



THINKING ELECTRONIC INDUSTRIAL CO., LTD.

# Annual Meeting of Shareholders 2024 Handbook



June 18, 2024

# Table of Contents

	Page No.
I. Meeting Procedure.....	1
II. Meeting Agenda .....	2
III. Management Presentation (Company Reports).....	3
IV. Proposals .....	3
V. Discussion.....	6
VI. Director Elections .....	6
V II. Questions and Motions.....	6

## Attachments

Attachment 1: Business report 2023 .....	7
Attachment 2: Audit Committee’s review report .....	13
Attachment 3: Independent auditor’s report and financial statements 2023 .....	14
Attachment 4: Comparison Table for the Articles of the Articles of Incorporation Before and After Revision.....	33
Attachment 5: List of Candidates for Independent Director .....	36

## Appendix

Appendix 1: Articles of Incorporation.....	37
Appendix 2: Rules of Procedure for Shareholders’ Meeting.....	43
Appendix 3: Regulations for the Election of Directors .....	47
Appendix 4: Shares held by the whole directors .....	49
Appendix 5: The Impact of Stock Dividend Issuance on the Company's Business Performance, EPS, and Shareholder Return Rate .....	49

**Thinking Electronic Industrial Co., Ltd.**  
**2024 Annual Shareholders' Meeting Procedure**

- I. Report the number of shares in attendance.
- II. Call the meeting to order.
- III. Chairperson remarks.
- IV. Management Presentation (Company Reports)
- V. Proposals
- VI. Discussion
- VII. Director Elections
- VIII. Questions and Motions
- IX. Adjournment

**Thinking Electronic Industrial Co., Ltd.**  
**2024 Annual Shareholders' Meeting Agenda**

I.Time: June 18, 2024, 9:00AM

II.Method for convening the meeting: A physical shareholders' meeting

III.Place: Zhuang Jing Hall, Nan-Zih Export Processing Zone, No. 600, Chia-Chang Rd.,  
Nan-Zih Dist., Kaohsiung City

IV.Report the number of shares in attendance.

V.Call the meeting to order.

VI.Chairperson remarks.

VII.Management Presentation (Company Reports):

(1) Business report 2023

(2) Audit Committee's review on the financial statements 2023

(3) Distribution of remuneration to employees and directors 2023

VIII.Proposals:

(1) Business report and financial statements 2023

(2) Motion for earnings distribution 2023

IX.Discussion:

(1) Amendment to the "Articles of Incorporation"

X.Director Elections

(1) To elect one additional Independent Director

XI. Questions and Motions:

(1) Approval of lifting of the non-competition pledge obligations upon the newly  
elected directors

XII.Adjournment

## **Management Presentation (Company Reports)**

No. 1: Business report 2023

Explanation: The Company's business report 2023 (please refer to Attachment 1)

No. 2: Audit Committee's review on the financial statements 2023

Explanation: Audit Committee's Audit Report (please refer to Attachment 2)

No. 3: Distribution of remuneration to employees and directors 2023

Explanation: The Company's profit before tax was NT\$1,623,268,532 in 2023. According to the Article 19 of the Articles of Incorporation, 1.31% thereof was provided as the remuneration to directors and 3.86% thereof as the remuneration to employees. The remuneration to directors totaled NT\$22,494,000 and remuneration to employees NT\$66,157,000 in 2023, which are considered satisfying the Articles of Incorporation. Said remuneration was paid in cash in whole.

## **Proposals**

No. 1: Business report and financial statements 2023

Submitted by the Board of directors

Explanation:

1. The Company's and consolidated entities' financial statements 2023 have been audited and certified by Chiang Jia-Ling, CPA and Liu, Yu-Hsiang, CPA of Deloitte & Touche, who considered that the same should comply with relevant statutes or regulations in all respects and also issued the audit report.
2. The business report, parent company only financial statements and consolidated financial statements have been approved by the Board of Directors, and audited by the Audit Committee (please refer to Attachment 1 and Attachment 3 for details).
3. Please resolve them accordingly.

Resolution:

No. 2: Motion for earning distribution 2023

Submitted by the Board of directors

Explanation:

- 1.The following earnings distribution table is prepared in accordance with the Company act and the Company's Articles of Incorporation. The earnings 2023 shall be distributed as the first priority, and the earnings accumulated before 1997 (inclusive) will be distributed to make up the deficit, if any.
- 2.Please resolve them accordingly.

Thinking Electronic Industrial Co., Ltd.

Earnings Distribution Table

2023

Unit: NTD \$

Unappropriated retained earnings, beginning:	5,029,147,808
Net profit for 2023:	1,307,803,046
Add: Remeasurement of defined benefit plans recognized into retained earnings	(239,352)
Retained earnings from adjustment of investment under equity method:	<u>551,173</u>
Current net profit plus adjustment	1,308,114,867
Less: Provision of legal reserve	(130,811,487)
Less: Provision of special reserve	<u>(115,609,462)</u>
Unappropriated retained earnings accumulated until the end of 2023	6,090,841,726
Dividends to shareholders - cash dividends	<u>(666,186,176)</u>
Unappropriated retained earnings, beginning	<u>5,424,655,550</u>

Notes:

1. The earnings 2023 shall be distributed as the first priority.
2. The cash dividends proposed to be distributed total NT\$666,186,176 to be distributed at NT\$5.20 per share subject to the outstanding stocks totaling 128,112,726 shares on February 25, 2023. In the event of any changes in the outstanding shares, the Board of Directors will be authorized by a shareholders' meeting to deal with them with full power. Once resolved at a shareholders' meeting, the Board of Directors is authorized to set the ex-dividend record date and date of distribution separately.
3. The cash dividends will be calculated and truncated to the nearest NTD. Fractions less than NT\$1 shall be summed up and adjusted based on the decimal points arranged from the large to the small in the order of the account number from the front to the back, until the total cash dividends to be distributed is met.
4. If it is necessary to change any requirements defined for the distribution of earnings upon authorization of the competent authority, or due to treasury shares or conversion of bonds, the Board of Directors is authorized to deal with it.

Chairman of Board: Sui Tai- Chung    General Manager: Ho, Yi-Sheng    Accounting Manager: Hung Yu-Fang  
Resolution:

## **Discussion**

No. 1: Amendment to the "Articles of Incorporation"

Submitted by the Board of directors

Explanation:

1. Amend the "Articles of Incorporation" in response to the laws and practical needs.
2. Please refer to Attachment 4 for the comparison table before and after amendments.
3. Please resolve the motion accordingly.

Resolution:

## **Elections**

No. 1: To elect one additional Independent Director

Submitted by the Board of directors

Explanation:

1. To implement corporate governance and meet operational needs, the Company plans to appoint an additional independent director. The newly appointed independent director shall assume office immediately after the 2024 Shareholders' Meeting and serve until June 12, 2026, the same term as current directors.
2. Please refer to Attachment 5 for the list of Independent director candidates and related information.

Resolution:

## **Questions and Motions**

No. 1: Approval of lifting of the non-competition pledge obligations upon the newly elected directors.

Submitted by the Board of directors

Explanation:

1. In accordance with Article 209 (1) of the Company Act, "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the Shareholders' Meeting the essential contents of such an act and secure its approval".
2. If any of the new directors of the Company invest in or operate other companies related to or similar to the scope of business of the Company, they intend to submit to the Shareholders' Meeting in accordance with the law, provided that the Company's interests are not prejudiced. The Company agrees to release the new directors from the prohibition of competition.
3. Please resolve the motion accordingly.

Resolution:

Questions and Motions

Adjournment



Thinking Electronic Industrial Co., Ltd. **【Attachment 1】**  
Business Report 2023

The Company always uses the best effort to manage its products and keep serving as a goalkeeper for current protection, voltage protection and temperature protection, by upholding the enterprise spirit “Prosperity, Satisfaction, Diligence and Sustainability”. Fearless of fluctuation in the global economy, the Company responds to them by improving the Group's management, diversifying the market strategies, stabilizing financial structure and adopting reasonable cause and effect, in order to seize any new opportunities. Within the electronics industry, the Company is also steadily working towards its goal of becoming the leading brand for protective components.

I. Business report:

(1) Results:

The consolidated turnover was NT\$7,077,136 thousand, down by 5.17% from the previous year. The consolidated net profit after tax was NT\$1,311,159 thousand, down by 5.67% from the previous year. The EPS was NT\$10.21.

(2) Execution of budget: N/A.

