

**Stock Code : 6271**

**Tong Hsing Electronic Ind., Ltd.**

**Handbook for the 2024  
Annual Meeting of Shareholders**  
(Translation)

Date : May 30, 2024

Location : No. 398, Taoying Rd, Taoyuan District, Taoyuan City, Taiwan

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**TONG HSING ELECTRONIC INDUSTRIES, LTD.**  
**Meeting Procedure of 2024 Annual Shareholders' Meeting**

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Report Items
- IV. Ratification
- V. Discussions
- VI. Extraordinary Motions
- VII. Adjournment

# **TONG HSING ELECTRONIC INDUSTRIES, LTD.**

## **Agenda of 2024 Annual Shareholders' Meeting**

**Time:** 9:00 a.m. on Thursday, May 30, 2024

**Venue:** Chuto Plaza Hotel (No. 398, Taoying Rd, Taoyuan District, Taoyuan City, Taiwan)

**Meeting method:** Physical Shareholders' Meeting

### **I. Call the Meeting to Order**

### **II. Chairperson's Remarks**

### **III. Report Items:**

- (I) 2023 Business Report.
- (II) Audit Committee's Review Report for 2023.
- (III) 2023 Employees' Compensation and Directors' Remuneration Distribution.
- (IV) 2023 Earnings Distribution of Cash Dividends.

### **IV. Ratification:**

- (I) Adoption of 2023 Business Report and Financial Statements.
- (II) Adoption of the 2023 Earnings Distribution.

### **V. Discussions:**

- (I) Amendments to the Company's Articles of Incorporation.

### **VI. Extraordinary Motions**

### **VII. Adjournment**

# Report Items

## Item 1:

Subject: 2023 Business Report.

Explanatory Notes: Please refer to Attachment I (Page 9 to 11).

## Item 2:

Subject: Audit Committee's Review Report for 2023.

Explanatory Notes: Please refer to Attachment II (Page 12).

## Item 3:

Subject: 2023 Employees' Compensation and Directors' Remuneration Distribution.

Explanatory Notes:

- I. According to Article 19 of the Company's Articles of Incorporation, if the Company has gained profits within a fiscal year (profit means profit before tax, less employee compensation and director remuneration), the Company shall set aside not less than 3% of its annual profit as employee compensation and not more than 3% as director remuneration. However, if there are accumulated losses, the Company shall retain a sufficient amount to offset its accumulated losses in advance.
- II. In accordance with the Company's Articles of Incorporation and the recommendation of the 4th meeting of the 5th term Remuneration Committee on February 29, 2024, it is proposed to distribute employees' compensation in the amount of NT\$84,000 thousand and directors' remuneration in the amount of NT\$45,300 thousand. Both are paid in cash.

**Item 4:**

Subject: 2023 Earnings Distribution of Cash Dividends.

Explanatory Notes:

- I. The Company intends to distribute cash dividends by allocating NT\$501,739,258 from the distributable earnings of the year 2023, with a dividend of NT\$2.4 per share. Please refer to Attachment IV(Page 29) for the earnings distribution table for the year 2023.
- II. The amount of this cash dividend distribution 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 accrued to other income of the Company.
- III. The proposal of the cash dividend distribution was approved by the board of directors, the Chairperson would be authorized to set the record date of ex-dividend, distribution date and other relevant matters. If the number of shares outstanding of the date of ex-dividend affected by shares was bought back by the Company, or a transfer, conversion, cancellation were adopted for aforementioned shares, or an exercise of employee stock options, or a cancellation of new restricted employee shares, or an amendment to relevant laws or regulations, or requests from competent authorities, or amendments made in response to other objective circumstances, that the proposed ratio of dividend distribution is changed and needed to be adjusted, it is proposed that the Chairperson be authorized to handle all matters in accordance with the applicable laws and regulations.

# Ratification

## **Item 1: Adoption of 2023 Business Report and Financial Statements. (Proposed by the Board of Directors)**

### Explanatory Notes:

- I. The 2023 Financial Statements (including individual and consolidated statements) have been audited and attested by KPMG Taiwan and have been reviewed by the Audit Committee of the Company, together with the Business Report.
- II. Please refer to Attachment III (Page 13 to 28) for the aforementioned balance sheets, statements of comprehensive income, statements of changes in equity, statement of cash flows, and the auditors' review report.
- III. Please refer to Attachment I (Page 9 to 11) for the Business Report.
- IV. Please proceed to accept.

### Resolution:

**Item 2: Adoption of the 2023 Earnings Distribution. (Proposed by the Board of Directors)**

Explanatory Notes:

- I. In 2023, the Company achieved a net profit after tax of NT\$1,150,512,742. After accounting for actuarial gains and losses of NT\$18,500,115, we have set aside 10% as a legal reserve, totaling NT\$116,901,286. Additionally, the Company plans to allocate NT\$501,739,258 from the distributable earnings of 2023 for cash dividends, with a dividend of NT\$2.4 per share.
- II. The amount of this cash dividend distribution 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 accrued to other income of the Company.
- III. The dividend distribution ratio is calculated based on the Company's current outstanding shares of 209,058,024. If the number of shares outstanding of the date of ex-dividend affected by shares was bought back by the Company, or a transfer, conversion, cancellation were adopted for aforementioned shares, or an exercise of employee stock options, or a cancellation of new restricted employee shares, or an amendment to relevant laws or regulations, or requests from competent authorities, or amendments made in response to other objective circumstances, that the proposed ratio of dividend distribution is changed and needed to be adjusted, the shareholders' meeting shall authorize the Chairperson with full discretion to handle all matters in accordance with the applicable laws and regulations.
- IV. It is hereby proposed that the Chairperson to be authorized at the meeting of shareholders to set the record date of ex-dividend, distribution date and other relevant matters.
- V. Please refer to Attachment IV (Page 29) for the 2023 Earning Distribution Table.
- VI. Please proceed to accept.

Resolution:



## **Discussions**

### **Item 1: Amendments to the Company's Articles of Incorporation. (Proposed by the Board of Directors)**

#### Explanatory Notes:

- I. To meet the operational needs of the Company, it is hereby proposed to amend some provisions of the Company's Articles of Incorporation.
- II. Please refer to Attachment V (Page 30) for the comparison table of the Company's Articles of Incorporation before and after.
- III. Please proceed to discuss.

#### Resolution:

## **Extraordinary Motions**

## **Adjournment**

## Attachment I

# TONG HSING ELECTRONIC INDUSTRIES, LTD.

## 2023 Business Report

### I. 2023 Business Report:

#### (I) Operating Policies

1. Continuously improve the quality of the products and services to enhance customer satisfaction.
2. Improve manufacturing processes, yield rate and phase in automation to lower production costs.
3. Strengthen the division of labor between the plants in Taiwan and the Philippines to improve production flexibility and cost competitiveness.
4. Continuously invest in innovation and R&D to develop new materials, equipment and process technology applications to provide differentiated products and services.
5. Integrate process technologies of substrates fabrication, packaging and testing to provide customers with complete turnkey solutions.
6. Integrate process technologies of substrates manufacturing, packaging and testing to provide customers with a complete service in a one-time purchase.

