

Stock Code: 2428



興勤電子工業股份有限公司

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

**Annual Meeting of  
Shareholders 2022  
Handbook**

June 16, 2022

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**Thinking Electronic Industrial Co., Ltd.**  
**Procedure for the 2022 Annual Meeting of Shareholders**

I. Time: June 16, 2022, 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 takes chair.

VII. Chairperson remarks.

VIII. Management Presentation (Company Reports):

(1) Business report 2021

(2) Audit Committee's review on the financial statements 2021

(3) Investee's operations 2021

(4) Distribution of remuneration to employees and directors 2021

(5) Other Management Presentation (Company Reports)

IX. Proposals:

(1) Business report and financial statements 2021

(2) Motion for earnings distribution 2021

X. Discussion:

(1) Amendment to the "Procedures for the Acquisition or Disposal of Assets"

(2) Amendment to the "Procedures for Engaging in Derivates Trading"

XI. Questions and Motions:

XII. Adjournment

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

No. 1: Business report 2021

Explanation: The Company's business report 2021 (please refer to Attachment 1)

No. 2: Audit Committee's review on the financial statements 2021

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

No. 3: Investee's operations 2021

Explanation: Operations of the Company's investees in 2021 (please refer to Attachment 3)

No. 4: Distribution of remuneration to employees and directors 2021

Explanation: The Company's profit before tax was NT\$1,988,455,633 in 2021. According to the Article 19 of the Articles of Incorporation, 1.27% thereof was provided as the remuneration to directors and 4.33% thereof as the remuneration to employees. The remuneration to directors totaled NT\$26,800,000 and remuneration to employees NT\$91,100,000 in 2021, which are considered satisfying the Articles of Incorporation. Said remuneration was paid in cash in whole.

Other Management Presentation (Company Reports): N/A

## **Proposals**

No. 1: Business report and financial statements 2021

Submitted by the Board of directors

Explanation:

1. The Company's and consolidated entities' financial statements 2021 have been audited and certified by Chiang Jia-Ling, CPA and Wu Chiu-Yen, 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 4 for details).
3. Please resolve them accordingly.

Resolution:

No. 2: Motion for earning distribution 2021

Submitted by the Board of directors

Resolution:

- 1.The following earnings distribution table is prepared in accordance with the Company act and the Company's Articles of Incorporation. The earnings 2021 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

2021

Unit: NTD \$

Unappropriated retained earnings, beginning:	3,812,266,094
Net profit for 2021:	1,577,307,074
Add: Remeasurement of defined benefit plans recognized into retained earnings	
	(1,144,289)
Retained earnings from adjustment of investment under equity method:	<u>(1,976,997)</u>
Current net profit plus adjustment	1,574,185,788
Less: Provision of legal reserve	(157,418,578)
Provision of special reserve	<u>(20,942,133)</u>
Unappropriated retained earnings accumulated until the end of 2021	5,208,091,171
Dividends to shareholders - cash dividends	<u>(807,110,174)</u>
Unappropriated retained earnings, beginning	<u>4,400,980,997</u>

Notes:

1. The earnings 2021 shall be distributed as the first priority.
2. The cash dividends proposed to be distributed total NT\$807,110,174 to be distributed at NT\$6.30 per share subject to the outstanding stocks totaling 128,112,726 shares on March 21, 2022. 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 "Procedures for the Acquisition or Disposal of Assets"

Submitted by the Board of directors

Explanation:

1. Amend the "Procedures for the Acquisition or Disposal of Assets" in response to laws and practical needs.
2. Please refer to Attachment 5 for the comparison table before and after amendments.
3. Please resolve the motion accordingly.

Resolution:

No. 2: Amendment to the "Procedures for Engaging in Derivates Trading"

Submitted by the Board of directors

Explanation:

1. Amend the "Procedures for Engaging in Derivatives Trading" in response to the practical needs.
2. Please refer to Attachment 6 for the comparison table before and after amendments.
3. Please resolve the motion accordingly.

## **Questions and Motions**

Questions and Motions

Adjournment

Thinking Electronic Industrial Co., Ltd.  
Business Report 2021

**Attachment 1**

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.

I. Business report:

(1) Results:

The consolidated turnover was NT\$7,500,455 thousand, growing by 26.69% from the previous year. The consolidated net profit after tax was NT\$1,590,623 thousand, growing by 15.21% from the previous year. The EPS was NT\$12.31.

(2) Execution of budget: N/A.

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

The Company's financial receipts and expenditures and profitability 2021 are analyzed as follows:

Unit: NT\$ Thousand

Item	Year	2021	2020
	Financial receipts and expenditures	Operating revenue, net	7,500,455
Gross profit		3,239,431	2,714,605
Current net profit		1,590,623	1,380,603
Profitability	ROA	13.50%	14.03%
	ROE	20.23%	19.77%
	Operating income to paid-in capital ratio	165.85%	143.86%
	EBT to paid-in capital ratio	168.54%	145.75%
	Net profit margin	21.20%	23.31%
	EPS after tax (NT\$)	12.31	10.81



(4) Research and development :

1. Complete the TSM 0201 small-size NTC Thermistor model development in the soft cutting process.
2. Complete the TPM 0201 small-size 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 model of PPTC for automotive grade.
5. Complete the development of PPTC High 125 degree temperature model.
6. Complete LCP small-size 0402 30V high-voltage products, and implement mass production.
7. Complete the preparation for mass production of SMD 0805 PTC Thermistor (1.0  $\Omega$  and other low-resistance series).
8. Complete the development of PTC Thermistor SMD 0603 low-resistance series (10 $\Omega$  and 6.8 $\Omega$ ).
9. Complete the development of, and preparation for mass production of, certain models of TVM SMD silver electrodes 4B 6B series 5G high-pass Varistors.
10. Complete the development of certain models of SMD silver electrodes 1206 high-pass Varistors.
11. Complete the development of 0806 SMD high-pass Varistors. for LED, acquire UL certification, and start mass production and shipment.
12. Complete the development of silver electrodes 1210 SMD high-pass Varistors for LED.
13. Complete the development of CPTC overcurrent/overvoltage-protection lead-free products.
14. Complete the development of 48V TVR product series for automotive grade.
15. Complete the development of CPTC high-pressure resistant product series.

