and authorization shall not exceed the level set under Article 12-3.

6. Implementation and Transaction Procedures

(1) Financial personnel shall fill out "Foreign Exchange Order" and submit to the designee for confirmation, and have the approval of Financial Director.

(2) After the confirmation of the transaction, the responsible personnel shall settle or extend the transaction upon the confirmation from banks.

(3) The Accounting personnel shall prepare an accounting entry and enter financial items of each transaction document.

(4) The personnel engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives transaction engaged in, board of directors approval dates, and the matters required to be carefully evaluated, and shall be recorded in detail in the log book.

7. Disclosure of Derivatives Trading

The entry and disclosure of derivatives trading shall be conducted in accordance with the relevant regulations stated in IFRS and Accounting system. Realized and unrealized gains and losses on equity shall also be entered and disclosed during the date of transaction and closing accounts.

8. Internal Control

(1) Risk Management

A. Credit Risk Management

Credit risk is controlled by restricting the counterparties that the Company deals with to those who either have banking relationship with the Company or are internationally renowned and can provide sufficient information.

B. Market Risk Control

The trading of the Company is only for hedging purpose. The Company shall not engage in financial trading.

C. Liquidity Risk Control

The Company's financial transactions is only for trading purpose to ensure adequate trading capability to enter into transactions in any markets around the world.

D. Operation Risk Control

Delegation systems and operating procedures set forth herein are employed to control operating risk.

E. Legal Risk Control

Any legal documents in respect of financial derivative transactions shall be approved by the Chairman. If necessary, these documents shall first be reviewed by outside legal counsel before being executed to control legal risk.

(2). Internal Control

A. Risk Management

A-1. The functions of trading, confirmation and settlement shall be performed by different persons of Finance Department.

- A-2. Financial personnel shall fill out "Foreign Exchange Order" and submit to the designee for confirmation, and have the approval of Financial Director.
- A-3. The designated personnel engaging in the confirmation of the transaction shall, on a bi-monthly base, verify the foreign exchange transaction order and the parties of transactions, and include the items in the index of exposure position. Irregular audits shall be conducted by the internal auditor.
- A-4. The designated personnel engaging in registration of transaction shall, at least on a bi-monthly basis, prepare a defining the exposure position, implementation, market information, and other matters in connection with the transactions entered into for hedging purpose and have the concurrence of the Finance Director.
- A-5. The designated personnel engaging in derivatives transaction shall establish a log book in which details of the types and amounts of derivatives trading engaged in, the board of directors approval dates, and the matters required to be carefully evaluated, and shall be recorded in detail in the log book.
- A-6. The evaluation, monitoring, and control of transaction risks arising from derivative transactions shall be performed by Accounting personnel. This responsible personnel shall also report to the Chairman or the Board regularly.

(3) Regular Evaluation

- A. Finance personnel engaging in derivatives trading shall supervise and pay continuous attention to monitoring and controlling derivatives trading risk in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies".
Meanwhile, they shall evaluate periodically whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance..
- B. Finance personnel shall regularly review the level of adequacy of the current risk control process and its degree of consistency with the principles and procedures set forth herein.
- C. The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging trading made for business purposes shall be evaluated at least twice a month.
- D. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the company has independent directors, an independent director shall be present at the meeting and express an opinion.
- E. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading, and report to the next coming meeting of the Board.

9. Internal Audit

- (1) Internal auditors shall check the suitability of internal control of derivative transactions periodically and inspect monthly the compliance of the trading departments with the "Handling Procedure to Engage in the Transaction of Derivative Products" and analyze the trading cycles in order to make the auditing report. The internal auditors identifying any material event such as a material violation or any likelihood of material loss to the enterprise shall promptly prepare and present a report and notify each supervisor.

- (2) Listed or OTC listed companies shall file the auditing report of the preceding paragraph and the implementing status of annual auditing plans of internal audits to the SEC before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the SEC before the end of May of next year.

Article 20

The Company engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.
5. Other important risk management measures.

Article 21

Where the Company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

A company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 22

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters

relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 23

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24

The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the Company's financial operations.