#### (II) Implementation Overview and Operation Plan Implementation Results, Profitability Analysis:

1. Comparison of the Consolidated Statements of Comprehensive Income for 2023 and 2022

Unit: NT\$ thousands

Unit: INR thousands

Item	Audited Financial Statement				Differences	
	2023		2022			
	Amount	%	Amount	%	Amount	%
Net Operating Income	11,584,909	100	14,071,591	100	(2,486,682)	-18
Realized Gross Operating Profit	2,787,536	24	5,005,335	36	(2,217,799)	-44
Operating Expenses	1,369,289	12	1,339,704	10	29,585	2
Net Operating Income	1,418,247	12	3,665,631	26	(2,247,384)	-61
Non-operating Income and Expense	(23,195)	-	223,613	1	(246,808)	-110
Net Profit Before Tax	1,395,052	12	3,889,244	27	(2,494,192)	-64
Net Profit After Tax	1,150,513	10	3,140,942	22	(1,990,429)	-63

#### 2. Operating Performance Analysis

##### (1) Consolidated Net Operating Income:

The consolidated net operating revenue in 2023 reached NT\$11,584,909 thousand, a 18% decrease of NT\$2,486,682 thousand compared to the consolidated net operating revenue of NT\$14,071,591 thousand in 2022.

(2) Profitability:

The consolidated net income in 2023 was NT\$1,150,513 thousand, a 63% decrease of NT\$1,990,429 thousand compared to the consolidated net income of NT\$3,140,942 thousand in 2022. Earnings per share were NT\$5.5.

(3) Budget implementation:

The Company has not made any financial projections for 2023 and therefore does not need to disclose its budgetary performance.

(4) Research and Development:

With the efforts of our R&D team, the Company has achieved good results in the development of image sensor packaging technology for automotive applications, high frequency communication modules, as well as high power semiconductor packaging and ceramic circuit boards in 2023, which contributes to the Company's revenue and profit growth.

## II. 2024 Business Plan

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

The Company is engaged in the manufacture and sale of high frequency wireless communications, hybrid integrated circuit module assembly, image sensor packaging and testing services, and ceramic circuit boards.

The main growth factors in 2024 shall come from:

1. The trend of demand for self-driving functions in automobiles is bouncing back after the economic condition has improved in the short run.
2. Demand for high-power LEDs and high-power semiconductors, driven by trends in clean energy and electric vehicles, will also continue to boost the breakthrough growth of ceramic circuit boards and module assembly services.
3. Based on 5G technology, new network applications will be developed, and the concept of innovative business models will be extended. Also, the development of the wireless communication industry and image sensor applications will be accelerated as well.
4. As rocket launch and satellite transmission technologies become more mature, the low-orbit satellite communication industry will continue to grow.

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

In response to the demands and significance of ESG from regulatory authorities and customers, the Company is committed to implementing corporate governance and pursuing sustainable development. We will also prioritize society, the environment, and stakeholders to mitigate the impact of internal and external environmental pressures on our operations. This commitment is in line with the formal implementation of the "Climate Change Response Act" and the upcoming carbon tax trial, as well as the ongoing escalation of global energy and raw material costs due to inflation and the persistent rise in labor costs.

### (III) Future Development Strategy

1. Establishment of Medium-to-Long-Term Business Strategies:

We focus on the growth industries of communications, automotive, energy, and biomedical to develop high value-added products.

2. Strengthen the division of labor between the plants in Taiwan and the Philippines:

With the opening of the Bade Plant and optimizing the capacity allocation of the plants in New Taipei City, Taoyuan City, and Chupei City to improve production scale and efficiency, we will continue to increase the number of products produced in the Philippines and strengthen the division of labor to improve the flexibility and efficiency of serving customers.

3. Developing Long-Term Partnerships:

We are committed to developing strategic customers across the globe and building long-term partnerships with suppliers to explore new growth opportunities through collaboration.

4. Organizational Management and Intergroup Cooperation:

We strengthen the cooperation between production and sales of each business unit, share resources and integrate information systems among the group, in order to continuously improve quality and production processes, enhance cost competitiveness, improve operational efficiency and build a responsible corporate culture.

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

Tie-Min Chen, Chairperson of the Board

Chia-Shuai Chang, CEO

Chia-Li Huang, Chief Accounting Officer

**Attachment II**

**TONG HSING ELECTRONIC INDUSTRIES, LTD.**

**Audit Committee's Review Report**

Hereby

The Board of Directors has prepared and submitted the 2023 financial statements (including individual and consolidated statements) of the Company, which have been audited and certified as complete by CPAs Szu-Chuan Chien and Yi-Wen Wang from KPMG Taiwan. We have audited the aforesaid financial statements, business report and earnings distribution and found that there are no discrepancies. We hereby respectfully prepare and present this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

To:

2024 Annual Shareholders' Meeting

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Convener of the Audit Committee: Chin-Tsai Chen

Date: February 29, 2024

## **Attachment III**

### **Independent Auditors' Report**

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

#### **Opinion**

We have audited the financial statements of Tong Hsing Electronic Industries, Ltd.(“ the Company” ), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **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 auditors' report as follows:

## **1. Valuation of inventories**

Please refer to Note (4)(g) " Inventories" of the parent company only financial statements for accounting policies; Notes (5)(a) " Valuation of inventories" for accounting assumptions and estimation uncertainty of inventories valuation. Information regarding inventories and related expenses are shown in Note (6)(f) of the parent company only financial statements.

Description of key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventories of the Company is expected. Therefore, the inventories valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included assessing the reasonableness of the Company's policies for allowance for inventories valuation and obsolescence losses as well as considering the impact of economic uncertainty, and whether they are in accordance with the related standards. In addition, our audit procedures included inspecting the inventory aging report; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to assess the reasonableness of the management' s estimates on the net realizable value for inventories.

## **2. Impairment evaluation of intangible assets**

Please refer to Note (4)(l) " intangible assets" and Note (4)(m) " Impairment of non-financial assets" of the parent company only financial statements for the accounting policies related to the impairment of intangible assets; Note (5)(b) for the accounting estimations and assumptions uncertainty for goodwill impairment; Note (6)(j) " intangible assets " for details related to impairment of intangible assets.

Description of key audit matter:

The Company fully acquired KINGPAK Technology Inc. by stock exchange on June 19, 2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evaluation of intangible assets is one of the most important evaluations in performing our audit procedures of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management' s method of measuring the recoverable amount, and the accuracy of management' s past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Assess the appropriateness and correctness of the variables from the external professional' s appraisal pertaining to the testing of the impairment of the cash-generating unit.