II. Summary of 2022 business plan:

(1) Business policy

1. We continued to apply the management philosophy, “New Concept, New Management, New Technology and New Market”, and aimed to expand our market share by taking advantage of the trend toward electric powered vehicles, and to continue our efforts in new markets including communications, industrial, and healthcare.
2. We invested in corresponding equipment and technology to keep up our

competitiveness in the market and to secure the market. We also accelerated the new product development and production to increase sales.

3. We have recruited more sales staff and expanded the scope of business to increase the sales for new products.

(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 has made significant achievements in working in this market. The 5G communication system continues to grow and will become the main message and control platform. The demand for protective components is increasing. There is a great opportunity for the future; the automated and intellectualized industrial application and infrastructure market will drive economic growth in the post-epidemic period. These factors bring an optimistic vision for the business. However, the US-China and global political conflicts are still uncertain factors for economic growth. Based on the major customer's estimates for the new year integrated by the Company, the sales forecast for 2022 is still expected to be higher than the sales in 2021. Apparently, the sales will keep growing in the new year.

(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, hoping to mitigate the risk of shortage of materials for customers and better serve the needs in the delivery market, and generally upgrade the customer service speed as the starting point.

(B) Improve SAP system in all factories, connect the information flow of the production execution system, MES, and strengthen the inventory management at various factories in response to the COVID-19 preventive measures to optimize the inventory level and maximize the product 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.

(3) Overview of Production and Marketing:

In response to the COVID-19 pandemic and 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) Deepenthe markets of electric vehicles and automotive electronics, strengthen the development of the 5G and communications, industrial controls, and medical electronics, etc., and increase the sale of niche-type and customized products to generate more profit.

(2) Keep up with the benchmarking customers to develop new cases and keep the development pace in line with the high-end markets.

(3) Exercise the existing brand strengths, scale of economy and distribution network to practice the consolidated effects and expand the operating revenue.

(4) Continue and expand the digital marketing channels to respond to the new marketing demands in the post-epidemic era.

### 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. The Company is used to valuing the internal controls and corporate governance. Therefore, the enactment of/amendments to laws & regulations are expected to pose a minor impact to the Company.

As far as the macroeconomic environment is concerned, considering that the epidemic is becoming stable, the overall economy and liquidity are expected to develop positively. The Company keeps increasing its production capacity and adjusts product portfolio, and plan related capital expenditures to respond to the market demand.

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 2021 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 Wu Chiu-Yen, 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 2022

Thinking Electronic Industrial Co., Ltd.

Convener of Audit Committee: Chen Hsiu-Yen

March 21, 2022

## Thinking Electronic Industrial Co., Ltd.

## Attachment 3

## Investee's operations 2021

Unit: NTD Thousand

Name of Company	Date of Establishment	Business Lines	Paid-in Capital	Capital Invested by the Company	Ratio of shareholding	2021	
						Operating revenue	Profit (loss) after tax
Thinking (Changzhou) Electronic Co., Ltd.	March 22, 1996	Manufacturing and trade of thermistors, Varistor and sensors	USD21,260	USD21,260	100%	RMB719,270	RMB120,787
Thinking (Yichang) Electronic Co., Ltd.	July 2, 2004	Manufacturing and trade of thermistors, Varistor and sensors	USD6,000	USD6,000	100%	RMB239,302	RMB24,183
Yenyo Technology Co., Ltd.	August 15, 1997	Processing, manufacturing, and trade of diode	NTD403,580	NTD304,410	63.76%	NTD306,927	NTD33,780
Jiang Xi Thinking Electronic Co., Ltd.	November 20, 2009	Manufacturing and trade of thermistors and Varistor	USD10,000	USD10,000	100%	RMB171,781	RMB19,789
Guangdong Welkin Thinking Electronic Co., Ltd.	April 11, 2014	Wholesale of thermistors, Varistor, sensors and machine & equipment	USD5,000	USD5,000	100%	RMB415,208	RMB29,415
Dong Guan Welkin Electronic Co., Ltd.	October 19, 2001	Manufacturing and processing of thermistors, Varistor, sensors and machine & equipment	RMB123,955	RMB20,636 (Note 1)	100%	RMB604,725	RMB63,033
Welkin Electronic Co., Ltd.	December 18, 2020	Manufacturing and trade of thermistors and Varistor	RMB60,000	- (Note 2)	100%	RMB50,861	(RMB3,858)

Note 1: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary Thinking Changzhou.

Note 2: Indirect investment through the subsidiary (Dongguan Welkin).

## INDEPENDENT AUDITORS' REPORT

【Attachment 4】

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, 2021 and 2020, 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 a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2021. 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, 2021 is discussed as follows:

#### Recognition of revenue from specific product

The Company's principal business is manufacturing and selling of passive components. The Company recognized net sales of NT\$3,775,336 thousand for the year ended December 31, 2021, and revenue from specific products increased significantly than the previous year. Therefore, the occurrence of sales of specific products is considered as a key audit matter. 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 key audit matter included the following:

1. We obtained an understanding of the design of the internal control on revenue recognition and tested the operating effectiveness of the control.
2. We selected samples from the sales ledger and inspected the delivery documents and receipt bouchers and validated the occurrence of sales of specific products.
3. We verified that the revenue amounts recognized in the sales ledger were the same as those data recorded in the accounts receivable ledger.