3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 27

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not the Company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 22, Article 23, and the preceding article.

Article 28

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated

website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A. For the Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B. For the Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
 - (6) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds.
 - B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
- (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative

- acquisitions and disposals, respectively) of the same security within the preceding year.
3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 29

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 30

Management of Subsidiaries

1. The Procedures for Subsidiaries' acquisition and disposal of assets shall be approved by the Board of Directors from subsidiaries. Any amendment is subject to the same procedures.
2. Information required to be publicly announced and reported in accordance with the provisions of Article 28 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches 20% or more of paid-in capital, 10% or more of the Company's total assets.
3. For the calculation of 10% of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative

to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 31

For personnel violating these Regulations or the procedures for the acquisition or disposal of assets, penalties will be imposed, depending on the severity of the offense, including a warning, demerits, demotion, pay cuts, suspension of duty and other penalties. Such violations will be reviewed in the internal control system.

Article 32

Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations. The same applies in case of amendment.

Article 33

The Procedures have been approved by the Board of Directors, and submitted to each supervisor, and approved at a shareholders meeting. The Procedures are promulgated on June 24, 1999 by the Board of Directors, and the first Amendment was approved on June 3, 1990, the second Amendment on June 20, 2003, the third Amendment on December 21, 2006, the fourth Amendment on May 15, 2007, the fifth Amendment on June 19, 2012, the sixth Amendment on June 19, 2014, and the seventh Amendment on June 16, 2017, and the eighth Amendment on June 21, 2019, and the ninth Amendment on February 14, 2020.

Attachment IX

TONG HSING ELECTRONIC INDUSTRIES, LTD. Articles of Incorporation

Chapter One General Provisions

Article X: The Company shall be incorporated, as a company limited by shares, under the Company Act, and its name shall be 同欣電子工業股份有限公司 in the Chinese language, and TONG HSING ELECTRONIC INDUSTRIES, LTD. in the English language.

Article II The scope of business of the Company shall be as follows:

- I. CC01070 Wireless Communication Devices and Equipment Manufacturing Business
- II. F113070 Telecommunication Equipment Wholesale Business
- III. F213060 Telecommunication Equipment Retail Business
- IV. CC01080 Electronic Components Manufacturing
- V, F119010 Electronic Components and Materials Wholesale Business
- VI. F219010 Electronic Components and Materials Retail Business
- VII, F401010 International Trade Business
- VIII. F601010 Intellectual property.
- IX. JE01010 Leasing business
- X. ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

Article II-1: When necessary for its operation, the Company may provide endorsement, guarantee, or re-investment. The total amount of the Company's re-investment shall not be subject to the restriction of not more than forty percent (40%) of the Company's paid-up capital as provided in Article XIII of Company Act.

Article III: The Company shall have its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to setup representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Board of Directors deems it necessary or advisable to carry out any or all of its activities, including dissolution of branch offices.

Article IV: Public announcements of the Company shall be made in accordance with the provisions of Article 28 of Company Act.

Chapter Two Shares

Article V: The registered capital of the Company shall be NT\$4,000,000,000, divided into 400,000,000 common shares with a par value of NT\$10 per share, and the Board of Directors are authorized to issue by increments.

A total of 100,000,000 shares shall be set aside from the aforementioned common shares for the use as employee Stock Warrants, divided into 10,000,000 shares, and the Board of Directors are authorized to issue by increments.

If the issued subscription price of the Company is lower than the subscription warrant of employees of the closing price of common stock of Japanese

companies, they can only be issued after obtaining the consent from more than two thirds of voting power of attending shares at shareholders' meeting to be attended by more than half shareholders representing the total number of issued shares.

Article VI: The shares of the Company are registered shares. The share certificates shall be assigned with serial numbers and affixed with the signature or stamp of the director representing the Company. The share certificates shall be duly certified or authenticated by the bank which is competent to certify shares in accordance with the law before they are issued.

The Company may issue registered shares without certificates, and such shares shall be registered with a central securities depository.

Article VII: The Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority.