## **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 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 the Company' 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 the Company or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company' 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 auditor' s 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the Company' 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 the Company' 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 the Company 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 parent company only 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 parent company only 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 parent company only 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 Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)  
February 29, 2024

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	<b>Current assets:</b>								
1100	Cash and cash equivalents (note (6)(a))	\$ 3,665,739	11	6,444,671	19	2120			
1110	Current financial assets at fair value through profit or loss (note (6)(b))	391,321	2	232,584	1	2130			
1170	Accounts receivable, net (note (6)(e))	2,074,577	6	2,157,262	6	2170			
1200	Other receivables (note (7))	83,198	-	114,405	-	2180			
1310	Inventories (note (6)(f))	1,273,122	4	1,503,015	5	2200			
1410	Prepayments	82,603	-	99,058	-	2230			
1470	Other current assets (note (6)(u))	125,823	-	78,409	-	2250			
		<u>7,696,383</u>	<u>23</u>	<u>10,629,404</u>	<u>31</u>	<u>2280</u>			
						<u>2300</u>			
	<b>Non-current assets:</b>								
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	686,256	2	1,010,391	3				
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	320,815	1	321,398	1	2540			
1535	Non-current financial assets at amortized cost (note (6)(d))	2,843,331	8	1,409,013	4	2570			
1550	Investments accounted for using equity method (note (6)(g))	1,968,369	6	1,937,233	6	2580			
1600	Property, plant and equipment (notes (6)(h), (7) and (8))	11,245,337	34	10,085,494	29	2600			
1755	Right-of-use assets (note (6)(i))	146,165	-	115,221	-	2640			
1760	Investment property, net	28,648	-	-	-				
1780	Intangible assets (note (6)(j))	8,275,657	25	8,445,717	25				
1840	Deferred tax assets (note (6)(q))	299,007	1	244,941	1				
1900	Other non-current assets	37,896	-	21,345	-				
1980	Other non-current financial assets (note (8))	<u>5,405</u>	<u>-</u>	<u>5,405</u>	<u>-</u>				
		<u>25,856,886</u>	<u>77</u>	<u>23,596,158</u>	<u>69</u>				
	<b>Liabilities and Equity</b>								
	<b>Current liabilities:</b>								
	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$ 789	-						
	Current contract liabilities (note (6)(u))	187,230	1						
	Notes and accounts payable	563,290	2						
	Accounts payable to related parties (note (7))	105,308	-						
	Other payables (notes (6)(m) and (7))	1,991,334	5						
	Current tax liabilities	221,058	1						
	Current provisions (note (6)(n))	275,502	1						
	Current lease liabilities (note (6)(o))	26,614	-						
	Other current liabilities	39,995	-						
		<u>3,411,120</u>	<u>10</u>	<u>4,006,589</u>	<u>12</u>				
	<b>Non-Current liabilities:</b>								
	Long-term borrowings (note (6)(l))	5,227,817	16						
	Deferred tax liabilities (note (6)(q))	168,703	1						
	Non-current lease liabilities (note (6)(o))	121,537	-						
	Other non-current liabilities (note (6)(l))	149,722	-						
	Non-current net defined benefit liability (note (6)(p))	32,915	-						
		<u>5,700,694</u>	<u>17</u>	<u>5,694,975</u>	<u>16</u>				
		<u>9,111,814</u>	<u>27</u>	<u>9,701,564</u>	<u>28</u>				
	<b>Total liabilities</b>								
	<b>Equity: (note (6)(r))</b>								
	Ordinary shares	2,090,581	6	1,608,139	5				
	Capital surplus	15,115,876	45	15,115,876	44				
	Legal reserve	2,150,081	6	1,829,345	5				
	Special reserve	169,408	1	169,408	-				
	Unappropriated earnings	4,936,725	15	5,820,426	18				
	Other equity	(21,216)	-	(19,196)	-				
		<u>24,441,455</u>	<u>73</u>	<u>24,523,998</u>	<u>72</u>				
	<b>Total equity</b>								
	<b>Total liabilities and equity</b>	<u>\$ 33,553,269</u>	<u>100</u>	<u>\$ 34,225,562</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, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Sales revenue</b>	\$ 11,776,971	102	12,149,026	101
4170	Less: sales returns and allowances	192,062	2	118,127	1
4100	<b>Net sales revenue (notes (6)(u) and (7))</b>	11,584,909	100	12,030,899	100
5110	<b>Cost of sales (notes (6)(f), (6)(j), (6)(p), (7) and (12))</b>	8,872,764	77	8,107,044	67
5900	<b>Gross profit</b>	2,712,145	23	3,923,855	33
6000	<b>Operating expenses: (notes (6)(j), (6)(p), (7) and (12))</b>				
6100	Selling expenses	238,094	2	259,050	2
6200	Administrative expenses	670,331	6	650,642	6
6300	Research and development expenses	402,816	3	273,324	2
6450	Expected credit reversal gains	(33)	-	(88,733)	(1)
		1,311,208	11	1,094,283	9
6900	<b>Net operating income</b>	1,400,937	12	2,829,572	24
	<b>Non-operating income and expenses:</b>				
7100	Interest income	192,505	2	55,944	-
7190	Other income (notes (6)(l), (7) and (10))	234,184	2	33,502	-
7230	Foreign exchange gains (losses), net (note (6)(x))	7,781	-	327,807	3
7235	Gains (losses) on current financial assets (liabilities) at fair value through profit or loss, net (note (6)(b))	(54,355)	-	28,067	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	39,925	-	845,660	7
7510	Finance cost—interest expense	(102,880)	(1)	(21,484)	-
7590	Miscellaneous disbursements (notes (6)(h) and (6)(v))	(336,125)	(3)	(345,375)	(3)
		(18,965)	-	924,121	7
7900	<b>Profit before tax</b>	1,381,972	12	3,753,693	31
7950	<b>Less: income tax expenses (note (6)(q))</b>	231,459	2	612,751	5
	<b>Profit</b>	1,150,513	10	3,140,942	26
	<b>Other comprehensive income: (notes (6)(p) and (6)(q))</b>				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans	30,427	-	59,358	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(583)	-	(29,165)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(7,302)	-	18,938	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,625)	-	(11,872)	-
		17,917	-	37,259	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,487)	-	176,572	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	50	-	(30,895)	-
		(1,437)	-	145,677	2
	<b>Other comprehensive income, net</b>	16,480	-	182,936	2
8500	<b>Comprehensive income</b>	<b>\$ 1,166,993</b>	<b>10</b>	<b>3,323,878</b>	<b>28</b>
	<b>Earnings per share (note (6)(t))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 5.50</b>		<b>14.09</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 5.48</b>		<b>13.93</b>	

(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, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Retained earnings				Total	Exchange differences on translation of foreign financial statements	Other equity		
		Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			Unrealized gains (losses) from financial assets measured at fair value through	Unearned employee compensation	Total equity
<b>Balance on January 1, 2022</b>	\$ 1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	22,982,941
Net income for the year ended December 31, 2022	-	-	-	-	3,140,942	3,140,942	-	-	-	3,140,942
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	3,323,878
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	276,993	-	(276,993)	-	-	-	-	-
Special reserve appropriated	-	-	-	28,267	(28,267)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	(1,608,214)
Capital reduction	(178,690)	-	-	-	-	-	-	-	-	(178,690)
Share-based payments	(150)	(2,544)	-	-	-	-	-	-	6,777	4,083
<b>Balance on December 31, 2022</b>	1,608,139	15,115,876	1,829,345	169,408	5,820,426	7,819,179	9,386	(28,582)	-	24,523,998
Net income for the year ended December 31, 2023	-	-	-	-	1,150,513	1,150,513	-	-	-	1,150,513
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	18,500	18,500	(1,437)	(583)	-	16,480
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	1,166,993
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	320,736	-	(320,736)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,249,536)	(1,249,536)	-	-	-	(1,249,536)
Stock dividends of ordinary share	482,442	-	-	-	(482,442)	(482,442)	-	-	-	-
<b>Balance on December 31, 2023</b>	\$ 2,090,581	15,115,876	2,150,081	169,408	4,936,725	7,256,214	7,949	(29,165)	-	24,441,455