(3) Analysis on financial receipts and expenditures, and profitability:

The Company's financial receipts and expenditures and profitability 2023 are analyzed as follows:

Unit: NT\$ Thousand

Item		Year	
		2023	2022
Financial receipts and expenditures	Operating revenue, net	7,077,136	7,463,135
	Gross profit	2,743,767	2,633,376
	Current net profit	1,311,159	1,389,978
Profitability	ROA	9.66%	10.62%
	ROE	14.25%	16.14%
	Operating income to paid-in capital ratio	124.30%	109.29%
	EBT to paid-in capital ratio	134.45%	140.24%
	Net profit margin	18.52%	18.62%
	EPS after tax (NT\$)	10.21	10.72

(4) Research and development :

1. Complete the TSM 01005 103/104 small-size NTC Thermistor model development in the soft cutting process.
2. Complete the TPM 100 $\Omega$ /170 $\Omega$  PTC Thermistor model development.
3. Complete the development of chips for high-precision medical treatment devices, including nucleic acid detection, infrared temperature sensors, and thermometers, etc.
4. Complete the development of LCP 0402 ultra-low breakdown voltage  $V_t < 300V$  products.
5. Complete the development of TVR grade A explosion-proof products (liquid coating products).
6. Complete the development of TGM zero-increase products and commence mass production.
7. Complete the development of PTC Thermistor SMD 0603 low-resistance series (10 $\Omega$  and 6.8 $\Omega$ ).
8. Complete the development of the SCK 03 $\Phi$  1.5Kv surge resistant series products.
9. Complete the development of certain models of TVM SMD silver electrodes 5B series high-pass Varistors.
10. Complete the development of TVA34821 high-pass Varistor.
11. Complete the development of the CPTC PH/PP/Sensor lead-free product series.
12. Complete the development of the CPTC 120~150 $^{\circ}C$  antimony series products.
13. Complete the development of KMC 0402/2016 series products.
14. Complete the development and mass production of sensor product series for motor motors.
15. Complete the development of the IGBT automotive grade MELF product series.

II. Summary of 2023 business plan:

(1) Business policy

1. Continue applying the management philosophy, "New Concept, New Management, New Technology and New Market", and increase efforts in cultivating new markets such as electric vehicles, communications and low-orbit satellites, new energy, AI, medical treatment, and healthcare.
2. Leverage the economies of scale and competitive advantages of each manufacturing site, establish an internal support network within the Group, utilize the most

suitable technological capabilities, and supply the most competitive products to achieve optimal business profits.

3. Enhance employee capabilities to handle more international large-scale clients, increase organizational connectivity to ensure operational continuity across departments; promote job rotation to strengthen operational stability and achieve the goal of sustainable business operations.

(2) Expected sales volume and basis thereof

Electric vehicles, which replace fuel vehicles, and electronization of car controls are currently the vital force driving the electronics industry. The Company's efforts in this market have been fruitful and have become a major component of our revenue. Market demands for renewable energy and energy storage continues to rise due to global climate change and energy issues; at the same time, the markets for communications and automation, as well as intelligent industrial applications and infrastructure, are also driving business growth. After the inventory reduction in 2023, the electronics industry is no longer plagued by high inventory levels. However, ongoing tensions between the United States and China, changes in the overall economic situation in China, and the Russo-Ukrainian and Israel-Hamas wars are all existing negative factors for economic growth. In consolidating key customers' estimates for the new year, as well as the budgets for new clients, new products, and new applications, the Company's estimated sales for 2024 are expected to exceed the performance of 2023, indicating upward growth.

(3) Key production and sales policies

1. Production policy:

(1) Supply management:

(A) Improve the Group's diversified and multi-point supply chain model and practice multi-source production in five locations on both sides of the Taiwan Strait, and plan to increase the number of manufacturing bases outside Mainland China in the hope of reducing the risk of geopolitical disruptions to customers and the demand for closer delivery to the market.

(B) Adjust inventory management at each factory in order to rationalize inventory levels and maximize inventory turnover.

(2) Production management:

(A) HR: Improve HR training and expertise and stabilization requirements toward key process personnel.

(B) Machine: Continue to improve the production automation and retire equipment that consumes high energy and is less efficient.

(C) Materials: Recognize multiple customer sources of materials to mitigate the effect posed by variation of related factors to the supply of goods; adopt a strategic procurement policy toward major materials to control the fluctuation in costs effectively and input and output strictly.

(D) Methods:

D-1 System-based management, form-based system, and computer-based form to make the IT-based management for the entire operation.

D-2 Continue to pursue lean production, minimize or eliminate low-value work, and focus on high-yield actions.

D-3 To exercise departments' operational effectiveness, the Group's factories and entities work together to set and promote the KPI project.

(E) Environment:

E-1. Promote the energy conservation project, check overall energy consumed by equipment, diagnose energy consumption, and activate the energy conservation project.

E-2. Promote reuse of water resources, and construct process waste water recycling system to achieve the feature for reuse of water resource.

E-3. New plant is designed with green building in mind and is working towards ESG.

(3) Overview of Production and Marketing:

In response to the drastic changes in the market demand, the Company keeps holding production and marketing meetings for teamwork to adjust the production scale to the best scale of the economy. We hope that the production and marketing may stay flexible and active in order to deal with the pressure derived from changes in the market.

2.Sales Policy:

(1) Increase the proportion of orders from existing customers and maintain high manufacturing capacity.

(2) Expand customer base to include more high-profile international clients and enhance global reputation.

- (3) Deepen the markets for electric vehicles and automotive electronics, and cultivate the markets of energy storage, low-orbit satellites, AI, healthcare, and more.
- (4) Increase sales of niche-type pressure-sensitive, thermal-sensitive, TVS, and ESD products to expand market coverage.
- (5) Develop more customers in Southeast Asia, and put customers at the center of manufacturing operations in Southeast Asia.
- (6) Consistently increase sales opportunities across the electronics industry supply chain.

### III.Future development strategies:

- (I) Uphold the spirit of innovation and keep developing new products to satisfy the market demand.
- (II) Upgrade the process technology and product automation, and control various costs effectively via data and information analysis and management.
- (III) Develop the sale markets and rapid after-sale services, and provide complete protective component series to satisfy the customers' demand for "one-stop shopping".

### IV.Effects posed by external competitive environment, legal environment and macroeconomic environment:

As far as the external competitive environment is concerned, the industry in which the Company is engaged is expected to keep growing in response to the expanding market demand. For the competition with peer companies, the Company is expected to maintain its oligopolistic position but still struggle with the environment.

As far as the legal environment is concerned, the Company adjusts its internal rules and management regulations in a timely manner in response to the enactment of and amendments to various laws & regulations, and research and draft alternate policies. Under effective internal control and corporate governance, the impact of legal environment changes on the Company is insignificant. In recent years, CSR has become a globally embraced business concept, while ESG has become a crucial indicator of corporate sustainable development, its implementation a focal point in the Company's operations. While pursuing revenue growth, the Company is also committed to giving back to society and contributing to environmental sustainability, which is accomplished by mitigating risks associated with regulatory changes, competitive landscape, and climate impacts. This approach not only ensures long-term

business development but also enables the Company to make a positive impact on society and the environment.

As far as the macroeconomic environment is concerned, as pandemic restrictions are lifted and inventory clearance nears completion, the passive component industry is gradually rising from its low point, and the automotive electronics sector is also experiencing a steady recovery. Over the past year, the Company has been cultivating the automotive and energy storage sectors, and with the AI trend sweeping the globe, new opportunities have emerged in the server industry, laying the foundation for future operational growth. The Company's production and sales layout continues to expand, with a more stable product portfolio to meet market demands for protective components, and its growth momentum will restart along with the overall economic recovery.

Looking forward to the future, the Company will follow the management philosophy, “New Concept, New Management, New Technology and New Market”, keep focusing on the management of core business, and accelerate development of new technology, new products and new customers, in order to improve the Company's competitiveness, increase operating revenue and profit, and feed back to the permanent support from all of you. Thanks to the management team and whole employees for their dedication and efforts to pursue fruitful business growth to feed back to all of you in the past year. We also hope that each shareholder can keep his/her original intent and continue to support and encourage Thinking Electronic.

Chairman of Board: Sui Tai-Chung    General Manager: Ho, Yi-Sheng    Accounting Manager: Hung Yu-Fang

**Thinking Electronic Industrial Co., Ltd.**

**Audit Committee's Review Report      【Attachment 2】**

The Board of Directors was approved to prepare the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements) and earnings distribution plan, in which the financial statements have been audited by Chiang Jia-Ling, CPA and Liu, Yu-Hsiang, CPA of Deloitte & Touche, who also issued the audit report accordingly. After reviewing said business report, financial statements, and earnings distribution plan, we consider that they comply with relevant statutes or regulations in all respects. Therefore, we issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To:

General Annual Meeting 2024

Thinking Electronic Industrial Co., Ltd.