Article VIII: No registration of transfer of shares shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter Three Shareholders Meetings

Article IX: Shareholders meetings shall be of two types: General meetings and Extraordinary meetings. General meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary.

Article X: Except as provided in the Company Act of the Republic of China, shareholders meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Article X-1: The Company shall withdraw public issuance after the proposal is adopted at the shareholders meeting.

Article XI: Unless otherwise specified by the law, each shareholder of the Company shall be entitled to one vote for each share held.

Article 11-1: A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article XII: The Chairman of the Board of Directors shall preside the shareholders meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no designation by the Chairman, the Directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors. If there are two or more persons having the convening right, the chairperson of the meeting shall be elected from

among themselves.

Article XII-1: Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting in accordance with Article 183 of Company Act.

Chapter Four the Board of Directors and Audit Committee

Article XIII: The Company shall have nine to eleven directors to be elected at the shareholders meeting by the shareholders from any person with legal capacity. The term of office for directors shall be three years. All of the directors are eligible for re-election.

A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors.

The Company shall have, among the aforementioned directors, at least three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors.

Article XIII-1: The Board of Directors is authorized to determine the salary for the Directors (including independent directors), taking into account the extent and value of the services provided for the Remuneration Committee and the standards of the industry within the R.O.C. and overseas.

The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy.

The company shall establish an Audit Committee in accordance with Article 14, paragraph 4 of the Securities and Exchange Act. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the rules and regulations of the TWSE or TPEX.

Article XIII-2: The election of directors (including independent directors) and supervisors at the Company is subject to the provisions of Company Act in that a candidate nomination system for directors and supervisors shall be adopted. Shareholders shall elect directors and supervisors from among the those listed in the slate of independent director candidates. Such system and related announcement shall comply with the regulations stated in the Company Act, Securities and Exchange Act.

Article XIV: The Board of Directors shall elect a Chairman of the Board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice Chairman of the Board in accordance with the provisions of the Articles of Incorporation. The Chairman of the Board of Directors shall internally preside the shareholders meeting, the meeting of the Board of Directors, and the meeting of the managing directors; and shall externally represent the Company.

Article XIV-1: Unless otherwise specified in the Company Act, board meetings shall be convened and chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act in place of the chairperson, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair. In case a director appoints another director to attend a meeting of the Board of

Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

Article XIV-2: A notice of the reasons, time and place for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. Meeting notices can be faxed or emailed instead of written notices.

Article XV: The Board of Directors shall set up functional committees for auditing, remuneration, nomination, risk management or any other functions. Functional committees shall adopt an organizational charter to be approved by the Board of Directors.

Chapter Five Management of Corporation

Article XVI: The company has a general manager who shall be nominated by the Chairman of the Board, and several deputy general managers shall be nominated by the general manager and appointed after approval by more than half of all directors. The appointment, discharge, and remuneration shall comply with Article 29 of the Company Act.

Chapter Six Accounting

Article XVII: The Company adopts a fiscal year from to on a full-year basis from January 1st to December 31st.

Article XVIII: At the end of each fiscal year, the board of directors prepares the following lists and submits them to the Audit Committee for review, and reports to the general shareholders' meeting for acceptance.

1. Business report;
2. Financial statements;
3. Proposals of profit allotment or loss coverage.

Article XIX: Before paying dividends or bonuses to shareholders, the Company shall set aside not less than 5% of its annual profits as compensation to its directors, and not more than 2% as profit sharing bonuses to its employees; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses. Then, the Company pay to the employee and directors based on the aforementioned proportions.

The distribution can be made in the form of cash or stocks for employees, but only in the form of cash for the directors and supervisors.

Proposals of distributions to employees, directors and supervisors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.

Article XIX-1: When allocating the earnings for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then makes any reversal of the balance of other deductions from shareholders' equity, or set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any remaining earnings shall be added to the accumulated retained

earnings and current period' s adjustments. The Board of Directors shall prepare the proposal of earning distribution statement and submit it to the shareholders meeting for its ratification and resolution. We intend to distribute dividends no less than 60% of the distributable earnings in current year and composed of no less than 30% of cash dividends, after considering various factors including future development plans, capital market status, funding needs, earning prospects, industry competition and shareholders' benefits.