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

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,381,972	3,753,693
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,113,034	1,049,881
Amortization expenses	130,505	72,152
Expected credit reversal gains	(33)	(88,733)
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	54,355	(28,067)
Interest expense	102,880	21,484
Interest income	(192,505)	(55,944)
Dividend income	(10,499)	(13,528)
Compensation cost of share-based payment transaction	-	2,583
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(39,925)	(845,660)
(Gains) losses on disposal of property, plant and equipment	(891)	15,250
Impairment loss on non-financial assets	336,113	125,602
Loss due to disasters	-	204,090
Others	389	(79,628)
Total adjustments to reconcile profit (loss)	1,493,423	379,482
Changes in operating assets and liabilities:		
(Increase) decrease in current financial assets and liabilities at fair value through profit or loss	(172,334)	23,861
(Increase) decrease in contract assets	(38,342)	7,885
Decrease in accounts receivable	82,718	305,164
(Increase) decrease in other receivables	52,012	(45,926)
Decrease in inventories	229,893	119,084
(Increase) decrease in prepayments	16,455	(53,487)
(Increase) decrease in other current assets	(9,072)	2,713
Increase (decrease) in current contract liabilities	128,869	(9,728)
Decrease in notes and accounts payable	(145,997)	(210,186)
Decrease in other payables	(261,790)	(99,420)
Increase in provisions and other current liabilities	41,376	62,283
Decrease in net deferred benefit liabilities	(8,540)	(7,121)
	(84,752)	95,122
Cash inflow generated from operations	2,790,643	4,228,297
Interest received	134,193	39,591
Dividends received	10,499	13,528
Interest paid	(79,206)	(14,787)
Income taxes paid	(631,430)	(695,340)
<b>Net cash flows from operating activities</b>	2,224,699	3,571,289
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of non-current financial assets at fair value through profit or loss	(88,242)	(902,982)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	370,743	374,578
Acquisition of non-current financial assets at amortized cost	(1,636,124)	(698,424)
Proceeds from disposal of financial assets at amortised cost	229,480	-
Acquisition of property, plant and equipment	(2,614,283)	(3,043,692)
Proceeds from disposal of property, plant and equipment	37,872	196,132
(Increase) decrease in guarantee deposits paid	9,353	(11,288)
Acquisition of intangible assets	(38,284)	(66,874)
Decrease in other financial assets	-	5,300
Net cash inflows from business combination	-	1,417,156
<b>Net cash flows used in investing activities</b>	(3,729,485)	(2,730,094)
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	-	5,297,000
Increase (decrease) in guarantee deposits received	156	(1,598)
Payment of lease liabilities	(24,766)	(19,880)
Cash dividends paid	(1,249,536)	(1,608,214)
Capital reduction by cash	-	(178,690)
<b>Net cash flows from (used in) financing activities</b>	(1,274,146)	3,488,618
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,778,932)	4,329,813
<b>Cash and cash equivalents at beginning of period</b>	6,444,671	2,114,858
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,665,739</b>	<b>6,444,671</b>

## **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 (" the Group" ) which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **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 auditors' report as follows:

#### **1. Valuation of inventories**

Please refer to Note (4)(h) " Inventories" of the consolidated financial statements for accounting policies; Notes(5)(a) " Valuation of inventories" for accounting assumptions and estimation uncertainty of inventories valuation. Information regarding inventories and related expenses are shown in Note (6)(f) of the consolidated financial statements.

Description of key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventories of the Group is expected. Therefore, the inventories valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included assessing the reasonableness of the Group's policies for allowance for inventories valuation and obsolescence losses as well as considering the impact of economic uncertainty, and whether they are in accordance with the related standards. In addition, our audit procedures included inspecting the inventory aging report; analyzing the aging of inventory of each period; as well as testing the interval classification of the inventory aging report and the relevant value of the calculation table of the lower of the cost, and the net realizable value, to assess the reasonableness of the management's estimates on the net realizable value for inventories.

## **2. Impairment evaluation of intangible assets**

Please refer to Note (4)(l) " intangible assets" and Note (4)(m) " Impairment of non-financial assets" of the consolidated financial statements for the accounting policies related to the impairment of intangible assets; Note (5)(b) for the accounting estimations and assumptions uncertainty for goodwill impairment; Note (6)(i) " intangible assets" for details related to impairment of intangible assets.

Description of key audit matter:

The Group fully acquired KINGPAK Technology Inc. by stock exchange on June 19, 2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evaluation of intangible assets is one of the most important evaluations in performing our audit procedures of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management's method of measuring the recoverable amount, and the accuracy of management's past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Assess the appropriateness and correctness of the variables from the external professional's appraisal pertaining to the testing of the impairment of the cash-generating unit.



## **Other Matter**

Tong Hsing Electronic Industries, Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

## **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 and issued into effect 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, management is responsible for assessing the Group' 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 the Group or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group' s 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 auditor' s 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the Group' s and its subsidiaries' 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 the Group' 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 the Group' s 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 the Group' s 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 Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)  
February 29, 2024

#### **Notes to Readers**

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

(Expressed in Thousands of New Taiwan Dollars)

Total liabilities and equity

(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, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Sales revenue</b>	\$ 11,776,971	102	14,218,937	101
4170	Less: sales returns and allowances	192,062	2	147,346	1
4100	<b>Net sales revenue (notes (6)(t) and (14))</b>	11,584,909	100	14,071,591	100
5110	<b>Cost of sales (notes (6)(f), (6)(i), (6)(o) and (12))</b>	8,797,373	76	9,066,256	64
5900	<b>Gross profit</b>	2,787,536	24	5,005,335	36
6000	<b>Operating expenses (notes (6)(i), (6)(o), (7) and (12)):</b>				
6100	Selling expenses	243,803	2	299,047	2
6200	Administrative expenses	722,057	6	762,582	6
6300	Research and development expenses	402,816	4	367,443	3
6450	Expected credit losses (gains)	613	-	(89,368)	(1)
		1,369,289	12	1,339,704	10
6900	<b>Net operating income</b>	1,418,247	12	3,665,631	26
	<b>Non-operating income and expenses:</b>				
7100	Interest income	221,499	2	65,150	-
7190	Other income (notes (6)(k) and (10))	246,264	2	50,002	-
7230	Foreign exchange gains (losses), net (note (6)(w))	7,311	-	437,183	3
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (note (6)(b))	(54,355)	-	38,995	-
7510	Finance cost—interest expense	(102,880)	(1)	(21,526)	-
7590	Miscellaneous disbursements (notes (6)(g) and (6)(u))	(341,034)	(3)	(346,191)	(2)
		(23,195)	-	223,613	1
7900	<b>Profit before tax</b>	1,395,052	12	3,889,244	27
7950	<b>Less: income tax expenses (note (6)(p))</b>	244,539	2	748,302	5
	<b>Profit</b>	1,150,513	10	3,140,942	22
	<b>Other comprehensive income: (notes (6)(o) and (6)(p))</b>				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans	23,125	-	83,030	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(583)	-	(29,165)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,625)	-	(16,606)	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	17,917	-	37,259	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,487)	-	176,572	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	50	-	(30,895)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(1,437)	-	145,677	1
	<b>Other comprehensive income, net</b>	16,480	-	182,936	1
8500	<b>Comprehensive income</b>	<b>\$ 1,166,993</b>	<b>10</b>	<b>3,323,878</b>	<b>23</b>
	<b>Earnings per share (note (6)(s))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 5.50</b>		<b>14.09</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 5.48</b>		<b>13.93</b>	