Convener of Audit Committee: Chou, Pao-Heng

February 27, 2024

## INDEPENDENT AUDITORS' REPORT

**【Attachment 3】**

The Board of Directors and Stockholders  
Thinking Electronic Industrial Co., Ltd.

### Opinion

We have audited the accompanying financial statements of Thinking Electronic Industrial Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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 the 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 for 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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 matter of the Company's financial statements for the year ended December 31, 2023 is described as follows:

#### Authenticity of sales revenue

The Company's operating revenue for the year ended December 31, 2023 included sales revenue from specific customers. As these revenues had a higher correlation to the calculation of key performance indicators of corporations, the authenticity of sales revenue from specific customers was determined to be the key audit matter based on the presumption in the statements of auditing standards that significant risk exists in revenue recognition. For the accounting policy on revenue recognition, refer to Note 4 (K) to the financial statements.

Our main audit procedures performed in response to the above-mentioned key audit matter included the following:

1. We obtained an understanding of and tested the effectiveness of the management's internal control process that is related to the authenticity of revenue recognition.



2. We obtained details on the sales revenues of specific customers, randomly selected an adequate number of samples and examined shipping documents and receipt vouchers. We also verified the amounts collected and confirmed that payers and sales customers were in agreement with one another regarding the authenticity of revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 management either intends to liquidate the Company or to cease 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Jia-Ling Chiang and Yu-Hsiang Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

#### Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# THINKINGELECTRONICINDUSTRIALCO.,LTD.

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 712,390	6	\$ 1,752,733	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	92,250	1
Notes receivable (Note 9)	2,288	-	2,557	-
Accounts receivable, net (Notes 4 and 9)	671,220	5	833,552	7
Accounts receivables from related parties (Notes 9 and 28)	171,023	2	179,793	1
Other receivables	3,019	-	5,822	-
Other receivables from related parties (Note 28)	54	-	1,058	-
Current tax assets (Notes 4 and 23)	4,086	-	-	-
Inventories (Notes 4 and 10)	279,573	2	350,148	3
Other financial assets - current (Notes 11 and 29)	28,800	-	151,700	1
Other current assets	36,439	-	53,181	-
Total current assets	1,908,892	15	3,422,794	26
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	27,682	-	25,723	-
Investments accounted for using the equity method (Notes 4 and 12)	8930,161	70	7,955,007	61
Property, plant and equipment (Notes 4, 13, 28 and 30)	1,709,060	13	1,368,831	11
Right-of-use assets (Notes 4 and 14)	49,065	-	51,078	1
Computer software, net (Note 4)	27,338	-	29,015	-
Deferred tax assets (Notes 4 and 23)	104,462	1	94,791	1
Prepayments for equipment (Note 28)	55,018	1	49,726	-
Net defined benefit assets - non-current (Notes 4 and 19)	32,966	-	13,514	-
Other financial assets - non-current (Notes 11 and 29)	2,807	-	2,315	-
Other non-current assets	17,968	-	-	-
Total non-current assets	10,956,527	85	9,590,000	74
<b>TOTAL</b>	<b>\$ 12,865,419</b>	<b>100</b>	<b>\$ 13,012,794</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 15)	\$ 100,000	1	\$ 678,000	5
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	629	-	92,340	1
Accounts payable (Note 16)	34,497	-	26,974	-
Accounts payable to related (Notes 16 and 28)	364,372	3	378,977	3
Other payables (Note 17)	356,427	3	356,036	3
Other payables to related parties (Note 28)	1,418	-	3,999	-
Current tax liabilities (Notes 4 and 23)	12,712	-	144,994	1
Lease liabilities - current (Notes 4 and 14)	1,508	-	1,465	-
Current portion of long-term borrowings (Notes 4 and 15)	131,589	1	14,458	-
Refund liabilities - current (Notes 4 and 18)	76,342	1	84,696	1
Other current liabilities (Notes 4 and 25)	12,101	-	3,073	-
Total current liabilities	1,091,595	9	1,785,012	14
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4 and 15)	895,659	7	1,022,218	8
Deferred tax liabilities (Notes 4 and 23)	1,498,435	12	1,324,251	10
Lease liabilities - non-current (Notes 4 and 14)	50,727	-	52,235	-
Long-term deferred revenue (Notes 4 and 25)	19,107	-	19,879	-
Guarantee deposits received	120	-	120	-
Total non-current liabilities	2,464,048	19	2,418,703	18
Total liabilities	3,555,643	28	4,203,715	32
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 12 and 20)</b>				
Ordinary shares	1,281,127	10	1,281,127	10
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,454,089	11	1,316,508	10
Special reserve	140,627	1	222,378	2
Unappropriated earnings	6,337,262	49	5,776,786	44
Total retained earnings	7,931,978	61	7,315,672	56
Other equity	(256,236)	(2)	(140,627)	(1)
Total equity	9,309,776	72	8,809,079	68
<b>TOTAL</b>	<b>\$ 12,865,419</b>	<b>100</b>	<b>\$ 13,012,794</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

# THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 3,172,798	100	\$ 3,619,285	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>2,022,702</u>	<u>64</u>	<u>2,466,157</u>	<u>68</u>
GROSS PROFIT	1,150,096	36	1,153,128	32
UNREALIZED GAINS FROM SALES (Notes 4 and 28)	(1,180)	-	(26,915)	(1)
REALIZED GAINS FROM SALES (Note 4)	<u>26,915</u>	<u>1</u>	<u>29,161</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>1,175,831</u>	<u>37</u>	<u>1,155,374</u>	<u>32</u>
OPERATING EXPENSES (Notes 4, 9, 22 and 28)				
Selling and marketing expenses	133,433	4	122,438	3
General and administrative expenses	199,956	6	198,016	6
Research and development expenses	145,843	5	140,083	4
Expected credit loss (gain)	<u>4,144</u>	<u>-</u>	<u>(130)</u>	<u>-</u>
Total operating expenses	<u>483,376</u>	<u>15</u>	<u>460,407</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>692,455</u>	<u>22</u>	<u>694,967</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22, 25 and 28)				
Interest income	16,117	1	25,666	1
Other income	4,015	-	3,474	-
Other gains and losses	(15,456)	-	141,037	4
Finance costs	(11,110)	-	(11,939)	-
Share of profit of subsidiaries	<u>937,247</u>	<u>30</u>	<u>837,609</u>	<u>23</u>
Total non-operating income and expenses	<u>930,813</u>	<u>31</u>	<u>995,847</u>	<u>28</u>
PROFIT BEFORE INCOME TAX	1,623,268	53	1,690,814	47
INCOME TAX EXPENSE (Notes 4 and 23)	<u>315,465</u>	<u>10</u>	<u>316,981</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>1,307,803</u>	<u>43</u>	<u>1,373,833</u>	<u>38</u>

(Continued)

# THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
(Notes 4, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (299)	-	\$ 1,360	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,959	-	(10,550)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	551	-	884	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>60</u>	<u>-</u>	<u>(272)</u>	<u>-</u>
	<u>2,271</u>	<u>-</u>	<u>(8,578)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(59,119)	(2)	611,730	17
Share of the other comprehensive-loss-of subsidiaries accounted for using the equity method	(87,841)	(3)	(496,354)	(14)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>29,392</u>	<u>1</u>	<u>(23,075)</u>	<u>(1)</u>
	<u>(117,568)</u>	<u>(4)</u>	<u>92,301</u>	<u>2</u>
Other comprehensive (loss) income for the year, net	<u>(115,297)</u>	<u>(4)</u>	<u>83,723</u>	<u>2</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,192,506</u>	<u>39</u>	<u>\$ 1,457,556</u>	<u>40</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 10.21</u>		<u>\$ 10.72</u>	
Diluted	<u>\$ 10.17</u>		<u>\$ 10.66</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

**THINKING ELECTRONIC INDUSTRIAL CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings				Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2022	\$ 1,281,127	\$ 352,907	\$ 1,159,089	\$ 201,436	\$ 5,386,452	\$ 6,746,977	\$ (224,709)	\$ 2,331	\$ (222,378)	\$ 8,158,633	
Appropriation of 2021 earnings (Note 20)											
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-	
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)	
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)	
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,375,805	1,375,805	92,301	(10,550)	81,751	1,457,556	
BALANCE AT DECEMBER 31, 2022	1,281,127	352,907	1,316,508	222,378	5,776,786	7,315,672	(132,408)	(8,219)	(140,627)	8,809,079	
Appropriation of 2022 earnings (Note 20)											
Legal reserve	-	-	137,581	-	(137,581)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(691,809)	(691,809)	-	-	-	(691,809)	
Reversal of special reserve	-	-	-	(81,751)	81,751	-	-	-	-	-	
	-	-	137,581	(81,751)	(747,639)	(691,809)	-	-	-	(691,809)	
Net profit for the year ended December 31, 2023	-	-	-	-	1,307,803	1,307,803	-	-	-	1,307,803	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	312	312	(117,568)	1,959	(115,609)	(115,297)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,308,115	1,308,115	(117,568)	1,959	(115,609)	1,192,506	
BALANCE AT DECEMBER 31, 2023	\$ 1,281,127	\$ 352,907	\$ 1,454,089	\$ 140,627	\$ 6,337,262	\$ 7,931,978	\$ (249,976)	\$ (6,260)	\$ (256,236)	\$ 9,309,776	

The accompanying notes are an integral part of the financial statements.