Chapter Seven Supplementary Articles

Article XX: Any other matters not set forth in the Articles of Incorporation shall be dealt with in accordance with the Company Act.

Article 21: This Corporate Charter was established on July 2, 1974.

The first amendment on December 8, 1976.

The second amendment on April 19, 1977.

The third amendment on April 15, 1978.

The fourth amendment on May 6, 1983.

The fifth amendment on July 18, 1984.

The sixth amendment on February 27, 1985.

The seventh amendment on December 27, 1985.

The eighth amendment on April 7, 1986.

The ninth amendment on August 7, 1986.

The tenth amendment on September 15, 1988.

The eleventh amendment on June 3, 1989.

The twelfth amendment on December 6, 1989.

The thirteenth amendment on September 26, 1990.

The fourteenth amendment on January 3, 1991.

The fifteenth amendment on December 5, 1991.

The sixteenth amendment on June 10, 1992.

The seventeenth amendment on May 10, 1994.

The eighteenth amendment on June 30, 1995.

The nineteenth amendment on May 21, 1996.

Twentieth amendment on July 14, 1997.

The twenty-first amendment on October 6, 1997.

The twenty-second amendment on June 24, 1999.

The twenty-third amendment on June 3, 2000.

The twenty-fourth amendment on June 26, 2001.

The twenty-fifth amendment on June 7, 2002.

The twenty-sixth amendment on June 26, 2005.

The twenty-seventh amendment on June 26, 2006.

Twenty-eighth amendment on December 21, 2006.

The twenty-ninth amendment on May 15, 2007.

The thirty amendment on May 15, 2007.

The thirty-first amendment on June May 19, 2008.

The thirty second amendment on June 26, 2009.

The thirty-third amendment on April 28, 2010.

The thirty-fourth amendment on June 19, 2012.

The thirty-fifth amendment on June 19, 2013.

Thirty-sixth amendment on June 18, 2015.

The thirty-seventh amendment on June 16, 2016.
The thirty-eighth amendment on June 16, 2017.
The thirty-ninth amendment on June 15, 2018.
The fortieth amendment on June 21, 2019.
The forty-first amendment on February 14, 2020.
The forty-second amendment on June 5, 2020.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Tie-Min Chen, Chairman of the Board

Attachment X

TONG HSING ELECTRONIC INDUSTRIES, LTD. Rules and Procedures of the Shareholders' Meeting

- I. Unless otherwise required by the law, the shareholders' meeting of the Company shall be conducted in accordance with the Rules.
- II. The shareholders' meeting shall set up a signature book for the attending shareholders to sign in, or the attending shareholders shall hand in a sign-in card to sign in on their behalf. The calculation of the number of shares present shall be based on the attendance register or sign-in cards.
- III. Voting on the proposals of shareholders' meeting may be based on the appropriateness of the proposals, by voting or by show of hands, and the calculation is based on shares.
- IV. The shareholders' meeting shall be held at the location of the company or at a place convenient for shareholders to attend and suitable for the holding of the shareholders' meeting. The meeting shall commence at a time no earlier than 9: 00 a.m. and no later than 3: 00 p.m.
- V. If shareholders' meeting is convened by the board of directors, the chairman shall serve as chair; if there is no vice chairman or the vice chairman is also on leave or for any reason unable to exercise the powers of vice chairman, the chairman shall appoint one of the managing directors to act, or, if there are no directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairman, the directors shall select one person from among themselves to serve as chair. In the absence of such a designation, the directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors. If there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.
- VI. Lawyers, accountants, or related personnel appointed by the company may attend the shareholders' meeting.
Staff at the shareholders' meetings shall wear ID badges or arm badges.
- VII. The whole process of shareholders' meeting should be recorded or recorded and kept for one year.
- VIII. The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. If the amount is still insufficient after the second delay and there are shareholders representing more than one-third of the total issued shares, the resolution may be false in accordance with Article 175, Paragraph 1 of the Company Act. Before the end of the meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairperson may make a false resolution and submit it to the meeting for voting in accordance with Article 174 of the Company Act.
- IX. The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The aforementioned provisions shall apply if the shareholders' meeting is convened by someone other than the board of directors who has the right to convene.