### **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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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, 2021 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 Chiu-Yen Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 21, 2022

#### 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.*

# THINKING ELECTRONIC INDUSTRIAL CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,428,034	12	\$ 1,622,395	16
Notes receivable (Note 8)	3,879	-	5,324	-
Accounts receivable, net (Notes 4 and 8)	829,581	7	800,840	8
Accounts receivable - related parties (Notes 8 and 27)	212,413	2	285,727	3
Other receivables	5,245	-	3,112	-
Other receivables - related parties (Note 27)	266	-	97	-
Inventories (Notes 4 and 9)	410,995	4	207,713	2
Other financial assets - current (Notes 10 and 28)	276,800	2	-	-
Other current assets	38,812	-	18,764	-
Total current assets	<u>3,206,025</u>	<u>27</u>	<u>2,943,972</u>	<u>29</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	36,273	-	39,481	-
Investments accounted for using the equity method (Notes 4 and 11)	7,490,254	63	6,434,738	63
Property, plant and equipment (Notes 4, 12, 27 and 29)	936,977	8	613,528	6
Right-of-use assets (Notes 4 and 13)	53,092	-	55,105	1
Other intangible assets (Note 4)	33,652	-	28,359	-
Deferred tax assets (Notes 4 and 22)	99,007	1	109,789	1
Prepayments for equipment (Note 27)	77,806	1	39,640	-
Net defined benefit assets - non-current (Notes 4 and 18)	11,100	-	11,407	-
Other financial assets - non-current (Notes 10 and 28)	31,115	-	31,115	-
Total non-current assets	<u>8,769,276</u>	<u>73</u>	<u>7,363,162</u>	<u>71</u>
<b>TOTAL</b>	<u>\$ 11,975,301</u>	<u>100</u>	<u>\$ 10,307,134</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 14)	\$ 749,630	6	\$ 375,000	3
Accounts payable (Note 15)	47,752	-	20,348	-
Accounts payable - related parties (Notes 15 and 27)	428,093	4	591,993	6
Other payables (Note 16)	382,554	3	286,293	3
Other payables - related parties (Note 27)	5,599	-	434	-
Current tax liabilities (Notes 4 and 22)	96,076	1	107,146	1
Lease liabilities - current (Notes 4 and 13)	1,023	-	929	-
Refund liabilities (Notes 4 and 17)	92,669	1	170,979	2
Other current liabilities (Notes 4 and 24)	2,764	-	2,459	-
Total current liabilities	<u>1,806,160</u>	<u>15</u>	<u>1,555,581</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4 and 14)	688,100	6	339,671	3
Deferred tax liabilities (Notes 4 and 22)	1,255,099	10	1,044,936	10
Lease liabilities - non-current (Notes 4 and 13)	53,700	1	54,723	1
Deferred revenue non-current (Notes 4 and 24)	13,489	-	6,728	-
Guarantee deposits received	120	-	130	-
Total non-current liabilities	<u>2,010,508</u>	<u>17</u>	<u>1,446,188</u>	<u>14</u>
Total liabilities	<u>3,816,668</u>	<u>32</u>	<u>3,001,769</u>	<u>29</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 11 and 19)</b>				
Ordinary shares	1,281,127	11	1,281,127	13
Capital surplus	352,907	3	348,263	3
Retained earnings				
Legal reserve	1,159,089	10	1,020,206	10
Special reserve	201,436	1	284,655	3
Unappropriated earnings	5,386,452	45	4,572,550	44
Total retained earnings	6,746,977	56	5,877,411	57
Other equity	(222,378)	(2)	(201,436)	(2)
Total equity	<u>8,158,633</u>	<u>68</u>	<u>7,305,365</u>	<u>71</u>
<b>TOTAL</b>	<u>\$ 11,975,301</u>	<u>100</u>	<u>\$ 10,307,134</u>	<u>100</u>

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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 3,775,517	100	\$ 3,219,942	100
OPERATING COSTS (Notes 9, 21 and 27)	<u>2,310,989</u>	<u>61</u>	<u>2,041,760</u>	<u>63</u>
GROSS PROFIT	1,464,528	39	1,178,182	37
UNREALIZED GAINS FROM SALES (Notes 4 and 27)	(29,161)	(1)	(4,773)	-
REALIZED GAINS FROM SALES (Note 4)	<u>4,773</u>	<u>-</u>	<u>3,748</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,440,140</u>	<u>38</u>	<u>1,177,157</u>	<u>37</u>
OPERATING EXPENSES (Notes 4, 8, 21 and 27)				
Selling and marketing expenses	127,963	3	103,836	3
General and administrative expenses	224,462	6	180,239	6
Research and development expenses	134,925	4	105,417	3
Expected credit loss (gain)	<u>631</u>	<u>-</u>	<u>(1,856)</u>	<u>-</u>
Total operating expenses	<u>487,981</u>	<u>13</u>	<u>387,636</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>952,159</u>	<u>25</u>	<u>789,521</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11, 21, 24 and 27)				
Interest income	15,999	1	11,287	-
Other income	2,272	-	30,405	1
Other gains and losses	(44,909)	(1)	(55,647)	(2)
Finance costs	(7,220)	-	(2,174)	-
Share of profit of subsidiaries	<u>1,070,155</u>	<u>28</u>	<u>949,374</u>	<u>30</u>
Total non-operating income and expenses	<u>1,036,297</u>	<u>28</u>	<u>933,245</u>	<u>29</u>
PROFIT BEFORE INCOME TAX	1,988,456	53	1,722,766	54
INCOME TAX EXPENSE (Notes 4 and 22)	<u>411,149</u>	<u>11</u>	<u>337,750</u>	<u>11</u>
NET PROFIT FOR THE YEAR	<u>1,577,307</u>	<u>42</u>	<u>1,385,016</u>	<u>43</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19 and 22)				

(Continued)