# THINKING ELECTRONIC INDUSTRIAL CO., LTD.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,623,268	\$ 1,690,814
Adjustments for:		
Depreciation expense	81,802	81,398
Amortization expense	14,058	7,463
Expected credit loss (gain)	4,144	(130)
Net loss on fair value changes of financial assets or liabilities at fair value through profit or loss	33,242	2,165
Finance costs	11,110	11,939
Interest income	(16,117)	(25,666)
Dividend income	(763)	(988)
Share of profit of subsidiaries	(937,247)	(837,609)
Gain on disposal of property, plant and equipment	(305)	(404)
Unrealized gain on transactions with subsidiaries	1,180	26,915
Realized gain on transactions with subsidiaries	(26,915)	(29,161)
Amortization of grants income	(746)	(749)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(32,703)	(2,075)
Notes receivable	269	1,322
Accounts receivable	158,188	(3,841)
Accounts receivables from related parties	8,770	32,620
Other receivables	(138)	357
Other receivables from related parties	1,004	(792)
Inventories	70,575	60,847
Prepayments	(17,968)	-
Other current assets	16,742	(14,369)
Net defined benefit assets	(19,751)	(1,054)
Accounts payable	7,523	(20,778)
Accounts payable to related parties	(14,605)	(49,116)
Other payables	14,845	(45,631)
Other payables to related parties	(3,674)	(449)
Other current liabilities	9,028	313
Refund liabilities	(8,354)	(7,973)
Cash generated from operations	976,462	875,368
Interest received	19,058	24,732
Interest paid	(6,748)	(6,896)
Income taxes paid	(257,868)	(218,042)
Net cash generated from operating activities	<u>730,904</u>	<u>675,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using equity method	(158,581)	(43,740)
Acquisition of property, plant and equipment	(438,029)	(467,337)

(Continued)

# THINKING ELECTRONIC INDUSTRIAL CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 305	\$ 1,973
Acquisition of intangible assets	(12,381)	(2,826)
Decrease in other financial assets	122,408	153,900
Dividends received	<u>763</u>	<u>536,090</u>
Net cash (used in) generate from investing activities	<u>(485,515)</u>	<u>178,060</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	325,000	678,000
Decrease in short-term borrowings	(903,000)	(749,630)
Proceeds from long-term borrowings	141,830	351,240
Repayments of long-term borrowings	(156,288)	-
Repayments of the principal portion of lease	(1,465)	(1,023)
Cash dividends paid	<u>(691,809)</u>	<u>(807,110)</u>
Net cash used in financing activities	<u>(1,285,732)</u>	<u>(528,523)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,040,343)	324,699
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,752,733</u>	<u>1,428,034</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 712,390</u>	<u>\$ 1,752,733</u>

The accompanying notes are an integral part of the financial statements.  
(Concluded)



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Thinking Electronic Industrial Co., Ltd.

### Opinion

We have audited the accompanying consolidated financial statements of Thinking Electronic Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) 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 the 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 for 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 for the year ended December 31, 2023. 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 matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

### Authenticity of sales revenue

The Group's operating revenue for the year ended December 31, 2023 included sales revenue from specific customers. As these revenues had a higher correlation to the calculation of key performance indicators of corporations, the authenticity of sales revenue from specific customers was determined to be the key audit matter based on the presumption in the statements of auditing standards that significant risk exists in revenue recognition. For the accounting policy on revenue recognition, refer to Note 4 (K) to the financial statements.

Our main audit procedures performed in response to the above-mentioned key audit matter included the following:

1. We obtained an understanding of and tested the effectiveness of the management's internal control process that is related to the authenticity of revenue recognition.
2. We obtained details on the sales revenues of specific customers, randomly selected an adequate number of samples and examined shipping documents and receipt vouchers. We also verified the amounts collected and confirmed that payers and sales customers were in agreement with one another regarding the authenticity of revenue.

### **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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, 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 management either intends to liquidate the Group or to cease 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 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 entities or business activities within the Group 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 for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Jia-Ling Chiang and Yu-Hsiang Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,599,316	19	\$ 3,573,120	26
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	1,127,549	8	1,007,201	7
Financial assets at amortized cost - current (Notes 4 and 8)	302,843	2	88,058	1
Notes receivable (Notes 10 and 31)	432,050	3	323,739	2
Accounts receivable, net (Notes 4 and 10)	1,930,604	14	1,924,152	14
Accounts receivables from related parties (Notes 10 and 30)	620	-	-	-
Other receivables	66,081	1	55,915	-
Current tax assets (Notes 4 and 25)	27,192	-	7,883	-
Inventories (Notes 4 and 11)	1,236,708	9	1,664,792	12
Other financial assets - current (Notes 12 and 31)	95,120	1	285,739	2
Other current assets	170,893	1	26,467	2
Total current assets	<u>7,988,976</u>	<u>58</u>	<u>9,136,066</u>	<u>66</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	27,682	-	25,723	-
Financial assets at amortized cost - non-current (Notes 4 and 8)	986,429	7	484,318	4
Property, plant and equipment (Notes 4, 14, 31 and 32)	3,693,813	27	3,219,260	24
Right-of-use assets (Notes 4 and 15)	372,854	3	381,309	3
Investment property, net (Notes 4 and 16)	33,375	1	40,176	-
Computer software, net (Note 4)	39,913	1	42,449	-
Deferred tax assets (Notes 4 and 25)	163,861	1	183,472	1
Prepayments for equipment	142,079	1	185,714	2
Net defined benefit assets - non-current (Notes 4 and 21)	31,036	-	9,530	-
Other financial assets - non-current (Notes 12 and 31)	23,584	-	20,974	-
Other non-current assets (Note 15)	146,227	1	28,825	-
Total non-current assets	<u>5,660,853</u>	<u>42</u>	<u>4,621,750</u>	<u>34</u>
<b>TOTAL</b>	<u>\$13,649,829</u>	<u>100</u>	<u>\$13,757,816</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 17 and 31)	\$ 135,000	1	\$ 708,000	5
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	629	-	92,340	1
Notes payable (Note 18)	65,390	1	69,827	1
Accounts payable (Note 18)	407,028	3	384,807	3
Accounts payable to related parties (Note 30)	820	-	1	-
Other payables (Note 19)	721,868	5	727,311	5
Other payables to related parties (Note 30)	1,357	-	4,113	-
Current tax liabilities (Notes 4 and 25)	27,267	-	152,139	1
Lease liabilities - current (Notes 4 and 15)	44,994	-	41,563	-
Current portion of long-term borrowings (Notes 4 and 17)	131,589	1	14,458	-
Refund liabilities - current (Notes 4 and 20)	76,342	1	84,696	1
Other current liabilities (Notes 4 and 27)	26,564	-	19,858	-
Total current liabilities	<u>1,638,848</u>	<u>12</u>	<u>2,299,113</u>	<u>17</u>
<b>NONCURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4 and 17)	895,659	7	1,022,218	7
Deferred tax liabilities (Notes 4 and 25)	1,547,020	11	1,367,671	10
Lease liabilities - non-current (Notes 4 and 15)	81,328	1	85,285	1
Long-term deferred revenue (Notes 4 and 27)	31,902	-	33,228	-
Guarantee deposits received	2,084	-	1,679	-
Other non-current liabilities	5,175	-	5,175	-
Total non-current liabilities	<u>2,563,168</u>	<u>19</u>	<u>2,515,256</u>	<u>18</u>
Total liabilities	<u>4,202,016</u>	<u>31</u>	<u>4,814,369</u>	<u>35</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 13 and 22)</b>				
Ordinary shares	1,281,127	9	1,281,127	9
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,454,089	11	1,316,508	9
Special reserve	140,627	1	222,378	2
Unappropriated earnings	6,337,262	46	5,776,786	42
Total retained earnings	<u>7,931,978</u>	<u>58</u>	<u>7,315,672</u>	<u>53</u>
Other equity	(256,236)	(2)	(140,627)	(1)
Total equity attributable owners of the Company	<u>9,309,776</u>	<u>68</u>	<u>8,809,079</u>	<u>64</u>
<b>NONCONTROLLING INTERESTS (Notes 4, 13 and 22)</b>	<u>138,037</u>	<u>1</u>	<u>134,368</u>	<u>1</u>
Total equity	<u>9,447,813</u>	<u>69</u>	<u>8,943,447</u>	<u>65</u>
<b>TOTAL</b>	<u>\$13,649,829</u>	<u>100</u>	<u>\$13,757,816</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 7,077,136	100	\$ 7,463,135	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>4,333,369</u>	<u>61</u>	<u>4,829,759</u>	<u>65</u>
GROSS PROFIT	<u>2,743,767</u>	<u>39</u>	<u>2,633,376</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 10, 24 and 30)				
Selling and marketing expenses	338,346	5	298,181	4
General and administrative expenses	445,347	6	603,989	8
Research and development expenses	360,706	5	326,395	4
Expected credit loss	<u>6,923</u>	<u>-</u>	<u>4,634</u>	<u>-</u>
Total operating expenses	<u>1,151,322</u>	<u>16</u>	<u>1,233,199</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>1,592,445</u>	<u>23</u>	<u>1,400,177</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 30)				
Interest income	118,743	1	100,827	1
Other income	57,048	1	69,808	1
Other gains and losses	(28,851)	-	243,107	3
Finance costs	<u>(16,838)</u>	<u>-</u>	<u>(17,175)</u>	<u>-</u>
Total non-operating income and expenses	<u>130,102</u>	<u>2</u>	<u>396,567</u>	<u>5</u>
CONSOLIDATED PROFIT BEFORE INCOME TAX	1,722,547	25	1,796,744	24
INCOME TAX EXPENSE (Notes 4 and 25)	<u>411,388</u>	<u>6</u>	<u>406,766</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>1,311,159</u>	<u>19</u>	<u>1,389,978</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	781	-	3,093	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,959	-	(10,550)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(156)</u>	<u>-</u>	<u>(618)</u>	<u>-</u>
			(Continued)	