(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, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total	Other equity			Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation		
\$	1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	(142,485)	22,982,941
-	-	-	-	-	3,140,942	3,140,942	-	-	-	-	3,140,942
-	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512	182,936
-	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	3,323,878
-	-	-	276,993	-	(276,993)	-	-	-	-	-	-
-	-	-	-	28,267	(28,267)	-	-	-	-	-	-
-	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	-	(1,608,214)
(178,690)	-	-	-	-	-	-	-	-	-	-	(178,690)
(150)	(2,544)	-	-	-	-	-	-	-	6,777	6,777	4,083
1,608,139	15,115,876	1,829,345	169,408	169,408	5,820,426	7,819,179	9,386	(28,582)	-	(19,196)	24,523,998
-	-	-	-	-	1,150,513	1,150,513	-	-	-	-	1,150,513
-	-	-	-	-	18,500	18,500	(1,437)	(583)	-	(2,020)	16,480
-	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	(2,020)	1,166,993
-	-	-	320,736	-	(320,736)	-	-	-	-	-	-
-	-	-	-	-	(1,249,536)	(1,249,536)	-	-	-	-	(1,249,536)
482,442	-	-	-	-	(482,442)	(482,442)	-	-	-	-	-
\$	2,090,581	15,115,876	2,150,081	169,408	4,936,725	7,256,214	7,949	(29,165)	-	(21,216)	24,441,455

**Balance on January 1, 2022**

Net income for the year ended December 31, 2022

Other comprehensive income for the year ended December 31, 2022

Total comprehensive income for the year ended December 31, 2022

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Capital reduction

Share-based payments

**Balance on December 31, 2022**

Net income for the year ended December 31, 2023

Other comprehensive income for the year ended December 31, 2023

Total comprehensive income for the year ended December 31, 2023

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Cash dividends of ordinary share

Stock dividends of ordinary share

**Balance on December 31, 2023**

(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, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,395,052	3,889,244
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,286,611	1,324,313
Amortization expenses	130,505	126,542
Expected credit losses (gains)	613	(89,368)
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	54,355	(38,995)
Interest expenses	102,880	21,526
Interest income	(221,499)	(65,150)
Dividend income	(10,499)	(13,528)
Compensation cost of share-based payment transaction	-	4,083
(Gains) losses on disposal of property, plant and equipment	(862)	14,497
Impairment loss on non-financial assets	336,113	125,602
Losses due to disasters	-	204,090
Others	793	(80,852)
Total adjustments to reconcile profit (loss)	1,679,010	1,532,760
Changes in operating assets and liabilities:		
(Increase) decrease in current financial assets and liabilities at fair value through profit or loss	(172,334)	33,675
Increase in contract assets	(38,342)	(8,115)
Decrease in accounts receivable	82,718	158,219
(Increase) decrease in other receivables	13,094	(12,610)
(Increase) decrease in inventories	201,535	(1,544)
(Increase) decrease in prepayments	13,407	(58,933)
(Increase) decrease in other current assets	(9,072)	619
Increase (decrease) in current contract liabilities	128,869	(6,825)
Decrease in notes and accounts payable	(75,940)	(211,073)
Increase (decrease) in other payables	(264,252)	1,633
Increase in provisions and other current liabilities	41,376	67,902
Decrease in net defined benefit liabilities	(13,175)	(2,272)
	(92,116)	(39,324)
Cash inflow generated from operations	2,981,946	5,382,680
Interest received	161,993	46,787
Dividends received	10,499	13,528
Interest paid	(79,206)	(14,836)
Income taxes paid	(644,619)	(863,358)
<b>Net cash flows from operating activities</b>	2,430,613	4,564,801
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of non-current financial assets at fair value through profit or loss	(88,242)	(902,982)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	370,743	374,578
Acquisition of non-current financial assets at amortized cost	(1,636,124)	(1,117,047)
Proceeds from disposal of financial assets at amortized cost	229,480	-
Acquisition of property, plant and equipment	(2,756,761)	(3,346,244)
Proceeds from disposal of property, plant and equipment	5,330	13,119
(Increase) decrease in guarantee deposits paid	9,312	(14,581)
Acquisition of intangible assets	(38,284)	(68,650)
(Increase) decrease in other financial assets	(129)	2,112
<b>Net cash used in investing activities</b>	(3,904,675)	(5,059,695)
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	-	5,297,000
Increase (decrease) in guarantee deposits received	156	(1,598)
Payments of lease liabilities	(24,766)	(22,502)
Cash dividends paid	(1,249,536)	(1,608,214)
Capital reduction by cash	-	(178,690)
<b>Net cash from (used in) financing activities</b>	(1,274,146)	3,485,996
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,694)	121,970
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,749,902)	3,113,072
<b>Cash and cash equivalents at the beginning of period</b>	7,496,769	4,383,697
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 4,746,867</u>	<u>7,496,769</u>

**Attachment IV**

**TONG HSING ELECTRONIC INDUSTRIES, LTD.**

**2023 Earnings Distribution**

Unit: NT\$

Beginning balance of retained earnings	<u>\$ 3,767,712,503</u>
Add: Net Profit after Tax	1,150,512,742
Add: Changes in actuarial gains and losses for 2023	18,500,115
Less: legal reserve	<u>(116,901,286)</u>
Distributable surplus for the period:	<u>1,052,111,571</u>
Accumulated distributable surplus for the period	4,819,824,074
 Distribution items:	
Cash dividends - NT\$2.4 per share	<u>(501,739,258)</u>
 Undistributed earnings at the end of the period	<u><u>4,318,084,816</u></u>

Notes:

1. The distribution of earnings for the current year is proposed to be made first from the distributable earnings after tax in 2023.
2. To fund the Company's need for operating capital, earnings for the first half of 2023 are not distributed.

Tie-Min Chen, Chairperson of the Board

Chia-Shuai Chang, CEO

Chia-Li Huang, Chief Accounting Officer

Attachment V

**TONG HSING ELECTRONIC INDUSTRIES, LTD.**

**Comparison Table of the Company's Articles of Incorporation  
Before and After Amendment**

Original Articles	Articles After Amendment	Reasons for Amendments
<p>Article 3:</p> <p>The Company shall have its head office in <u>Taipei City</u>, 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.</p>	<p>Article 4:</p> <p>The Company shall have its head office in <u>Taoyuan City</u>, 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.</p>	<p>To align with the Company's operational needs and future development, we propose relocating the registered business address from its current location to Taoyuan City.</p>
<p>Article 22:</p> <p>The Articles of Incorporation were established on July 2, 1974.</p> <p>The first amendment was made on December 8, 1976.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>The forty-third amendment was made on June 8, 2022.</p> <p>The forty-fourth amendment was made on June 6, 2023.</p>	<p>Article 22:</p> <p>The Articles of Incorporation were established on July 2, 1974.</p> <p>The first amendment was made on December 8, 1976.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>The forty-third amendment was made on June 8, 2022.</p> <p>The forty-fourth amendment was made on June 6, 2023.</p> <p><u>The forty-fifth amendment was made on May 30, 2024.</u></p>	<p>Addition of amendment date.</p>



## **Appendix I**

# **TONG HSING ELECTRONIC INDUSTRIES, LTD.**

## **Rules of Procedure for Shareholders' Meetings**

Article 1: Unless otherwise required by laws and regulations and the Articles of Incorporation, the convening of shareholders' meetings and the proceedings of the Company shall be governed by these Rules.