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

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (1,430)	-	\$ 4,423	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,208)	-	12,563	1
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(1,977)	-	272	-
Income tax related to items that will not be reclassified subsequently to profit or loss	286	-	(885)	-
	<u>(6,329)</u>	<u>-</u>	<u>16,373</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(139,598)	(4)	(200,966)	(6)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	117,430	3	289,286	9
Income tax related to items that may be reclassified subsequently to profit or loss	4,434	-	(17,664)	(1)
	<u>(17,734)</u>	<u>(1)</u>	<u>70,656</u>	<u>2</u>
Other comprehensive income (loss) for the year, net	<u>(24,063)</u>	<u>(1)</u>	<u>87,029</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,553,244</u>	<u>41</u>	<u>\$ 1,472,045</u>	<u>46</u>
<b>EARNINGS PER SHARE (Note 23)</b>				
Basic	<u>\$ 12.31</u>		<u>\$ 10.81</u>	
Diluted	<u>\$ 12.25</u>		<u>\$ 10.78</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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings				Total Retained Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			Total Other Equity		
BALANCE, JANUARY 1, 2020	\$ 1,281,127	\$ 348,263	\$ 908,264	\$ 107,627	\$ 4,010,767	\$ 5,026,658	\$ (277,631)	\$ (7,024)	\$ (284,655)	\$ 6,371,393	
Appropriation of 2019 earnings (Note 19)											
Legal reserve	-	-	111,942	-	(111,942)	-	-	-	-	-	
Special reserve	-	-	-	177,028	(177,028)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(538,073)	(538,073)	-	-	-	(538,073)	
	-	-	111,942	177,028	(827,043)	(538,073)	-	-	-	(538,073)	
Net profit for the year ended December 31, 2020	-	-	-	-	1,385,016	1,385,016	-	-	-	1,385,016	
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	3,810	3,810	70,656	12,563	83,219	87,029	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,388,826	1,388,826	70,656	12,563	83,219	1,472,045	
BALANCE AT DECEMBER 31, 2020	1,281,127	348,263	1,020,206	284,655	4,572,550	5,877,411	(206,975)	5,539	(201,436)	7,305,365	
Appropriation of 2020 earnings (Note 19)											
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)	
Reversal of special reserve	-	-	-	(83,219)	83,219	-	-	-	-	-	
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)	
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,574,186	1,574,186	(17,734)	(3,208)	(20,942)	1,553,244	
Difference between consideration and carrying amount of subsidiaries acquired (Notes 11 and 19)	-	4,644	-	-	-	-	-	-	-	4,644	
BALANCE AT DECEMBER 31, 2021	\$ 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	

The accompanying notes are an integral company only financial statements.

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

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,988,456	\$ 1,722,766
Adjustments for:		
Depreciation expense	74,808	68,555
Amortization expense	5,559	4,002
Expected credit loss (gain)	631	(1,856)
Finance costs	7,220	2,174
Interest income	(15,999)	(11,287)
Share of profit of subsidiaries	(1,070,155)	(949,374)
Loss on disposal of property, plant and equipment, net	1	649
Loss on inventories	9,418	15,220
Unrealized gain on transactions with subsidiaries	29,161	4,773
Realized gain on transactions with subsidiaries	(4,773)	(3,748)
Recognition (reversal) of provisions	(47,912)	125,250
Amortization of grants income	(752)	(125)
Other non-cash items	-	(299)
Changes in operating assets and liabilities		
Notes receivable	1,445	(358)
Accounts receivable	(29,372)	(19,545)
Accounts receivable - related parties	73,314	(100,842)
Other receivables	(271)	(261)
Other receivables - related parties	(169)	329
Inventories	(212,700)	98,328
Other current assets	(20,048)	14,133
Net defined benefit assets	(1,123)	(1,100)
Accounts payable	27,404	(36,931)
Accounts payable - related parties	(163,900)	240,927
Other payables	83,798	60,413
Other payables - related parties	4,014	(292,975)
Other current liabilities	306	(273)
Refund liabilities	(30,398)	(1,988)
Cash generated from operations	707,963	936,557
Interest received	14,137	11,435
Interest paid	(4,753)	(1,724)
Income tax paid	(196,554)	(136,017)
Net cash generated from operating activities	<u>520,793</u>	<u>810,251</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at amortized cost	-	25,000
Acquisition of investment accounted for using equity method	(29,250)	-
Acquisition of property, plant and equipment	(420,863)	(142,657)
Payment for intangible assets	(10,852)	(1,566)
Increase in other financial assets	(276,800)	(2,262)

(Continued)

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

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

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	<b>2021</b>	<b>2020</b>
Net cash used in investing activities	<u>\$ (737,765)</u>	<u>\$ (121,485)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	4,450,200	1,709,000
Repayments of short-term borrowings	(4,075,570)	(1,434,000)
Proceeds from long-term borrowings	353,540	347,000
Refund of guarantee deposits received	(10)	-
Repayments of the principal portion of lease	(929)	(1,393)
Cash dividends paid	<u>(704,620)</u>	<u>(538,073)</u>
Net cash generated from financing activities	<u>22,611</u>	<u>82,534</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(194,361)	771,300
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<u>1,622,395</u>	<u>851,095</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u>\$ 1,428,034</u>	<u>\$ 1,622,395</u>

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

(Concluded)



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
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, 2021 and 2020, 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 a summary of significant accounting policies (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, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of 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, 2021. 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, 2021 is discussed as follows:

### Recognition of revenue from specific product

The Group's principal business is manufacturing and selling of passive components. The Group recognized net sales of NT\$ 7,500,274 thousand for the year ended December 31, 2021, and revenue from specific products increased significantly than the previous year. Therefore, the occurrence of sales of specific products is considered as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (1) to the financial statements .

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

1. We obtained an understanding of the design of the internal control on revenue recognition and tested the operating effectiveness of the control.
2. We selected samples from the sales ledger and inspected the delivery documents and receipt vouchers and validated the occurrence of sales of specific products.
3. We verified that the revenue amounts recognized in the sales ledger were the same as those data recorded in the accounts receivable ledger.

### **Other Matter**

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion and unmodified opinion with emphasis of matter paragraph, respectively.