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
	\$ 2,584	-	\$ (8,075)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(146,960)	(2)	115,376	1
Income tax related to items that may be reclassified subsequently to profit or loss	29,392	-	(23,075)	-
	<u>(117,568)</u>	<u>(2)</u>	<u>92,301</u>	<u>1</u>
Other comprehensive income (loss) for the year, net	<u>(114,984)</u>	<u>(2)</u>	<u>84,226</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,196,175</u>	<u>17</u>	<u>\$ 1,474,204</u>	<u>20</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,307,803	19	\$ 1,373,833	19
Non-controlling interests	<u>3,356</u>	<u>-</u>	<u>16,145</u>	<u>-</u>
	<u>\$ 1,311,159</u>	<u>19</u>	<u>\$ 1,389,978</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,192,506	17	\$ 1,457,556	20
Non-controlling interests	<u>3,669</u>	<u>-</u>	<u>16,648</u>	<u>-</u>
	<u>\$ 1,196,175</u>	<u>17</u>	<u>\$ 1,474,204</u>	<u>20</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 10.21</u>		<u>\$ 10.72</u>	
Diluted	<u>\$ 10.17</u>		<u>\$ 10.66</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Exchange Differences on Translation of Foreign Operations	Other Equity		Total	Non-Controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Total Retained Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2022	\$ 1,281,127	\$ 352,907	\$ 1,159,089	\$ 201,436	\$ 5,386,452	\$ 6,746,977	\$ (224,709)	\$ 2,331	\$ (222,378)	\$ 8,158,633	\$ 117,720	\$ 8,276,353
Appropriation of 2021 earnings (Note 22)												
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-	-	-
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)	-	(807,110)
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)	-	(807,110)
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833	16,145	1,389,978
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723	503	84,226
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,375,805	1,375,805	92,301	(10,550)	81,751	1,457,556	16,648	1,474,204
BALANCE AT DECEMBER 31, 2022	1,281,127	352,907	1,316,508	222,378	5,776,786	7,315,672	(132,408)	(8,219)	(140,627)	8,809,079	134,368	8,943,447
Appropriation of 2022 earnings (Note 22)												
Legal reserve	-	-	137,581	-	(137,581)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(691,809)	(691,809)	-	-	-	(691,809)	-	(691,809)
Reversal of special reserve	-	-	-	(81,751)	81,751	-	-	-	-	-	-	-
	-	-	137,581	(81,751)	(747,639)	(691,809)	-	-	-	(691,809)	-	(691,809)
Net profit for the year ended December 31, 2023	-	-	-	-	1,307,803	1,307,803	-	-	-	1,307,803	3,356	1,311,159
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	312	312	(117,568)	1,959	(115,609)	(115,297)	313	(114,984)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,308,115	1,308,115	(117,568)	1,959	(115,609)	1,192,506	3,669	1,196,175
BALANCE AT DECEMBER 31, 2023	\$ 1,281,127	\$ 352,907	\$ 1,454,089	\$ 140,627	\$ 6,337,262	\$ 7,931,978	\$ (249,976)	\$ (6,260)	\$ (256,236)	\$ 9,309,776	\$ 138,037	\$ 9,447,813

The accompanying notes are an integral part of the consolidated financial statements.



# THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated income before income tax	\$ 1,722,547	\$ 1,796,744
Adjustments for:		
Depreciation expense	373,241	370,789
Amortization expense	17,822	10,690
Expected credit loss	6,923	4,634
Net loss on financial assets or liabilities at fair value through profit or loss	33,242	2,165
Finance costs	16,838	17,175
Interest income	(118,743)	(100,827)
Dividend income	(763)	(988)
Loss (gain) on disposal of property, plant and equipment	16,529	(13,785)
Amortization of grants income	(1,079)	(1,084)
Other non-cash items	(697)	(16)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(32,703)	(2,075)
Notes receivable	(108,311)	3,396
Accounts receivable	(13,160)	(44,166)
Accounts receivables from related parties	(620)	-
Other receivables	6,222	866
Other receivables from related parties	-	145
Inventories	428,084	278,724
Prepayments	(17,968)	-
Other current assets	34,574	(40,175)
Net defined benefit asset	(20,725)	(1,543)
Notes payable	(4,437)	(61,299)
Accounts payable	22,221	(89,777)
Accounts payable to related parties	819	(44)
Other payables	10,830	27,457
Other payables to related parties	(2,756)	(560)
Other current liabilities	6,712	(5,720)
Refund liabilities	(8,354)	(7,973)
Cash generated from operations	2,366,288	2,142,753
Interest received	102,355	89,035
Interest paid	(12,485)	(12,132)
Income taxes paid	(327,535)	(351,557)
Net cash generated from operating activities	<u>2,128,623</u>	<u>1,868,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(870,857)	(306,511)
Proceeds from disposal of financial assets at amortized cost	131,526	93,967
Acquisition of financial assets at fair value through profit or loss	(2,660,443)	(4,208,837)

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 2,429,400	\$ 4,837,254
Acquisition of property, plant and equipment	(862,483)	(874,188)
Proceeds from disposal of property, plant and equipment	59,935	59,635
Acquisition of intangible assets	(15,499)	(4,874)
Acquisition of right-of-use assets	-	(95,320)
Decrease in other financial assets	188,009	104,660
Increase in other non-current assets	(104,030)	(108)
Decrease in other non-current assets	4,596	-
Dividends received	<u>763</u>	<u>988</u>
Net cash used in investing activities	<u>(1,699,083)</u>	<u>(393,334)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	420,000	742,100
Decrease in short-term borrowings	(993,000)	(783,730)
Proceeds from long-term borrowings	155,148	351,240
Repayment of long-term borrowings	(169,413)	-
Increase in guarantee deposits received	405	331
Repayments of the principal portion of lease liabilities	(56,310)	(48,971)
Cash dividends paid	<u>(691,809)</u>	<u>(807,110)</u>
Net cash used in financing activities	<u>(1,334,979)</u>	<u>(546,140)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(68,365)</u>	<u>65,522</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(973,804)	994,147
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>3,573,120</u>	<u>2,578,973</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 2,599,316</u>	<u>\$ 3,573,120</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**Thinking Electronic Industrial Co., Ltd. 【Attachment 4】**