Article 2: The shareholders' meeting shall be held at the Company's location or at a place suitable for the shareholders' meeting; the meeting shall commence no earlier than 9:00 a.m. and no later than 3:00 p.m., and the place and time of the meeting shall be held with due regard to the opinions of the independent directors.

When the Company holds a video shareholders' meeting, the Company shall not be restricted from holding the aforementioned meeting.

Article 3: The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The registration of shareholders in the preceding paragraph shall be processed at least 30 minutes prior to the commencement of the meeting; the registration desk shall be clearly marked and adequate and appropriate personnel shall be assigned to handle the registration.

The video conference of the shareholders' meeting shall be accepted at the video conference platform of the shareholders' meeting 30 minutes prior to the commencement of the meeting, and the shareholders who have completed the registration shall be deemed to attend the shareholders' meeting in person.

If a shareholders' meeting is held by video conference, shareholders who wish to attend by video should register with the Company two days prior to the shareholders' meeting.

If a shareholders' meeting is held by video conference, the Company shall upload the meeting booklet, annual report and other relevant information to the shareholders' meeting video conference platform at least 30 minutes prior to the start of the meeting and continue to disclose them until the end of the meeting.

Article 4: If the shareholders' meeting is convened by the Board of Directors, the Chair of the meeting shall be the Chairperson of the Board of Directors. If the Chairperson of the Board of Directors is absent from office or is unable to exercise his or her duties for any reason, the Vice Chairperson of the Board of Directors shall act as the chair of the meeting; if the Vice Chairperson of the Board of Directors is also absent from office or is unable to exercise his or her duties for any reason, the Chairperson of the Board of Directors shall designate a Director to act as the chair of the meeting. If the Chairperson of the Board of Directors has not appointed a proxy, the Board of Directors shall appoint a proxy from among themselves.

The Chairperson of the Board of Directors shall preside personally at the shareholders' meetings called by the Board of Directors, and at least one representative of a majority of the Board of Directors and at least one member of each functional committee shall be present, and the attendance shall be recorded in the minutes of the shareholders' meetings. If a meeting is called by a person other than the Board of Directors, the Chairperson of the meeting shall be that person. If there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

The Company shall appoint a lawyer, an accountant or a related person to attend the shareholders' meeting.

Article 5: The entire meeting of shareholders shall be continuously recorded and videotaped and shall be kept for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

If a shareholders' meeting is held by video conference, the entire video conference shall be continuously and uninterruptedly recorded and videotaped, and shall be properly preserved during the period of continuity.

Article 6: Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares present shall be calculated on the basis of the number of shares reported in the sign-in book or the attendance card and the video conference platform, plus the number of shares for which the voting rights are exercised by written or electronic means.

At the appointed meeting time, the chair of the meeting shall immediately announce the meeting in accordance with the legal procedures and announce the number of non-voting shares and the number of shares present at the same time; provided, however, that if the shareholders representing more than half of the total number of issued shares are not present, the chair of the meeting may announce an adjournment of the meeting for a maximum of two times, and the total time of the adjournment shall not exceed one hour. If, after two adjournments, there is still a shortage of shareholders representing more than one-third of the total number of outstanding shares, a fictitious resolution may be made in accordance with Article 175(1) of the Company Act. If, before the end of the meeting, the number of shares represented by the shareholders present reaches more than half of the total number of outstanding shares, the chairperson may re-submit the fictitious resolution made to the shareholders' meeting for a vote in accordance with Article 174 of the Company Act.

Article 7: If a shareholders' meeting is convened by the Board of Directors, the agenda shall be set by the Board of Directors, and the relevant motions (including temporary motions and amendments to original motions) shall be voted on a case-by-case basis, and the meeting shall proceed in accordance with the scheduled agenda, which cannot be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair of the meeting shall not adjourn the meeting without a resolution before the agenda of the shareholders' meeting (including the provisional motion) has been concluded. If the chair of a shareholders' meeting violates the rules of procedure and adjourns the meeting, other members of the Board of Directors shall promptly assist the shareholders present in accordance with the legal procedures and elect a chairperson with the consent of a majority of the shareholders present to continue the meeting.

No discussion or vote will be taken on a motion that is not a motion. If the chair believes that the discussion for a proposal has reached a level where a vote may be called the chair may make an announcement to end such discussion and call for a vote.

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

Article 8: Before the attending shareholder speaks, he/she must fill out a speaker's slip with the shareholder's account number (or attendance card number), the account name and the speech subject, and the chair (or his/her designee) shall determine the order of his/her speech and call out his/her names in order before they are allowed to speak.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, each shareholder (including natural and legal persons) shall speak once on the same motion, and each time shall not exceed 2 minutes, provided that the Chairperson may stop a shareholder from speaking if he/she violates the rules or exceeds the scope of the question. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder who has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 9: If a shareholders' meeting is convened by video conference, shareholders participating by video shall be allowed to ask questions by text on the video conference platform after the chair announces the meeting and before the meeting is adjourned, and the number of questions per motion shall not exceed one, and each time shall be limited to 200 words, not subject to Article 8. If the aforesaid question does not violate the regulations or is within the scope of the motion, it is appropriate to disclose the question on the video conference platform of the shareholders' meeting for public information.

Article 10: The voting of the motion shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. A shareholder shall not vote at a meeting if he/she has an interest in the matter that would be detrimental to the Company's interests, and shall not exercise his/her voting rights on behalf of another shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 11: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares pursuant to Paragraph 2 of Article 179 of the Company Act.

When the Company calls a shareholders' meeting, the Company shall exercise its voting rights by electronic means and in writing. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who exercise their voting rights in writing or electronically are considered to be present in person at the shareholders' meeting. However, the extemporaneous motion and the amendment to the original motion at that shareholders' meeting shall be deemed to be abstained. The expression of intent is governed by Article 177-2 of the Company Act.

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 a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If a shareholder proposes a motion or an amendment or a substitute to an original motion, the chair shall determine the order of voting together with the original motion. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

The chair shall designate the person(s) to monitor and count the votes for the motion, provided that the monitoring personnel shall be the shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on site at the meeting, and a record made of the vote.

Article 12: When the Company convenes a shareholders' meeting by video conference, the shareholders participating by video shall vote on each motion and election motion through the video conference platform after the chairperson announces the opening of the meeting, and shall complete the voting before the chairperson announces the closing of the voting, and any delay shall be deemed as abstention. If the shareholders' meeting is convened by video conference, the chairperson shall announce the close of the voting and announce the voting and election results for a one-time vote count.

When the Company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video in accordance with Article 3 and wish to attend the physical shareholders' meeting in person shall deregister in the same manner as they registered two days prior to the shareholders' meeting; if they deregister after that time, they may attend the shareholders' meeting by video only.

Those who exercise their voting rights by written or electronic means without revoking their intention and participate in the shareholders' meeting by video means may not exercise their voting rights on the original motion or propose amendments to the original motion or exercise their voting rights on the amendments to the original motion, except for extemporaneous motions.

Article 13: In the event of an election of directors at the shareholders' meeting, the election results shall be announced on the spot, including the list of elected directors and the number of their election rights, as well as the list of unsuccessful directors and the number of election rights they received.

The election ballot for the preceding election shall be kept in a safe place and preserved for at least one year.