### **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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, 2021 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 Chiu-Yen Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 21, 2022

#### 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, 2021 AND 2020**

**(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,578,973	20	\$ 2,505,348	23
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,525,486	13	1,582,073	14
Notes receivable (Notes 10 and 31)	327,135	3	588,283	5
Accounts receivable, net (Notes 4 and 10)	1,884,670	15	1,844,020	17
Other receivables	44,989	-	32,870	-
Other receivables from related parties (Note 30)	145	-	-	-
Current tax assets (Notes 4 and 25)	11,137	-	24,136	-
Inventories (Notes 4 and 11)	1,945,627	15	1,266,112	12
Other financial assets - current (Notes 12 and 31)	367,328	3	158,349	1
Other current assets	<u>165,292</u>	<u>1</u>	<u>83,198</u>	<u>1</u>
Total current assets	<u>8,850,782</u>	<u>70</u>	<u>8,084,389</u>	<u>73</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	36,273	-	39,481	-
Financial assets measured at amortized cost - non-current (Notes 4 and 8)	347,661	3	87,206	1
Property, plant and equipment (Notes 4, 14, 31 and 32)	2,619,638	21	2,174,967	20
Right-of-use assets (Notes 4 and 15)	237,535	2	253,744	2
Investment properties (Notes 4 and 16)	46,060	-	52,910	1
Other intangible assets (Note 4)	48,075	-	43,982	1
Deferred tax assets (Notes 4 and 25)	141,304	1	137,992	1
Prepayments for equipment	220,855	2	92,947	1
Net defined benefit assets (Notes 4 and 21)	4,894	-	7,930	-
Other financial assets - non-current (Notes 12 and 31)	88,091	1	38,092	-
Other non-current assets	<u>28,717</u>	<u>-</u>	<u>17,020</u>	<u>-</u>
Total non-current assets	<u>3,819,103</u>	<u>30</u>	<u>2,946,271</u>	<u>27</u>
<b>TOTAL</b>	<u>\$12,669,885</u>	<u>100</u>	<u>\$11,030,660</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 17 and 31)	\$ 749,630	6	\$ 505,809	5
Notes payable (Note 18)	131,126	1	195,865	2
Accounts payable (Note 18)	474,584	4	449,921	4
Accounts payable to related parties (Note 30)	45	-	-	-
Other payables (Note 19)	679,232	5	550,358	5
Other payables to related parties (Note 30)	4,673	-	485	-
Current tax liabilities (Notes 4 and 25)	114,694	1	135,401	1
Lease liabilities - current (Notes 4 and 15)	37,141	-	31,487	-
Refund liabilities (Notes 4 and 20)	92,669	1	170,979	2
Other current liabilities (Notes 4 and 27)	<u>25,578</u>	<u>-</u>	<u>11,121</u>	<u>-</u>
Total current liabilities	<u>2,309,372</u>	<u>18</u>	<u>2,051,426</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4 and 17)	688,100	6	339,671	3
Deferred tax liabilities (Notes 4 and 25)	1,287,305	10	1,074,907	10
Lease liabilities - non-current (Notes 4 and 15)	75,234	-	92,661	1
Deferred revenue (Notes 4 and 27)	26,998	-	20,942	-
Guarantee deposits received	1,348	-	1,091	-
Other non-current liabilities	<u>5,175</u>	<u>-</u>	<u>5,175</u>	<u>-</u>
Total non-current liabilities	<u>2,084,160</u>	<u>16</u>	<u>1,534,447</u>	<u>14</u>
Total liabilities	<u>4,393,532</u>	<u>34</u>	<u>3,585,873</u>	<u>33</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 13 and 22)</b>				
Ordinary shares	<u>1,281,127</u>	<u>10</u>	<u>1,281,127</u>	<u>12</u>
Capital surplus	<u>352,907</u>	<u>3</u>	<u>348,263</u>	<u>3</u>
Retained earnings				
Legal reserve	1,159,089	9	1,020,206	9
Special reserve	201,436	2	284,655	3
Unappropriated earnings	<u>5,386,452</u>	<u>43</u>	<u>4,572,550</u>	<u>41</u>
Total retained earnings	<u>6,746,977</u>	<u>54</u>	<u>5,877,411</u>	<u>53</u>
Other equity	<u>(222,378)</u>	<u>(2)</u>	<u>(201,436)</u>	<u>(2)</u>
Total equity attributable owners of the Company	8,158,633	65	7,305,365	66
<b>NON-CONTROLLING INTERESTS (Notes 4, 13 and 22)</b>	<u>117,720</u>	<u>1</u>	<u>139,422</u>	<u>1</u>
Total equity	<u>8,276,353</u>	<u>66</u>	<u>7,444,787</u>	<u>67</u>
<b>TOTAL</b>	<u>\$12,669,885</u>	<u>100</u>	<u>\$11,030,660</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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 7,500,455	100	\$ 5,920,258	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>4,261,024</u>	<u>57</u>	<u>3,205,653</u>	<u>54</u>
GROSS PROFIT	<u>3,239,431</u>	<u>43</u>	<u>2,714,605</u>	<u>46</u>
OPERATING EXPENSES (Notes 4, 10, 24 and 30)				
Selling and marketing expenses	282,129	4	223,193	4
General and administrative expenses	536,436	7	421,329	7
Research and development expenses	298,071	4	225,072	4
Expected credit loss (gain)	<u>(2,040)</u>	<u>-</u>	<u>1,869</u>	<u>-</u>
Total operating expenses	<u>1,114,596</u>	<u>15</u>	<u>871,463</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>2,124,835</u>	<u>28</u>	<u>1,843,142</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 30)				
Interest income	88,523	1	78,714	2
Other income	34,309	1	69,261	1
Other gains and losses	(76,768)	(1)	(114,683)	(2)
Finance costs	<u>(11,565)</u>	<u>-</u>	<u>(9,101)</u>	<u>-</u>
Total non-operating income and expenses	<u>34,499</u>	<u>1</u>	<u>24,191</u>	<u>1</u>
CONSOLIDATED PROFIT BEFORE INCOME TAX	2,159,334	29	1,867,333	32
INCOME TAX EXPENSE (Notes 4 and 25)	<u>568,711</u>	<u>8</u>	<u>486,730</u>	<u>8</u>
NET PROFIT FOR THE YEAR	<u>1,590,623</u>	<u>21</u>	<u>1,380,603</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,465)	-	5,070	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,208)	-	12,563	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>220</u>	<u>-</u>	<u>(1,015)</u>	<u>-</u>