**Comparison Table for the Articles of the Articles of Incorporation Before and After Revision**

Provisions under amendment	Current provisions	Remarks:
<p><b>Article 13:</b> The Company shall appoint 7~9 directors for a term of office for 3 years via the candidate nomination system. They shall be elected by the shareholders' meeting from the list of candidates for directors and may be reelected for a second term of office. The Board of Directors is authorized to decide said number of directors (7~9 directors).</p> <p><u>Starting from 2024, there shall be at least one director of each gender (applicable when the director's term expires).</u></p> <p>Of all directors referred to in the preceding paragraph, there shall be at least <u>three</u> independent directors, accounting for <u>no less than one-fifth of the total number</u> of directors. <u>Starting from 2027, the number of independent directors shall be no less than one-third of the total number of directors (applicable when the director's term expires).</u></p> <p><u>Starting from 2024, no more than half of the independent directors may serve more than three consecutive terms (applicable when the director's term expires). Starting from 2027, all independent directors may not serve more than three consecutive terms</u></p>	<p><b>Article 13:</b> The Company shall appoint 7~9 directors for a term of office for 3 years via the candidate nomination system. They shall be elected by the shareholders' meeting from the list of candidates for directors and may be reelected for a second term of office. The Board of Directors is authorized to decide said number of directors (7~9 directors).</p> <p>Of all directors referred to in the preceding paragraph, there shall be at least 2 independent directors who shall be no less than one-fifths of the whole directors.</p>	<p>Amended in response to laws principles.</p>

Provisions under amendment	Current provisions	Remarks:
<p><u>(applicable when the director's term expires).</u></p> <p>The total nominal shares to be held by the whole directors shall be subject to the percentage referred to in the “Rules and Review Procedures for Director Share Ownership Ratio at Public Companies”.</p>	<p>The total nominal shares to be held by the whole directors shall be subject to the percentage referred to in the “Rules and Review Procedures for Director Share Ownership Ratio at Public Companies”.</p>	
<p><b>Article 21:</b></p> <p>The Articles were enacted on June 22, 1979. 1st amendments hereto were made on October 29, 1980. 2nd amendments hereto were made on December 6, 1985. 3rd amendments hereto were made on July 31, 1987. 4th amendments hereto were made on January 28, 1988. 5th amendments hereto were made on July 6, 1988. 6th amendments hereto were made on May 12, 1989. 7th amendments hereto were made on December 14, 1989. 8th amendments hereto were made on January 5, 1994. 9th amendments hereto were made on February 19, 1994. 10th amendments hereto were made on September 30, 1994. 11th amendments hereto were made on November 1, 1994. 12th amendments hereto were made on April 15, 1996. 13th amendments hereto were made on December 17, 1996. 14th amendments hereto were made on April 10, 1997. 15th</p>	<p><b>Article 21:</b></p> <p>The Articles were enacted on June 22, 1979. 1st amendments hereto were made on October 29, 1980. 2nd amendments hereto were made on December 6, 1985. 3rd amendments hereto were made on July 31, 1987. 4th amendments hereto were made on January 28, 1988. 5th amendments hereto were made on July 6, 1988. 6th amendments hereto were made on May 12, 1989. 7th amendments hereto were made on December 14, 1989. 8th amendments hereto were made on January 5, 1994. 9th amendments hereto were made on February 19, 1994. 10th amendments hereto were made on September 30, 1994. 11th amendments hereto were made on November 1, 1994. 12th amendments hereto were made on April 15, 1996. 13th amendments hereto were made on December 17, 1996. 14th amendments hereto were made on April 10, 1997. 15th</p>	<p>Addition of the date of latest amendments</p>

Provisions under amendment	Current provisions	Remarks:
<p>amendments hereto were made on November 22, 1997. 16th amendments hereto were made on March 14, 1998. 17th amendments hereto were made on January 23, 1999. 18th amendments hereto were made on April 12, 1999. 19th amendments hereto were made on June 19, 2000. 20th amendments hereto were made on June 12, 2001. 21st amendments hereto were made on June 12, 2002. 22nd amendments hereto were made on June 12, 2002. 23rd amendments hereto were made on June 16, 2005. 24th amendments hereto were made on June 14, 2006. 25th amendments hereto were made on June 25, 2008. 26th amendments hereto were made on June 10, 2009. 27th amendments hereto were made on June 17, 2010. 28th amendments hereto were made on June 19, 2012. 29th amendments hereto were made on June 17, 2013. 30th amendments hereto were made on June 17, 2016. 31st amendments hereto were made on June 20, 2017. 32nd amendments hereto were made on June 22, 2018. 33rd amendments hereto were made on June 15, 2020. 34th amendments hereto were made on July 29, 2021. <u>35th amendments hereto were made on June 18, 2024.</u></p>	<p>amendments hereto were made on November 22, 1997. 16th amendments hereto were made on March 14, 1998. 17th amendments hereto were made on January 23, 1999. 18th amendments hereto were made on April 12, 1999. 19th amendments hereto were made on June 19, 2000. 20th amendments hereto were made on June 12, 2001. 21st amendments hereto were made on June 12, 2002. 22nd amendments hereto were made on June 12, 2002. 23rd amendments hereto were made on June 16, 2005. 24th amendments hereto were made on June 14, 2006. 25th amendments hereto were made on June 25, 2008. 26th amendments hereto were made on June 10, 2009. 27th amendments hereto were made on June 17, 2010. 28th amendments hereto were made on June 19, 2012. 29th amendments hereto were made on June 17, 2013. 30th amendments hereto were made on June 17, 2016. 31st amendments hereto were made on June 20, 2017. 32nd amendments hereto were made on June 22, 2018. 33rd amendments hereto were made on June 15, 2020. 34th amendments hereto were made on July 29, 2021</p>	

**【Attachment 5】**

Type of candidate	Name of candidate	Education	Shareholding
Independent Director	Su Ping-Chang	Education: Master of Department of Accounting, National Chengchi University Experience: Chairman of Board, Crowe (TW) CPAs Independent Director, Capital Securities Corporation Supervisor, CPA Associations R.O.C. (Taiwan) Current Position: Chairman, Jianfu Information Co., Ltd. Supervisor of Kaifa Industry Co., Ltd. Supervisor of Nan He Hsing Industrial Co., Ltd. Director of Frank C. Chen Cultural and Educational Foundation Director of Evershine Consulting Co., Ltd.,	0

# Thinking Electronic Industrial Co., Ltd.

【Appendix 1】

## Articles of Incorporation

### Chapter One. General Provisions

Article 1: The Company has been duly incorporated in accordance with the Company Act and named “興勤電子工業股份有限公司”, and “THINKING ELECTRONIC INDUSTRIAL CO., LTD” in English.

Article 2: The Company’s business lines are stated as follows:

- (1) C901010 Ceramic and Ceramic Products Manufacturing
- (2) CB01010 Machinery and Equipment Manufacturing.
- (3) CC01020 Electric Wires and Cables Manufacturing
- (4) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- (5) CC01080 Electronic Parts and Components Manufacturing.
- (6) CC01110 Computer and Peripheral Equipment Manufacturing
- (7) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- (8) CD01030 Motor Vehicles and Parts Manufacturing
- (9) CE01010 General Instrument Manufacturing
- (10) F401010 International Trade
- (11) ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

Article 2-1: It necessary, the Company may make endorsements/guarantees for others. The operating procedure thereof shall follow the Company's regulations governing making of endorsements/guarantees for others.

Article 2-2: If necessary, the Company may invest in other enterprises upon resolution by the Board of Directors. The total amount of investment made by the Company may be more than 40% of the Company’s paid-in capital, free from the restriction on investment referred to in Article 13 of the Company Act.

Article 3: The Company’s head office is situated in Kaohsiung City. The Company may establish factories or branches domestically or overseas under the resolution of the Board of Directors, where necessary.

Article 4: The Company’s announcements shall be made in accordance with Article 28 of the Company Act.

### Chapter Two. Shares

Article 5: The Company’s authorized capital amounts to NT\$2 billion, divided into 200 million shares at NT\$10 per share. The Board of Directors is authorized to have unissued shares

issued at different time.

Article 6: The Company's shareholders service shall be processed according to related laws and the competent authority's requirements.