However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

Article 14: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of the meeting minutes shall be done electronically, and the distribution of the minutes shall be done by means of announcements entered into the Market Observation Post System and shall be retained permanently for the duration of the Company's existence.

If a shareholders' meeting is convened by video conference, the minutes of the meeting shall include, in addition to the matters required to be recorded in the preceding paragraph, the starting and ending time of the shareholders' meeting, the manner in which

the meeting is convened, the names of the chairperson and the minutes of the meeting, and the manner and circumstances under which the video conference platform or video participation may be obstructed due to natural disasters, events or other force majeure circumstances.

In addition to the aforementioned provisions, the Company shall convene a video shareholders' meeting and shall include in the minutes of the meeting alternative measures for shareholders who have difficulties in participating in the shareholders' meeting by means of video.

Article 15: The number of shares solicited by the requester, the number of shares represented by proxy, and the number of shares attended by shareholders in writing or electronically shall be clearly disclosed in the shareholders' meeting venue on the date of the shareholders' meeting in a statistical form prepared in accordance with the prescribed format; if the shareholders' meeting is held by video conference, the Company shall upload the aforementioned information to the video conference platform of the shareholders' meeting at least 30 minutes before the start of the meeting and continue to disclose it until the end of the meeting.

When the Company convenes a video conference for shareholders, the total number of shares of shareholders present shall be disclosed on the video meeting platform when the meeting is announced. The same applies if the total number of shares and voting rights of shareholders present are counted at the meeting.

Article 16: Staff at the shareholders' meetings shall wear ID badges or arm badges. The chair may direct the patrol personnel to assist in maintaining order in the meeting for the conduct of business, and the patrol personnel shall wear identification cards or armbands. Shareholders and non-shareholders at the meeting are subject to the chair's direction regarding the maintenance of order and the conduct of business. Any person who disrupts the conduct of the shareholders' meeting and does not comply with the request, shall be asked by the chair or the patrol personnel to leave the meeting.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

Article 18: If a shareholders' meeting is held by video conference, the Company shall disclose the voting results of each motion and election results on the video conference platform of the shareholders' meeting immediately after the close of voting in accordance with the regulations, and shall continue to disclose the results for at least 15 minutes after the meeting is adjourned by the chairperson.

When the Company holds a video shareholders' meeting, the chair and the recorder shall be present at the same location, and the chair shall announce the address of such place at the time of the meeting.

Article 19: If a shareholders' meeting is held by video conference, the Company shall provide a simple connection test for shareholders before the meeting and provide relevant services immediately before and during the meeting to assist in handling technical problems of communication.

If a shareholders' meeting is convened by video conference, the chairperson shall, at the time of announcing the meeting, separately announce that, except for the circumstances specified in Paragraph 4, Article 44-20 of the Guidelines Governing the Handling of Stock Issuances by Public Companies that do not require the adjournment or continuation of the meeting, if, before the chairperson announces the adjournment of the meeting, an obstacle to participation on the video conference platform or by video message occurs due to a natural disaster, an event or other force majeure that lasts for more than 30 minutes, the date of the meeting shall be adjourned or renewed within five days, and the provisions of Article 182 of the Company Act shall not apply.

In the event of an adjournment or renewal of a meeting, shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the adjourned or renewed meeting.

The number of shares, voting rights and voting rights exercised at the original shareholders' meeting shall be counted as the total number of shares, voting rights and voting rights of shareholders present at the adjourned or renewed meeting for those shareholders who have registered to attend the original shareholders' meeting by video and have completed reporting for the meeting, but have not attended the adjourned or reconvened meeting. When a shareholders' meeting is adjourned or reconvened in accordance with the second paragraph, there is no need to discuss and resolve again on the motions for which voting and vote counting have been completed and the voting results or the list of directors and supervisors elected have been announced.

When the Company holds a video-assisted shareholders' meeting and the second paragraph cannot be renewed, if the total number of shares present still reaches the legal quota for the shareholders' meeting after deducting the number of shares present by video, the shareholders' meeting shall continue without any adjournment or re-convening in accordance with the second paragraph.

In the event that a meeting shall be continued, the number of shares attended by shareholders participating in the meeting by way of video shall be counted as the total number of shares of shareholders present, but shall be deemed to be abstained for the purpose of all motions at that meeting.

If the Company adjourns or reconvenes a meeting in accordance with the second paragraph, the Company shall comply with the provisions set forth in Paragraph 7, Article 44-20 of the Guidelines Governing the Handling of Stock Issued to Public Companies, and shall complete the relevant preliminaries in accordance with the date of the original shareholders' meeting and the provisions of each such Article. When the

Company holds a video shareholders' meeting, the Company shall provide appropriate alternative measures for shareholders who have difficulty attending the shareholders' meeting by video.

Article 20: Any matters not covered by these rules and regulations shall be governed by the Company Law and related laws and regulations and the Company's Articles of Incorporation. The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

The first amendment was made on June 8, 2022.



## **Appendix II**

### **TONG HSING ELECTRONIC INDUSTRIES, LTD.**

#### **Articles of Incorporation (Before Amendment)**

##### **Chapter 1 General**

- Article 1: The Company shall be incorporated under the Company Act, and its name shall be Tong Hsing Electronic Industries, Ltd. (hereinafter referred to as Tong Hsing). Chinese name is 同欣電子工業股份有限公司.
- Article 2: The scope of business of the Company shall be as follows:
- I. CC01070 Wireless Communication Mechanical Equipment Manufacturing
  - II. F113070 Wholesale of Telecommunication Apparatus
  - III. F213060 Retail Sale of Telecommunication Apparatus
  - IV. CC01080 Electronics Components Manufacturing
  - V. F119010 Wholesale of Electronic Materials
  - VI. F219010 Retail Sale of Electronic Materials
  - VII. F401010 International Trade
  - VIII. F601010 Intellectual Property Rights
  - IX. JE01010 Rental and Leasing
  - X. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article 2-1: 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 3: 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 4: Public announcements of the Company shall be made in accordance with the provisions of the Company Act and the regulations prescribed by the competent securities authorities.

##### **Chapter 2 Shares**

- Article 5: 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 6: 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 7: 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 8: 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 record day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

### **Chapter 3 Shareholders' Meeting**

Article 9: 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.

The Company's shareholders' meetings shall be held by video conference or other means as announced by the Ministry of Economic Affairs.

Article 10: 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 10-1: The Company shall withdraw public issuance after the proposal is adopted at the shareholders meeting.

Article 11: Unless otherwise specified by the law, each shareholder of the Company shall be entitled to one vote for each share held.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. 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 12: The Chairperson of the Board of Directors shall preside the shareholders meeting. In case the Chairperson of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairperson shall act on his behalf. In case there is no designation by the Chairperson, 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 Chairperson of the Board of Directors. In the absence of such a designation, the directors or the directors shall elect from among themselves an acting Chairperson of the Board of Directors. If there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

Article 12-1: Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting in accordance with Article 183 of Company Act.

#### **Chapter 4 Directors and the Audit Committee**

Article 13: The Company shall have nine to eleven directors to be elected at the shareholders meeting by the shareholders from among the nominees listed in the roster of director candidates. 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.

Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, methods of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.

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 13-1: 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.

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 14: The directors shall organize a Board of Directors, at which at least two-thirds of the directors shall be present, and with the consent of a majority of the directors present, one of them shall be elected from among themselves as the Chairperson of the Board of Directors, and if necessary, one of them shall be elected from among themselves in the same manner as the Vice Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall represent the Company and execute all business of the Company in accordance with the laws, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the Board of Directors.