(Continued)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
	\$ (7,453)	-	\$ 16,618	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(22,168)	-	88,320	1
Income tax related to items that may be reclassified subsequently	4,434	-	(17,664)	-
	<u>(17,734)</u>	<u>-</u>	<u>70,656</u>	<u>1</u>
Other comprehensive income (loss) for the year, net	<u>(25,187)</u>	<u>-</u>	<u>87,274</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,565,436</u>	<u>21</u>	<u>\$ 1,467,877</u>	<u>25</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,577,307	21	\$ 1,385,016	24
Non-controlling interests	<u>13,316</u>	<u>-</u>	<u>(4,413)</u>	<u>-</u>
	<u>\$ 1,590,623</u>	<u>21</u>	<u>\$ 1,380,603</u>	<u>23</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,553,244	21	\$ 1,472,045	25
Non-controlling interests	<u>12,192</u>	<u>-</u>	<u>(4,168)</u>	<u>-</u>
	<u>\$ 1,565,436</u>	<u>21</u>	<u>\$ 1,467,877</u>	<u>25</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 12.31</u>		<u>\$ 10.81</u>	
Diluted	<u>\$ 12.25</u>		<u>\$ 10.78</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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-Controlling Interests	Total Equity	
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity				
			Legal Reserve	Special Reserve	Unappropriated Earnings							Total Retained Earnings
BALANCE, JANUARY 1, 2020	\$ 1,281,127	\$ 348,263	\$ 908,264	\$ 107,627	\$ 4,010,767	\$ 5,026,658	\$ (277,631)	\$ (7,024)	\$ (284,655)	\$ 6,371,393	\$ 143,590	\$ 6,514,983
Appropriation of 2019 earnings (Note 22)												
Legal reserve	-	-	111,942	-	(111,942)	-	-	-	-	-	-	-
Special reserve	-	-	-	177,028	(177,028)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(538,073)	(538,073)	-	-	-	(538,073)	-	(538,073)
	-	-	111,942	177,028	(827,043)	(538,073)	-	-	-	(538,073)	-	(538,073)
Net profit for the year ended December 31, 2020	-	-	-	-	1,385,016	1,385,016	-	-	-	1,385,016	(4,413)	1,380,603
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	3,810	3,810	70,656	12,563	83,219	87,029	245	87,274
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,388,826	1,388,826	70,656	12,563	83,219	1,472,045	(4,168)	1,467,877
BALANCE AT DECEMBER 31, 2020	1,281,127	348,263	1,020,206	284,655	4,572,550	5,877,411	(206,975)	5,539	(201,436)	7,305,365	139,422	7,444,787
Appropriation of 2020 earnings (Note 22)												
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)	-	(704,620)
Cash dividends distributed by the Company	-	-	-	(83,219)	83,219	-	-	-	-	-	-	-
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)	-	(704,620)
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307	13,316	1,590,623
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)	(1,124)	(25,187)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,574,186	1,574,186	(17,734)	(3,208)	(20,942)	1,553,244	12,192	1,565,436
Difference between consideration and carrying amount of subsidiaries acquired (Notes 13 and 22)	-	4,644	-	-	-	-	-	-	-	4,644	(33,894)	(29,250)
BALANCE AT DECEMBER 31, 2021	\$ 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

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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated income before income tax	\$ 2,159,334	\$ 1,867,333
Adjustments for:		
Depreciation expense	313,331	277,583
Amortization expense	8,536	6,393
Expected credit loss (gain)	(2,040)	1,869
Finance costs	11,565	9,101
Interest income	(88,523)	(78,714)
Loss (gain) on disposal of property, plant and equipment, net	(5,476)	3,221
Loss on inventories	143,275	70,486
Recognition (reversal) of provisions	(47,912)	125,250
Amortization of grants income	(1,080)	(449)
Other non-cash items	(256)	(248)
Changes in operating assets and liabilities		
Notes receivable	261,148	(200,444)
Accounts receivable	(38,580)	(187,335)
Other receivables	(664)	(10,524)
Other receivables from related parties	(145)	-
Inventories	(822,303)	(516,087)
Other current assets	(82,094)	(4,320)
Net defined benefit asset	(1,429)	(1,345)
Notes payable	(64,739)	37,386
Accounts payable	24,663	74,647
Accounts payable to related parties	45	-
Other payables	114,213	101,769
Other payables to related parties	4,188	343
Other current liabilities	14,129	211
Refund liabilities	(30,398)	(1,988)
Cash generated from operations	1,868,788	1,574,138
Interest received	77,068	78,898
Interest paid	(9,098)	(8,651)
Income tax paid	(362,684)	(301,389)
Net cash generated from operating activities	<u>1,574,074</u>	<u>1,342,996</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(346,514)	(84,553)
Proceeds from disposal of financial assets at amortized cost	83,366	54,685
Acquisition of financial assets at fair value through profit or loss	(6,614,943)	(5,577,389)
Proceeds from disposal of financial assets at fair value through profit or loss	6,666,177	5,257,442
Acquisition of property, plant and equipment	(852,859)	(368,531)
Proceeds from disposal of property, plant and equipment	26,246	4,493
Payments for intangible assets	(12,684)	(2,143)
Increase in other financial assets	(258,978)	(133,617)

(Continued)

**THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	<b>2021</b>	<b>2020</b>
Increase in other non-current assets	\$ (11,697)	\$ (225)
Net cash used in investing activities	<u>(1,321,886)</u>	<u>(849,838)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	4,480,200	1,838,328
Repayments of short-term borrowings	(4,236,540)	(1,438,337)
Proceeds from long-term borrowings	353,540	347,000
Proceed from guarantee deposits received	257	-
Refund of guarantee deposits received	-	(1,412)
Repayments of the principal portion of lease liabilities	(32,375)	(14,013)
Cash dividends paid	(704,620)	(538,073)
Acquisition of subsidiary	<u>(29,250)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(168,788)</u>	<u>193,493</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>(9,775)</u>	<u>44,103</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	73,625	730,754
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<u>2,505,348</u>	<u>1,774,594</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u>\$ 2,578,973</u>	<u>\$ 2,505,348</u>

