

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

## **2024 Annual Meeting of Shareholders Meeting Minutes**

### **(Translation)**

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

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

**Total outstanding shares of the Company :**

The total number of shares represented by shareholders present in person and by proxy is 147,333,294 shares (including 75,310,882 shares voted electronically), accounting for 70.47% of the total issued shares of the company, which is 209,058,024 shares.

**Attendees:**

Vice Chairperson: Hsi-Hu Lai (Representative of Juristic person director of Multifield Investment Inc.)

General Manager: Jia-Shuai Chang (Representative of Juristic person director of Huan Tai Co., Ltd.)

Independent Director: Ta-Sheng Chiu, Yueh-Hsiang Tsai

CFO: Jia-Li Huang

CPA: I-Wen Wang

Attorney: Shih-Cian Chiu

**Chairperson:** Hsi-Hu Lai

**Recorder:** Tzu-Hui Wen

**I. Call the Meeting to Order:** The aggregate shareholding of the shareholders present in person and by proxy constituted a quorum. The Chairperson called the meeting to order.

**II. Chairperson Remarks:** (omitted)

**III. Report Items:**

**Item 1:**

Subject: 2023 Business Report.

Explanatory Notes: Please refer to Attachment I.

Shareholders' Questions and the Company Response:

Given that too many questions were raised by shareholder, only a summary was recorded as follow. For full details, please refer to the meeting video records.

Shareholders (shareholder number: 48849) raised questions regarding the Company's strategies to secure CIS customers and AMB product in Japanese market, Electric vehicle market in China, Packaging business for power discrete, and AI market opportunities.

Designated by the Chairperson, the General manager's response briefly presented as follows:

Regarding the customers of CIS for mobile phones and AMB product in Japanese market, all the business are proceeded on schedule. Packaging business of power discrete is aimed at either new entrants or established companies in the industry. Given the intense competition in the Chinese electric vehicle market, we plan to enter the market by increasing the added value of our products. As the Company primarily focus on the OEM service, if our clients move into the AI sector or field in the future, we will step into AI market as well.

**Item 2:**

Subject: Audit Committee's Review Report for 2023.

Explanatory Notes: Please refer to Attachment II.

**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 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.

**IV. 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 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 for the Business Report.
- IV. Please proceed to accept.

**Shareholders have no questions about this item.**

Resolution: Voting Results:

Shares represented at the time of voting: 143,581,458

Voting Results *		% of the total represented share present
Votes in favor:	137,618,442 votes (69,355,866 votes)	95.84%
Votes against:	34,107 votes (34,107 votes)	0.03%
Votes invalid:	0 votes	0.00%
Votes abstained:	5,928,909 votes (5,920,909 votes)	4.13%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal was hereby approved as proposed.

**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 for the 2023 Earning Distribution Table.

VI. Please proceed to accept.

**Shareholders have no questions about this item.**

Resolution: Voting Results:

Shares represented at the time of voting: 143,581,458

Voting Results *		% of the total represented share present
Votes in favor:	129,989,990 votes (61,727,414 votes)	90.53%
Votes against:	47,223 votes (47,223 votes)	0.03%
Votes invalid:	0 votes	0.00%
Votes abstained:	13,544,245 votes (13,536,245 votes)	9.44%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal was hereby approved as proposed.

**V. 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 for the comparison table of the Company's Articles of

Incorporation before and after.

III. Please proceed to discuss.

**Shareholders have no questions about this item.**

Resolution: Voting Results:

Shares represented at the time of voting: 143,581,458

Voting Results *		% of the total represented share present
Votes in favor:	135,414,749 votes (67,152,173 votes)	94.31%
Votes against:	43,378 votes (43,378 votes)	0.03%
Votes invalid:	0 votes	0.00%
Votes abstained:	8,123,331 votes (8,115,331 votes)	5.66%

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal was hereby approved as proposed.

**VI. Extraordinary Motions:** None.

**VII. Adjournment:** 09:54 AM

(The minutes of this shareholders' meeting only summarize the main points of the proceedings. The detailed content and procedures of the meeting shall be based on the audio and video recordings.)