The chairperson shall not announce adjournment of the meeting until the agenda in the two preceding paragraphs is completed (including Extemporaneous Motions) unless duly resolved in the meeting.

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such meeting at the same location or seek an alternative venue.

- IX. Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairperson to determine the speaking order.
An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.
When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.
- XI. Unless otherwise permitted by the chairperson, a shareholder may only speak, up to two times, on a single proposal, each time no more than five minutes in length. The chairperson may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.
- XII. When a legal person is entrusted to attend the shareholders' meeting, such legal person may only appoint one representative to attend.
In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.
- XIII. After attending the shareholders' speeches, the chairperson shall personally respond or designate relevant personnel to respond.
- XIV. If the chairperson believes that the discussion for a proposal has reached a level where a vote may be called, the chairperson may make an announcement to end such discussion and call for a vote.
- XV. If a proposal is voted by ballot, the scrutineers and vote-counters for the voting shall be appointed by the chairperson, but the scrutineers shall be shareholders, and the results of the voting shall be reported and recorded.
- XVI. During the process of the meeting, the chairperson may announce a recess at an appropriate time.
- XVII. Except as otherwise provided under the Company Act and the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders present.
At the time of voting, if the person who has no objection after consultation by the chairperson is deemed to be passed, the effect is the same as that of a vote or a show of hands.
- XVIII. In the event that there is an amendment to or a replacement for the original proposal, the chairperson shall decide on the order in which such proposal will be voted along with

the original proposal, provided that if one of such proposal has been approved, the other proposals will be deemed to be vetoed and no further action will be necessary.

XIX. The chairperson may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear arm badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

XX. The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

Attachment XI

TONG HSING ELECTRONIC INDUSTRIES, LTD. Shareholding of Directors

- I. The Company's registered capital amount is NT\$1,787,082,820, with a total of 178,708,282 shares.
- II. The rules are implemented pursuant to Article 26 of the Securities and Exchange Act and the number of shares of the directors and supervisors of the Company.
- (1) The total number of shares held by all non-independent directors of the Company shall not be less than 10,722,496 shares of the Company's issued shares.
- (2) The company has set up an Audit Committee in accordance with the law, so there is no application of the number of shares that should be held by the supervisor.
- III. The number of shares held by the directors of the Company as of the current general meeting of shareholders at the closing date of the transfer of shareholders is as follows:

Titles	Name	Shares held on the ex-dividend date	Ownership (%)	Remark
Chairman	Tie-Min Chen	8,170,134	4.57%	
Directors	TONG HSING FOOD IND. CORP. Representative: Hsi-Hu Lai	38,531	0.02%	
Directors	Kaimei Electronic Corporation Representative: Shu-Hui Chen	9,321,414	5.22%	
Directors	Multifield Investment Inc. Representative: Shao-Pin Ru	80,084	0.04%	
Directors	Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	7,555	0.00%	
Directors	Mu Yeh Wen Investment Corp. Representative: Pen-Chi Chen	3,777,579	2.11%	
Independent Director	Tun-Son Lin	0	0.00%	
Independent Director	Shih-Chien Yang	0	0.00%	
Independent Director	Chin-Tsai Chen	0	0.00%	
Number of shares held by all directors		21,395,297	11.96%	

Attachment XII

Explanatory Notes for Adoption of Proposals from Shareholders:

- Explanatory Notes: (I) According to Article 172-1 of the Company Act, a shareholder who holds 1% or more of the total issued and outstanding shares may submit one proposal in writing to the Company to be discussed at the general shareholders meeting;
- (II) Proposals are limited to one item and three hundred characters (including text and punctuation). Any proposal with more than one item or three hundred characters will not be included in the proposal. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- (III) Shareholder proposals must be submitted during the period from March 30, 2021 to April 8, 2021. As required by law, the Company has published the information regarding shareholder proposals on the MOPS website.
- (IV) The Company has not received any shareholder proposals during the period of acceptance of the shareholders' proposals.