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

(Concluded)

## Thinking Electronic Industrial Co., Ltd.

## Comparison Table for the Articles of the Procedures for the Acquisition or Disposal of Assets

## Before and After Revision

Amended Clause	Existing clause	Explanation
<p><b>Article 7: Standards for public disclosure and filing</b> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets or right-of-use assets other than real property thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>IV. Where equipment <u>or right-of-use assets</u> for business use are acquired or disposed of,</p>	<p><b>Article 7: Standards for public disclosure and filing</b> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets or right-of-use assets other than real property thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>IV. Where equipment for business use is acquired or disposed of, the transaction counterparty is</p>	<p>Amendments are made to comply with the regulations.</p>

Amended Clause	Existing clause	Explanation
<p>the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party. The amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million: provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds <u>or foreign government bonds with credit ratings not lower than the sovereign rating of Taiwan.</u></p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction</p>	<p>not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. Where land is acquired under an arrangement of engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party. The amount <u>the Company</u> expects to invest in the transaction reaches NT\$500 million.</p> <p>VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million: provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds.</p> <p>(II) <u>Where done by professional investors, securities trading on domestic or overseas stock exchanges or securities firms' business premises, or securities subscriptions by securities firms in the primary market and securities subscriptions in accordance with regulations.</u></p> <p>(III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by</p>	

Amended Clause	Existing clause	Explanation
<p>amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the year.</p> <p>III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced</p>	<p>domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the year.</p> <p>III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting</p>	

Amended Clause	Existing clause	Explanation
<p>and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.</p> <p>The Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.</p> <p>The Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p><b>Article 9</b></p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval</p>	<p><b>Article 9</b></p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted</p>	<p>Amendments are made to comply with the regulations.</p>

Amended Clause	Existing clause	Explanation
<p>in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(II) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for</p>	<p>for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with <u>the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(II) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>IV. No more than 3 months may elapse between the date of the</p>	

Amended Clause	Existing clause	Explanation
<p>the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.</p>	<p>appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.</p>	
<p><b>Article 10</b> When the Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p>	<p><b>Article 10</b> When the Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; <u>If an accountant needs to adopt an opinion from an expert, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p>	<p>Amendments are made to comply with the regulations.</p>
<p><b>Article 11</b> Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic</p>	<p><b>Article 11</b> Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic</p>	<p>Amendments are made to comply with the regulations.</p>



Amended Clause	Existing clause	Explanation
<p>government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	
<p><b>Article 13</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or</p>	<p><b>Article 13</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or</p>	<p>Amendments are made to comply with the regulations.</p>

Amended Clause	Existing clause	Explanation
<p>appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of their respective associations and</u> the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>implementing</u> a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and have complied with applicable laws and regulations.</p>	<p>appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate, and that they</u> have complied with applicable laws and regulations.</p>	

Amended Clause	Existing clause	Explanation
<p><b>Article 15</b> When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets or right-of-use assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and resolved by the board of directors: If the approval of one-half or more of all audit committee members is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting:</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction</p>	<p><b>Article 15</b> When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets or right-of-use assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and resolved by the board of directors: If the approval of one-half or more of all audit committee members is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting:</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction</p>	<p>Amendments are made to comply with the regulations.</p>

Amended Clause	Existing clause	Explanation
<p>terms in accordance with the regulations.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>terms in accordance with the regulations.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p>	
<p>When there is a transaction between the Company and its subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, to acquire or dispose of machines and equipment or right-to-use assets thereof held for business use, <u>or real property right-of-use assets thereof held for business use</u>, the Company may pursuant to these Procedures delegate the Chairman of the Board to decide on the transaction within the limit of NT\$300 million and have the decisions submitted to and</p>	<p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved and recognized by the board of directors based on these procedures need not be counted toward the transaction amount.</u></p> <p>When there is a transaction between the Company and its subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, to acquire or dispose of machines and equipment or right-to-use assets thereof held for business use, the Company may</p>	

Amended Clause	Existing clause	Explanation
<p>ratified by the next board of directors meeting.</p> <p>When the matters listed in this Article are submitted to the board of directors for discussion by the Company, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the board of directors meeting minutes.</p> <p><u>When the Company or its subsidiary that is not itself a public company in Taiwan enters into a transaction under paragraph 1 of this article and the transaction amount reaches 10% or more of the Company's total assets, the company may not proceed to enter into a transaction contract or make a payment until the board has approved the following matters of directors. However, this provision does not apply to the transactions between the Company and its parent or subsidiaries, or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in the first and preceding paragraph shall be made in accordance with Article 7, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved and recognized by the shareholders' meeting and the board of directors based on these procedures need not be counted toward the transaction amount.</u></p>	<p>under these Procedures delegate the Chairman of the Board to decide on the transaction within the limit of NT\$300 million and have the decisions submitted to and ratified by the next board of directors meeting.</p> <p>When the matters listed in this Article are submitted to the board of directors for discussion by the Company, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the board of directors meeting minutes.</p>	

## Thinking Electronic Industrial Co., Ltd.

Comparison Table for the Articles of the Procedures for Engaging in Derivatives Trading  
Before and After Revision