## 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: PTH 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)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note (6)(a))	\$ 3,665,739	11	6,444,671	19	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$ 789	-	1,390	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	391,321	2	232,584	1	2130	Current contract liabilities (note (6)(u))	187,230	1	58,361	-
1170	Accounts receivable, net (note (6)(e))	2,074,577	6	2,157,262	6	2170	Notes and accounts payable	563,290	2	727,506	2
1200	Other receivables (note (7))	83,198	-	114,405	-	2180	Accounts payable to related parties (note (7))	105,308	-	87,089	-
1310	Inventories (note (6)(f))	1,273,122	4	1,503,015	5	2200	Other payables (notes (6)(m) and (7))	1,991,334	5	2,267,802	7
1410	Prepayments	82,603	-	99,058	-	2230	Current tax liabilities	221,058	1	570,373	2
1470	Other current assets (note (6)(u))	125,823	-	78,409	-	2250	Current provisions (note (6)(n))	275,502	1	223,869	1
		<u>7,696,383</u>	<u>23</u>	<u>10,629,404</u>	<u>31</u>	2280	Current lease liabilities (note (6)(o))	26,614	-	19,947	-
<b>Non-current assets:</b>						2300	Other current liabilities	39,995	-	50,252	-
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	686,256	2	1,010,391	3			<u>3,411,120</u>	<u>10</u>	<u>4,006,589</u>	<u>12</u>
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	320,815	1	321,398	1	2540	<b>Non-Current liabilities:</b>				
1535	Non-current financial assets at amortized cost (note (6)(d))	2,843,331	8	1,409,013	4	2570	Long-term borrowings (note (6)(l))	5,227,817	16	5,204,769	16
1550	Investments accounted for using equity method (note (6)(g))	1,968,369	6	1,937,233	6	2580	Deferred tax liabilities (note (6)(q))	168,703	1	160,718	-
1600	Property, plant and equipment (notes (6)(h), (7) and (8))	11,245,337	34	10,085,494	29	2600	Non-current lease liabilities (note (6)(o))	121,537	-	96,523	-
1755	Right-of-use assets (note (6)(i))	146,165	-	115,221	-	2640	Other non-current liabilities (note (6)(l))	149,722	-	161,083	-
1760	Investment property, net	28,648	-	-	-		Non-current net defined benefit liability (note (6)(p))	32,915	-	71,882	-
1780	Intangible assets (note (6)(j))	8,275,657	25	8,445,717	25			<u>5,700,694</u>	<u>17</u>	<u>5,694,975</u>	<u>16</u>
1840	Deferred tax assets (note (6)(q))	299,007	1	244,941	1		<b>Total liabilities</b>	<u>9,111,814</u>	<u>27</u>	<u>9,701,564</u>	<u>28</u>
1900	Other non-current assets	37,896	-	21,345	-	3100	<b>Equity:</b> (note (6)(r))				
1980	Other non-current financial assets (note (8))	5,405	-	5,405	-	3200	Ordinary shares	2,090,581	6	1,608,139	5
		<u>25,856,886</u>	<u>77</u>	<u>23,596,158</u>	<u>69</u>	3310	Capital surplus	15,115,876	45	15,115,876	44
						3320	Legal reserve	2,150,081	6	1,829,345	5
						3350	Special reserve	169,408	1	169,408	-
						3400	Unappropriated earnings	4,936,725	15	5,820,426	18
							Other equity	(21,216)	-	(19,196)	-
							<b>Total equity</b>	<u>24,441,455</u>	<u>73</u>	<u>24,523,998</u>	<u>72</u>
<b>Total assets</b>		<u><b>\$ 33,553,269</b></u>	<u><b>100</b></u>	<u><b>34,225,562</b></u>	<u><b>100</b></u>		<b>Total liabilities and equity</b>	<u><b>\$ 33,553,269</b></u>	<u><b>100</b></u>	<u><b>34,225,562</b></u>	<u><b>100</b></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)

	Retained earnings						Exchange differences on translation of foreign financial statements	Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total	
<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)	(142,485)	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	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	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	6,777	4,083
<b>Balance on December 31, 2022</b>	<u>1,608,139</u>	<u>15,115,876</u>	<u>1,829,345</u>	<u>169,408</u>	<u>5,820,426</u>	<u>7,819,179</u>	<u>9,386</u>	<u>(28,582)</u>	<u>-</u>	<u>(19,196)</u>	<u>24,523,998</u>
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)	-	(2,020)	16,480
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	(2,020)	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>	<u>\$ 2,090,581</u>	<u>15,115,876</u>	<u>2,150,081</u>	<u>169,408</u>	<u>4,936,725</u>	<u>7,256,214</u>	<u>7,949</u>	<u>(29,165)</u>	<u>-</u>	<u>(21,216)</u>	<u>24,441,455</u>

**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)**

	<b>2023</b>	<b>2022</b>
<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>	<b>2,224,699</b>	<b>3,571,289</b>
<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>	<b>(3,729,485)</b>	<b>(2,730,094)</b>
<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>	<b>(1,274,146)</b>	<b>3,488,618</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,778,932)</b>	<b>4,329,813</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,444,671</b>	<b>2,114,858</b>
<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' 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.