Article 7: The Company may issue shares exempted from the requirements about printing of share certificates, but shall register the shares with the centralized securities depository institutions. The Company printing of share certificates, if any, shall be governed by the Company Act and other related laws of the R.O.C..

Article 8: The transfer of shares shall be suspended within 60 days before an annual meeting of shareholders, within 30 days before a special shareholders' meeting, or within 5 days before the date of the Company's decision made to distribute dividends and bonuses or other profits.

### **Chapter Three. Shareholders' Meetings**

Article 9: The shareholders' meetings consist of annual meetings of shareholders, which shall be convened once per year within 6 months at the end of each fiscal year and notified by the Board of Directors to each shareholder within 30 days before the meeting, and the special shareholders' meetings, which shall be convened pursuant to laws whenever necessary and notified to each shareholder in writing within 15 days before the meeting.

Article 9-1: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of Board. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chairperson. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson.

Article 10: Any shareholder who is unable to attend a shareholders' meeting in person may appoint a proxy by presenting a power of attorney printed by the Company indicating the scope of authorization, in accordance with the Company Act, and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority, and related laws & regulations.

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

Article 11-1: When the Company convenes a shareholders' meeting, shareholders may exercise their voting rights in writing or by electronic means.

A shareholder exercising voting rights in writing or by electronic means will be



deemed to have attended the meeting in person. However, they are considered to have waived their rights to participate in any extemporary motions or amendments to the original motion that may arise during the shareholders' meeting. The matters related to such exercise shall be governed by the existing laws.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares, at the meeting.

Article 12-1: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson and distributed to all shareholders of the Company within twenty (20) days after the meeting. Distribution of the meeting minutes may be done by public notice. The minutes of a shareholders' meeting shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year.

#### **Chapter Four. Directors**

Article 13: The Company shall appoint 7~9 directors for a term of office for 3 years via the candidate nomination system. They shall be elected by the shareholders' meeting from the list of candidates for directors and may be reelected for a second term of office. The Board of Directors is authorized to decide said number of directors (7~9 directors).

Of all directors referred to in the preceding paragraph, there shall be at least 2 independent directors who shall be no less than one-fifths of the whole directors. The total nominal shares to be held by the whole directors shall be subject to the percentage referred to in the "Rules and Review Procedures for Director Share Ownership Ratio at Public Companies".

Article 13-1: If the Board loses more than one-thirds of its directors, the Board of Directors shall convene a special shareholders' meeting within 60 days to elect new directors for the shortfall to serve the remaining term of office.

Article 13-2: The Company shall establish the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of the entire number of independent directors. The Audit Committee or its members are

responsible for exercising the powers granted to supervisors according to the Company Act, Securities and Exchange Act and other laws.

Article 14: The Board of Directors shall consist of all directors. A Chairman of Board shall be elected among and from the directors upon resolution adopted by a majority of the directors present at a meeting attended by more than two-thirds of the whole directors, in order to act on behalf of the Company externally.

Article 14-1: The Board of Directors shall perform the following functions:

1. Review and approval of the corporate policy and the development plan in the mid to long term.
2. Review and supervision of the execution of annual business plan.
3. Review and approval of budget and account settlement.
4. Review and approval of the capital increase/decrease plan.
5. Review and approval of the proposal for earnings distribution or covering of loss carried forward.
6. Authorization of essential contracts with external parties.
7. Review and approval of the the Company's Memorandum and Articles of Association and important rules and regulations.
8. Review and approval of the establishment, reorganization, and revocation of branches.
9. Review and approval of major investment and capital spending plans.
10. Other matters required by the Company Act and related laws.

Article 15: In the absence of the Chairman or the Chairman is unable to perform its duties with causes, the proxy shall act in accordance with Article 208 of the Company Act. Any director who is unable to attend a meeting in person may appoint another director to attend the meeting on behalf of him/her by personally presenting a power of attorney. Each director may appoint only one other director to act as his/her proxy at the meeting. If a Board meeting is convened by way video conference, those who participate in the meeting using video conferencing are considered to have attended the meeting in person.

Article 16: Remuneration to the Company's directors for performance of job duties must be paid, irrelevant with profit or loss retained by the Company. The Board of Directors is authorized to determine the level of remuneration to directors based on their engagement in and contribution to the Company's operations, and in reference to peer companies' pay.

Article 16-1: The Company shall take out for directors the liability insurance with respect to liabilities resulting from exercising their duties pursuant to laws during their term of office.

Article 16-2: In calling a Board meeting, a notice specifying the cause of meeting shall be given to each director 7 days prior to the meeting. In the case of emergency, the meeting may

be convened at any time.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

### **Chapter Five. Managers**

Article 17: The Company shall employ several managers. The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company Act.

### **Chapter Six. Accounting**

Article 18: The Board of Directors is responsible for preparing the following statements and reports at the end of each fiscal year. These statements and reports shall be submitted to the Audit Committee at least 30 days before an annual meeting of shareholders for approval and the Board of Directors for resolution, and presented during the annual meeting of shareholders for the final acknowledgment.

1. Business report
2. Financial statements
3. Motions for earnings distribution or covering of losses

Article 19: If the Company retains earnings at the end of the fiscal year, it is required to allocate 2% thereof as the remuneration to employees. The Board of Directors shall resolve to pay the remuneration in the form of stock or in cash. The recipients entitled to receive the remuneration include the employees of subsidiaries of the Company meeting certain specific requirements. The Company may allocate no more than 2% of said earnings as the remuneration to directors per resolution by the Board of Directors. The motion for distribution of remuneration to employees and directors shall be reported to a shareholders' meeting.

However, when the Company still has accumulated losses, an amount equivalent to said losses shall be reserved to make up for the loss in advance. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

Article 19-1: Shall there be earnings after the annual settlement, the earnings shall offset the accumulated losses from the previous years, and pay all the taxes pursuant to laws, and 10% of the balance, if any, shall be provided as the legal reserve, unless the legal reserve reaches the total capital of the Company.

When the special reserve is provided or reversed based on laws, the remaining amount, if any, may be combined with the balance of the undistributed earnings, for

the purpose of the Board of Directors' proposal for the earnings distributions.

It shall be submitted to a shareholders' meeting for resolution about distribution of dividends and bonus.

The Company's dividend policy is defined in response to the current and future development plans and by taking into account the investment environment, capital needs, competition in domestic/overseas markets, as well as shareholders' equity.

The bonus to shareholders shall be allocated from the accumulated distributable earnings, which shall be no less than 30% of the distributable earnings for then year.

The dividends to shareholders may be distributed in cash or in the form of stock.

The cash dividend shall be no less than 20% of the total dividends.

### **Chapter Seven. Supplementary Clauses**

Article 20: Any matters not covered herein shall be governed by the Company Act and other laws.

Article 21: The Articles were enacted on June 22, 1979. 1st amendments hereto were made on October 29, 1980. 2nd amendments hereto were made on December 6, 1985. 3rd amendments hereto were made on July 31, 1987. 4th amendments hereto were made on January 28, 1988. 5th amendments hereto were made on July 6, 1988. 6th amendments hereto were made on May 12, 1989. 7th amendments hereto were made on December 14, 1989. 8th amendments hereto were made on January 5, 1994. 9th amendments hereto were made on February 19, 1994. 10th amendments hereto were made on September 30, 1994. 11th amendments hereto were made on November 1, 1994. 12th amendments hereto were made on April 15, 1996. 13th amendments hereto were made on December 17, 1996. 14th amendments hereto were made on April 10, 1997. 15th amendments hereto were made on November 22, 1997. 16th amendments hereto were made on March 14, 1998. 17th amendments hereto were made on January 23, 1999. 18th amendments hereto were made on April 12, 1999. 19th amendments hereto were made on June 19, 2000. 20th amendments hereto were made on June 12, 2001. 21st amendments hereto were made on June 12, 2002. 22nd amendments hereto were made on June 12, 2002. 23rd amendments hereto were made on June 16, 2005. 24th amendments hereto were made on June 14, 2006. 25th amendments hereto were made on June 25, 2008. 26th amendments hereto were made on June 10, 2009. 27th amendments hereto were made on June 17, 2010. 28th amendments hereto were made on June 19, 2012. 29th amendments hereto were made on June 17, 2013. 30th amendments hereto were made on June 17, 2016. 31st amendments hereto were made on June 20, 2017. 32nd amendments hereto were made on June 22, 2018. 33rd amendments hereto were made on June 15, 2020. 34th amendments hereto were made on July 29, 2021.