Article 14-1: Unless otherwise specified in the Company Act, board meetings shall be convened and chaired by the Chairperson of the Board. When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of chair, the chair shall appoint one of the directors to act in place of the chair, 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 chair, 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 14-2: 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.

Each director shall attend the meeting of the board of directors in person. In case a meeting of the board of directors is held by video conference, then the directors taking part in such a video conference meeting shall be deemed to have attended the meeting in person.

Article 15: 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 5 Manager**

Article 16: The Company has a general manager who shall be nominated by the Chairperson of the Board. The appointment, discharge, and remuneration shall comply with Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 17: The Company's fiscal year is from January 1st to December 31st of each year, and the final accounting report shall be processed at the end of a fiscal year.

Article 18: 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.

I. Business report.

II. Financial statements.

III. Proposals of profit allotment or loss coverage.

Article 19: If the Company makes a profit (profit is defined as income before tax less distribution of employees' compensation and directors' compensation) in a year, no less than 3% shall be set aside as employees' compensation and no more than 3% shall be set aside as directors' remuneration.

However, if the Company still has accumulated losses, the Company shall retain the amount to offset such losses in advance and then provide for the employees' compensation and directors' remuneration in proportion to the aforementioned amounts. The distribution shall be made in the form of cash or stocks for employees, but only in the form of cash for the directors.

Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies who meet certain requirements.

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 19-1: When allocating the earnings for each fiscal year, the Company must pay tax and make up for the accumulated losses first, also share the remaining profit as follows:

I. Set aside 10% of the earnings as legal reserve. However, when the legal reserve amount equals to the paid-in capital of the Company, it is not subject or such restriction.

II. Set aside or reverse special reserve in accordance with the relevant laws and regulations.

III. Pay dividends or bonuses for an amount not less than 30% of the amount net of the legal reserve and special reserve as stipulated in the preceding paragraph and the cash dividends shall account for at least 50% of the current year's total dividends. The Board of Director shall prepare the earnings distribution proposal for the resolutions of the shareholders' meeting. However, if the earnings distribution proposal is for the distribution of dividend and bonus in cash entirely or partially, it shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the consent of the majority of attending directors; also, it shall be reported in the shareholders' meeting.

The Company's dividend policy is based on the current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The Board of Directors shall prepare a resolution to be approved by the shareholders in a meeting.

If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders' meeting.

Article 19-2: Distributions from the Company's earnings or loss can be made after the end of each semi-annual fiscal year.

When the Company distributes earnings for the first half of the fiscal year in accordance with the preceding paragraph, the Company shall estimate and retain the amount of taxable contributions, offsetting losses, compensation to employees, and reserve from earnings. However, this limit does not apply when the legal reserve has reached the amount of paid-in capital.

The first proposal for distribution of earnings or offsetting losses should be submitted to the Audit Committee for review and approval, taking into account the current year's operating conditions and cash flows, together with the business report and financial statements. If the distribution of earnings is made in the form of new shares, the Board of Directors shall submit a resolution to the shareholders' meeting in accordance with Article 240 of the Company Act.

Article 20: The Company intends to transfer the shares repurchased by the Company to employees in accordance with the relevant laws and regulations, and if it intends to transfer them to employees at a price lower than the average price of the actual repurchased shares, then it can be implemented after the consent of more than two-thirds of the shareholders who represent more than half of the total number of issued shares.

## **Chapter 7 Supplementary**

Article 21: Any other matters not set forth in the Articles of Incorporation shall be dealt with in accordance with the Company Act.

Article 22: The Articles of Incorporation were established on July 2, 1974.

The first amendment was made on December 8, 1976.

The second amendment was made on April 19, 1977.

The third amendment was made on April 15, 1978.

The fourth amendment was made on May 6, 1983.

The fifth amendment was made on July 18, 1984.

The sixth amendment was made on February 27, 1985.

The seventh amendment was made on December 27, 1985.

The eighth amendment was made on April 7, 1986.

The ninth amendment was made on August 7, 1986.  
The tenth amendment was made on September 15, 1988.  
The eleventh amendment was made on June 3, 1989.  
The twelfth amendment was made on December 6, 1989.  
The thirteenth amendment was made on September 26, 1990.  
The fourteenth amendment was made on January 3, 1991.  
The fifteenth amendment was made on December 5, 1991.  
The sixteenth amendment was made on June 10, 1992.  
The seventeenth amendment was made on May 10, 1994.  
The eighteenth amendment was made on June 30, 1995.  
The nineteenth amendment was made on May 21, 1996.  
The twentieth amendment was made on July 14, 1997.  
The twenty-first amendment was made on October 6, 1997.  
The twenty-second amendment was made on June 24, 1999.  
The twenty-third amendment was made on June 3, 2000.  
The twenty-fourth amendment was made on June 26, 2001.  
The twenty-fifth amendment was made on June 7, 2002.  
The twenty-sixth amendment was made on June 21, 2005.  
The twenty-seventh amendment was made on June 20, 2006.  
Twenty-eighth amendment was made on December 21, 2006.  
The twenty-ninth amendment was made on May 15, 2007.  
The thirty amendment was made on May 15, 2007.  
The thirty-first amendment was made on June 19, 2008.  
The thirty second amendment was made on June 26, 2009.  
The thirty-third amendment was made on April 28, 2010.  
The thirty-fourth amendment was made on June 19, 2012.  
The thirty-fifth amendment was made on June 19, 2013.  
Thirty-sixth amendment was made on June 18, 2015.  
The thirty-seventh amendment was made on June 16, 2016.  
The thirty-eighth amendment was made on June 16, 2017.  
The thirty-ninth amendment was made on June 15, 2018.  
The fortieth amendment was made on June 21, 2019.  
The forty-first amendment was made on February 14, 2020.  
The forty-second amendment was made on June 5, 2020.  
The forty-third amendment was made on June 8, 2022.  
The forty-fourth amendment was made on June 6, 2023.

TONG HSING ELECTRONIC INDUSTRIES, LTD.  
Tie-Min Chen, Chairperson of the Board

**Appendix III****TONG HSING ELECTRONIC INDUSTRIES, LTD.****Shareholding of Directors**

- I. The Company's registered capital amount is NT\$2,090,580,240, with a total of 209,058,024 shared.
- 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 12,000,000 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
Chairperson	Tie-Min Chen	9,559,057	4.57%	
Director	Multifield Investment Inc. Representative: Hsi-Hu Lai	72,638	0.03%	
Director	Kaimei Electronic Corporation Representative: Shu-Hui Chen	9,754,774	4.67%	
Director	Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	8,838	0.00%	
Director	Huan Tai Co., Ltd. Representative: Chia-Shuai Chang	32,238	0.02%	
Director	Huan Tai Co., Ltd. Representative: Pen-Chi Chen			
Independent Director	Chin-Tsai Chen	0	0.00%	
Independent Director	Ta-Sheng Chiu	0	0.00%	
Independent Director	Yueh-Hsiang Tsai	0	0.00%	
Number of shares held by all directors		19,427,545	9.29%	



## **Appendix IV**

### **Acceptance of Proposals Submitted by 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 18, 2024 to March 27, 2024. 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 acceptance period for shareholder proposals.