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

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022				Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%					Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note (6)(a))	\$ 4,746,867	14	7,496,769	22	2120		Current financial liabilities at fair value through profit or loss (note (6)(b))	\$	789	-	1,390	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	391,321	1	232,584	1	2130		Current contract liabilities (note (6)(t))		187,230	1	58,361	-
1170	Accounts receivable, net (note (6)(e))	2,074,577	7	2,157,262	7	2170		Notes and accounts payable		726,115	2	802,055	2
1200	Other receivables	78,806	-	70,545	-	2200		Other payables (note (6)(l))		2,005,187	5	2,282,338	7
1310	Inventories (note (6)(f))	1,592,699	5	1,794,234	5	2230		Current tax liabilities		223,605	1	572,975	2
1410	Prepayments	95,505	-	108,912	-	2250		Current provisions (note (6)(m))		275,502	1	223,869	1
1470	Other current assets (note (6)(t))	125,823	-	78,409	-	2280		Current lease liabilities (note (6)(n))		26,614	-	19,947	-
1476	Other current financial assets (note (8))	32,041	-	31,912	-	2300		Other current liabilities		39,995	-	50,252	-
		<u>9,137,639</u>	<u>27</u>	<u>11,970,627</u>	<u>35</u>					<u>3,485,037</u>	<u>10</u>	<u>4,011,187</u>	<u>12</u>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	686,256	2	1,010,391	3	2540		Long-term borrowings (note (6)(k))		5,227,817	16	5,204,769	16
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	320,815	1	321,398	1	2570		Deferred tax liabilities (note (6)(p))		168,703	1	160,718	-
1535	Non-current financial assets at amortized cost (note (6)(d))	2,843,331	8	1,409,013	4	2580		Non-current lease liabilities (note (6)(n))		121,537	-	96,523	-
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	11,876,485	36	10,713,593	31	2600		Other non-current liabilities (note (6)(k))		149,722	-	161,083	-
1755	Right-of-use assets (note (6)(h))	146,165	-	115,221	-	2640		Non-current net defined benefit liability (note (6)(o))		68,159	-	104,459	-
1760	Investment property, net	28,648	-	-	-					<u>5,735,938</u>	<u>17</u>	<u>5,727,552</u>	<u>16</u>
1780	Intangible assets (note (6)(i))	8,275,657	25	8,445,717	25			<b>Total liabilities</b>		<u>9,220,975</u>	<u>27</u>	<u>9,738,739</u>	<u>28</u>
1840	Deferred tax assets (note (6)(p))	299,007	1	244,941	1			<b>Equity:</b>					
1900	Other non-current assets	43,022	-	26,431	-			<b>Equity attributable to owners of parent:</b>					
1980	Other non-current financial assets (note (8))	5,405	-	5,405	-	3100		(note (6)(q))					
		<u>24,524,791</u>	<u>73</u>	<u>22,292,110</u>	<u>65</u>	3200		Ordinary shares		2,090,581	6	1,608,139	5
						3200		Capital surplus		15,115,876	45	15,115,876	44
						3310		Legal reserve		2,150,081	6	1,829,345	6
						3320		Special reserve		169,408	1	169,408	-
						3350		Unappropriated earnings		4,936,725	15	5,820,426	17
						3400		Other equity		(21,216)	-	(19,196)	-
								<b>Total equity</b>		<u>24,441,455</u>	<u>73</u>	<u>24,523,998</u>	<u>72</u>
<b>Total assets</b>		<u><b>\$ 33,662,430</b></u>	<u><b>100</b></u>	<u><b>34,262,737</b></u>	<u><b>100</b></u>			<b>Total liabilities and equity</b>	<u><b>\$</b></u>	<u><b>33,662,430</b></u>	<u><b>100</b></u>	<u><b>34,262,737</b></u>	<u><b>100</b></u>

(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)

							Other equity				Total equity
							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	Total	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total					
<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)	(142,485)	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	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	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	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)	-	(19,196)	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)	-	(2,020)	16,480
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,169,013	1,169,013	(1,437)	(583)	-	(2,020)	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>	<b>\$ 2,090,581</b>	<b>15,115,876</b>	<b>2,150,081</b>	<b>169,408</b>	<b>4,936,725</b>	<b>7,256,214</b>	<b>7,949</b>	<b>(29,165)</b>	<b>-</b>	<b>(21,216)</b>	<b>24,441,455</b>

(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)**

	<u>2023</u>	<u>2022</u>
<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)	<u>1,679,010</u>	<u>1,532,760</u>
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	<u>(13,175)</u>	<u>(2,272)</u>
	<u>(92,116)</u>	<u>(39,324)</u>
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	<u>(644,619)</u>	<u>(863,358)</u>
Net cash flows from operating activities	<u>2,430,613</u>	<u>4,564,801</u>
<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	<u>(129)</u>	<u>2,112</u>
Net cash used in investing activities	<u>(3,904,675)</u>	<u>(5,059,695)</u>
<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	<u>-</u>	<u>(178,690)</u>
Net cash from (used in) financing activities	<u>(1,274,146)</u>	<u>3,485,996</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,694)</u>	<u>121,970</u>
Net increase (decrease) in cash and cash equivalents	(2,749,902)	3,113,072
Cash and cash equivalents at the beginning of period	7,496,769	4,383,697
Cash and cash equivalents at the end of period	<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:  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:  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:  The Articles of Incorporation were established on July 2, 1974.  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.  The forty-fourth amendment was made on June 6, 2023.</p>	<p>Article 22:  The Articles of Incorporation were established on July 2, 1974.  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.  The forty-fourth amendment was made on June 6, 2023.  <u>The forty-fifth amendment was made on May 30, 2024.</u></p>	<p>Addition of amendment date.</p>