Amended Clause	Existing clause	Explanation
<p><b>Article 3: Instruments</b> The financial derivative transactions the Company engages in are mainly forward, option and swap contracts. The Company should evaluate and obtain prior approval from the Board of Directors or <u>the Chairman of the Board</u> before engaging in other types of hedging instruments. Except for major financial derivative transactions, which shall be approved by the Audit Committee and submitted to the Board of Directors for resolution in accordance with relevant regulations.</p>	<p><b>Article 3: Instruments</b> The financial derivative transactions the Company engages in are mainly forward, option and swap contracts. The Company should evaluate and obtain prior approval from the Board of Directors or <u>President</u> before engaging in other types of hedging instruments. Except for major financial derivative transactions, which shall be approved by the Audit Committee and submitted to the Board of Directors for resolution in accordance with relevant regulations.</p>	Relevant regulations are amended based on the actual situation.
<p><b>Article 6: Criteria for Performance Evaluation</b> The finance staff shall evaluate and review the performance of the financial derivatives once a week based on market prices; however, positions for hedge trades required by the business shall be evaluated at least twice per month, and reported to <u>the senior management personnel designated by the Board of Directors</u> on a monthly basis to review and improve the hedging strategies used.</p>	<p><b>Article 6: Criteria for Performance Evaluation</b> The finance staff shall evaluate and review the performance of the financial derivatives once a week based on market prices; however, positions for hedge trades required by the business shall be evaluated at least twice per month, and reported to <u>President</u> on a monthly basis to review and improve the hedging strategies used.</p>	Relevant regulations are amended based on the actual situation.
<p><b>Article 7: Total amount of derivative contracts</b> Total amount of the Company's derivatives contracts should be less than NTD <u>3</u> billion.</p>	<p><b>Article 7: Total amount of derivative contracts</b> Total amount of the Company's derivatives contracts should be less than NTD <u>1</u> billion <u>or 80% of its capital.</u></p>	Relevant regulations are amended based on the actual situation.
<p><b>Article 8: Upper limits of losses for each contract and all contacts</b></p>	<p><b>Article 8: Upper limits of losses for each contract and all contacts</b></p>	Relevant regulations are amended based on the actual situation.

Amended Clause	Existing clause	Explanation																
<p><u>Upper limit of loss should be 10% of contract amount. Hedging transactions avoid risk. Therefore, calculation of contract loss should deduct profit of hedging transactions first, and then implementing a netting process. After that, contract loss can be calculated.</u></p>	<p><u>1. Realized and unrealized losses of all of the signed derivative contracts of the Company should be less than NTD 30 million.</u></p> <p><u>2. Realized and unrealized losses of a derivative contract should be less than NTD 5 million.</u></p>																	
<p><b>Article 9: Level of Delegation/Authorization</b> Based on the Company's growth in sales and changes in risk factors, the following authorization table is set:</p> <table border="1" data-bbox="129 831 588 1503"> <thead> <tr> <th data-bbox="129 831 317 958"></th> <th data-bbox="317 831 588 958"><u>Each Transaction Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="129 958 317 1086"><u>Chairman</u></td> <td data-bbox="317 958 588 1086"><u>USD 10 million or more</u></td> </tr> <tr> <td data-bbox="129 1086 317 1256">President</td> <td data-bbox="317 1086 588 1256"><u>USD 5 million - USD 10 million (inclusive)</u></td> </tr> <tr> <td data-bbox="129 1256 317 1503">Assistant Vice President at the Main Management Department</td> <td data-bbox="317 1256 588 1503"><u>USD 5 million (inclusive) or less</u></td> </tr> </tbody> </table> <p><u>The table above is authorized total amount of each derivatives transaction. Chairman is authorized to modify in accordance with change of the environment, and then report to the Board after the change.</u></p>		<u>Each Transaction Amount</u>	<u>Chairman</u>	<u>USD 10 million or more</u>	President	<u>USD 5 million - USD 10 million (inclusive)</u>	Assistant Vice President at the Main Management Department	<u>USD 5 million (inclusive) or less</u>	<p><b>Article 9: Level of Delegation/Authorization</b> <u>I. Based on the Company's growth in sales and changes in risk factors, the following authorization table is set:</u></p> <table border="1" data-bbox="624 808 1083 1391"> <thead> <tr> <th data-bbox="624 808 812 943"></th> <th data-bbox="812 808 1083 943"><u>Total Daily Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="624 943 812 1043">Board</td> <td data-bbox="812 943 1083 1043"><u>USD 5 million or less</u></td> </tr> <tr> <td data-bbox="624 1043 812 1144">President</td> <td data-bbox="812 1043 1083 1144"><u>USD 3 million (inclusive) or less</u></td> </tr> <tr> <td data-bbox="624 1144 812 1391">Assistant Vice President at the Main Management Department</td> <td data-bbox="812 1144 1083 1391"><u>USD 1 million (inclusive) or less</u></td> </tr> </tbody> </table> <p><u>If a single transaction amount or total daily amount exceeds the delegated amount, the transaction must be approved by the authorized person responsible under the delegation/authorization level.</u></p> <p><u>II. The Company must inform the financial institutions of this authorization table and its operating and hedging strategies in line with the supervisory management conducted by the financial institutions, and notify the financial institutions of any</u></p>		<u>Total Daily Amount</u>	Board	<u>USD 5 million or less</u>	President	<u>USD 3 million (inclusive) or less</u>	Assistant Vice President at the Main Management Department	<u>USD 1 million (inclusive) or less</u>	<p>Relevant regulations are amended based on the actual situation.</p>
	<u>Each Transaction Amount</u>																	
<u>Chairman</u>	<u>USD 10 million or more</u>																	
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President	<u>USD 3 million (inclusive) or less</u>																	
Assistant Vice President at the Main Management Department	<u>USD 1 million (inclusive) or less</u>																	

Amended Clause	Existing clause	Explanation
	<p><u>changes in the authorization table and request the financial institutions to control the financial derivatives transaction and positions of the Company in accordance with this authorization table while continuing to execute the existing agreements with the Company.</u></p> <p><u>III. Hedging transactions for specific expenditures, such as large foreign exchange positions arising from the purchase of production equipment, can only be made upon instruction from the President.</u></p>	



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

## **Articles of Incorporation**

**Appendix 1**

### **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 June 25, 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.

### Appendix 3

## 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 18, 2022) is stated as following:

April 18, 2022

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.: Ho Yi-Sheng		
Director	Chen Yen-Hui	63,443	0.05%
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	Chen Hsiu-Yen	0	0.00%

### Appendix 4

## 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.