Thinking Electronic Industrial Co., Ltd.  
Chairman of Board: Sui Tai-Chung

**【Appendix 2】**

**Thinking Electronic Industrial Co., Ltd.**  
**Rules of Procedure for Shareholders' Meeting**

2020.06.15 Amendment

Article 1: The shareholders' meetings of the Company shall be governed by these Rules.

Article 2: The shareholders referred to herein shall mean the shareholders per se, institutional shareholders' representatives, and proxies appointed by the shareholders to attend the meetings on behalf of them pursuant to laws.

Article 3: The present shareholders (or their proxies) shall wear the attendance certificate and hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by said sign-in cards plus the number of shares whose voting rights are exercised by electronic means. Voting at a shareholders meeting shall be calculated based on the number of shares.

Article 4: When a shareholder attends a shareholders' meeting in person or by proxy, the Company, whenever it deems necessary, may check the identity certificates that can afford to prove the personal identity.

Article 5: The shareholders' meetings of the Company shall be held at the Company's location or any other locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM.

Article 6: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of Board. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chairperson. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson. Where any person other than the Board of Directors convenes a shareholders' meeting, such person shall preside over the meeting.

Article 7: The Company may appoint its attorney-at-law, CPA, or related persons retained by it to attend a shareholders' meeting.

Article 8: The minutes of a shareholders' meeting shall be kept on record by voice recording or videotaping. Such minutes on record shall be retained for at least 1 year.

Article 9: The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. In the event that postponement has been made twice and the shareholders present

in the meeting cannot represent one-half but represent more than one-third of the total outstanding shares, Paragraph 1 of Article 175 of the Company Act shall be applicable whereby provisional resolution could be made.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of a 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.

Before the parliamentary procedure is accomplished in accordance with the agenda (including extempore motions) as stated in the preceding two paragraphs, the chairperson cannot announce for the adjournment of the meeting unless with the resolution rendered by a shareholders' meeting.

After the meeting is adjourned, shareholders cannot nominate another chairperson or seek another venue for the continuation of the meeting.

If the chairperson is found to have adjourned the meeting in violation of the parliamentary rules, the meeting may continue with a separate chairperson elected upon approval of a majority of the voting rights represented by the shareholders present at the meeting.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number) and account name. The order in which shareholders speak will be set by the chairperson. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

In case the content of the speech delivered on the floor is irrelevant with the content in the speech memo, the latter shall prevail.

When a shareholder is having the floor, all other shareholders shall not interfere unless at the consent of the chairperson or the shareholder who is taking the floor.

Any unrestrained action shall be discouraged by the chairperson.

Article 12: Shareholders cannot speak for more than twice, for 5 minutes each, on the same

motion without prior consent of the chairperson.

The chairperson shall prevent further speech of a particular shareholder who violates the aforementioned requirements or where the contents of the speech are irrelevant to the motion in point.

Article 13: Where a juristic person may be appointed as a proxy to attend a shareholders' meeting, it may appoint only one representative to attend the meeting.

For institutional shareholders appointing two (2) or more representatives to a shareholder's meeting, only one representative may express opinions on the same motion.

Article 14: After a present shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 15: Any matters other than motions may be put under discussion or voting. When the chairperson is of the opinion that a motion has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.

Where the chairperson announces that the closed discussion of any motion should be decided by ballot, ballots may be cast on several motions at the same time, but the motions shall be put to a vote separately.

Article 16: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and Articles of Incorporation, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares, at the meeting.

When there is an amendment or an alternative to a motion, the chairperson shall present the amended or alternative motion together with the original one and decide the order in which they will be put to a vote. If one of them is passed, the others shall be deemed vetoed and no further voting is necessary.

Article 17: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

Article 18: The chairperson will appoint ballot examiners and ballot counters, provided that the ballot examiners credited shareholders. The results of the voting shall be announced and recorded on site at the meeting.

Article 19: The chairperson may call for a recess at appropriate times.

Article 20: The chairperson shall direct picketers (or security guards) to maintain the order of the shareholders' meeting place. The picketers (or security guards) at the meeting place assisting with maintenance of order shall wear armbands marked "Marshal".

Shareholders shall follow the command by the chairperson, picketers or security guards on maintenance of the order. When a shareholder obstructs the parliamentary procedure and defies the chairperson's correction, the chairperson, picketers or security guards may remove such shareholder from the meeting place.

Article 21: Any matters not covered herein shall be governed by the Company Act, Articles of Incorporation and other related laws & regulations.

Article 22: The Rules shall be enforced upon approval from a shareholders' meeting. The same shall apply where the Rules are amended.



**【Appendix3】**

**Thinking Electronic Industrial Co., Ltd.**  
**Regulations for the Election of Directors**

- Article 1. The election of directors of the Company shall be conducted in accordance with these procedures, except where otherwise provided by the Company Act and the Articles of Incorporation.
- Article 2. The election of directors in the Company is conducted using the cumulative voting method, where each share has the same number of votes as the number of directors to be elected. Shareholders can either concentrate their votes on one candidate or distribute their votes among multiple candidates. Candidates' names may be replaced with attendance numbers on the election ballots.
- Article 2.1. The election of independent directors in the Company shall be conducted in accordance with the provisions of Article 192-1 of the Company Act, using a candidate nomination system, with the directors selected from a list of candidates nominated by shareholders. The qualifications and appointment of independent directors should comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
- Article 3. Prior to the election, the Chairperson shall designate several poll-watchers and tellers to carry out related tasks, with the requirement that poll-watchers must be shareholders.
- Article 4. Directors of the Company shall be elected in accordance with the Company's Articles of Incorporation, with the number of seats determined by the Board of Directors. Candidates shall be elected in sequence with the number of votes, going from most to least. The election for independent directors and non-independent directors shall be conducted separately, and the number of seats elected is calculated separately as well. If there are two or more individuals who receive an equal number of votes and exceed the number of seats to be elected, a draw shall be conducted to determine the outcome. In the absence of those unable to attend, the Chairperson shall draw on their behalf.
- Article 5. Election ballots shall be prepared by the Board of Directors, numbered according to the attendance certificate numbers, and stamped with the number of voting rights.
- Article 6. Voters must fill in the "Candidate" field on the ballot with the name of the candidate and include their shareholder account number. If the voter is not a shareholder, they

should provide the name of the candidate and their national identification number, and then place the ballot into the ballot box. However, if the candidate is a government agency or a legal entity, the "Candidate" field on the ballot should list the name of the government agency or legal entity, and may include the name of the representative of the government agency or legal entity. If there are multiple representatives, their names should be filled in separately.

Article 7. An election ballot shall be considered invalid if it meets any of the following conditions.

1. The ballot does not meet the specifications of Article 5.
2. There are more than two candidates selected.
3. Except for the name and voting rights of the candidate, as well as their shareholder account number or national identification number, no other text shall be included.
4. The ballot cast into the ballot box is blank.

Article 8. If one of the following conditions apply to any of the candidates listed on the ballot, votes for that candidate shall not be counted:

1. Illegible handwriting.
2. If the candidate is a shareholder, but their identity or shareholder account number does not match the shareholder registry; if the candidate is not a shareholder, but their name or ID number does not match upon verification.
3. The name of the selected candidate is the same as the names of other shareholders, but the shareholder account number or national identification number has not been provided for verification.

Article 9. Votes shall be counted immediately after the voting, and results shall be announced by the Chairman.

Article 10. Elected directors shall be issued a certificate of election by the Board of Directors.

Article 11. Unspecified matters in these regulations shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 12. This regulation shall be implemented upon approval by the Shareholders' Meeting, and any amendments shall also be implemented in the same manner.

**【Appendix 4】****Shares held by the whole directors:**

1. According to Paragraph 2 of Article 26 of the Securities and Exchange Act, the minimum required shares to be held by the whole directors of the Company should be 10,000,000 shares.
2. The number of shares held by directors recorded in the roster of shareholders until the date of suspension of share transfer for the shareholders' meeting (until April 20, 2024) is stated as following:

April 20, 2024

Position	Name	Current shareholding	
		Shares	Ratio of shareholding
Chairman	Representative of Boh Chin Investment Co., Ltd.: Sui Tai-Chung	27,178,247	21.21%
Director	Representative of Boh Chin Investment Co., Ltd.: Chen, Su-Ai		
Director	Chen Yen-Hui	37,443	0.03%
Director	Chang Shan-Hui	20,051	0.02%
Independent Director	Huang Cheng-Nan	0	0.00%
Independent Director	Chou, Chi-Wen	0	0.00%
Independent Director	Chou, Pao-Heng	0	0.00%

**【Appendix 5】****The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate**

N/A, as no stock dividends were issued by the Company this year.