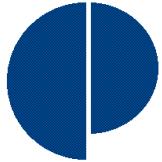


Stock Code: 2328



# Pan-International Industrial Corp.

## 2022 Annual General Meeting Meeting Handbook

Date and Time: 9:00 a.m., Wednesday, June 15, 2022  
Location: No. 97, Anxing Rd., Xindian Dist., New Taipei City  
(Anxing Plant of the Company)

For the convenience of readers and for information purpose only, the meeting handbook, auditors' reports and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version, or any difference in the interpretation between the two versions, the Chinese language meeting handbook, auditors' report and financial statements shall prevail.

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# **Pan-International Industrial Corp.**

## **2022 Annual General Meeting Procedure**

- I. Report of Number of Shares Represented by Attending Shareholders
- II. Call the Meeting to Order
- III. Chairman's Remarks
- IV. Report Items
- V. Ratification Items
- VI. Discussion Items
- VII. Extraordinary Motions
- VIII. Meeting Adjourned

# **Pan-International Industrial Corp.**

## **2022 Annual General Meeting Meeting Agenda**

Convening method: Physical Shareholders Meeting

Time: 9:00 a.m., Wednesday, June 15, 2022

Location: No. 97, Anxing Rd., Xindian Dist., New Taipei City (Anxing Plant of the Company)

### **I. Chairman's Remarks:**

### **II. Report Items:**

1. 2021 Business Report of the Company.
2. Audit Committee's Review Report on the 2021 Financial Statements.
3. Report on 2021 distribution of remuneration of employees and directors of the Company.
4. Report on 2021 distribution of earnings and cash dividends status.
5. Other report matters.

### **III. Ratification Items:**

1. Adoption of 2021 Business Report and Financial Statements.
2. Proposal for the distribution of earnings in 2021.

### **IV. Discussion Items:**

1. Amend the Company's "Procedure for Acquisition and Disposal of Assets."

### **V. Extraordinary Motions.**

### **VI. Meeting Adjourned.**

## **Report Items**

- I. 2021 Business Report of the Company. Proposed for review.

Explanation: Please refer to 2021 Business Report of the Attachments.

(Please see page 9 to page 11 of this Handbook)

- II. Audit Committee's Review Report on the 2021 Financial Statements.

Proposed for review.

Explanation: Please refer to the Audit Committee's Review Report of the

Attachments. (Please see page 12 of this Handbook)

- III. Report on 2021 distribution of remuneration of employees and directors of the Company. Proposed for review.

Explanation: The Company's profit in 2021 was NT\$1,213,489,085 (before remunerations were set aside) whereby 5% of cash (or NT\$60,674,454) was set aside for employee compensation and 0.5% of cash (or NT\$6,067,445) was set aside for directors' remuneration, and all were paid in cash.

- IV. Report on 2021 distribution of earnings and cash dividends status. Proposed for review.

Explanation: 1. According to the provisions of the Articles of Incorporation, for cash dividends, the board of directors is authorized to reach special resolution for distribution, followed by reporting to the shareholders' meeting.

2. For the shareholders' dividends, cash dividends of NT\$518,346,282, and NT\$ 1 is distributed per share. The cash dividend shall be rounded to the whole dollar amount according to the allocation rate. The total of the odd lots less than NT\$1 included in the distribution shall be transferred to the employees' welfare committee. The ex-dividend date is to be further specified by the board of directors' meeting.

3. If there is a change in the total number of outstanding shares in this proposal and the dividend ratio of shareholders must be adjusted, the board of directors shall adjust and handle the relevant changes.

## V. Other report matters.

Explanation:

1. Pursuant to the provisions of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of issued shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting. The current proposal acceptance period is from April 8, 2022 to April 18, 2022.
2. Up to the end of the aforementioned proposal acceptance period, the Company receives no proposals submitted by the shareholders.

## **Ratification Items**

Proposal 1: Adoption of 2021 Business Report and Financial Statements, Proposed for review. (Proposed by the Board of Directors)

Explanation: 1. The 2021 Business Report and Financial Statements of the Company have been reviewed by the Audit Committee, and the Financial Statements have also been audited and certified by CPA Yung-Chien Hsu and CPA Min-Chuan Feng of Pricewaterhouse Coopers (PwC) Taiwan.  
2. For the reports and statements described in the preceding paragraph, please refer to the Attachments. (Please see page 9 to page 11 and page 13 to page 33 of this Handbook).  
3. Proposed for ratification.

Resolution:

Proposal 2: Proposal for 2021 earnings distribution. Proposed for ratification. (Proposed by the Board of Directors)

Explanation: 1. The proposal for 2021 earnings distribution table of the Company is as shown in the Attachments. (Please see page 34 of this Handbook)  
2. Proposed for ratification.

Resolution:

## **Discussion Items**

- Proposal 1: Amend the Company's "Procedure for Acquisition and Disposal of Assets." Proposed for deliberation. (Proposed by the Board of Directors)
- Explanation: Some articles of the "Procedure for Acquisition and Disposal of Assets" are revised to comply with law amendments. The article revision comparison table is shown in the attachment. (Please see page 35 to page 39 of this Handbook)

Resolution:

## **Extraordinary Motions**

## **Meeting Adjourned**

## **Attachments 1**

### **2021 Business Report**

The global economic environment is slowly recovering as COVID-19 is gradually brought under control. The Company's operations are also able to return to normal. Despite the repeated COVID-19 outbreaks, global logistics delays, lack of materials affecting production, and regional power supply problems, our revenue shows a strong growth trend. Moreover, the business units in Southeast Asia achieved a substantial increase in the overall revenue for 2021 compared to 2020 due to the benefit of transferring orders due to regional competition and the integration of Wuhu Ruichang's automotive wiring harness businesses into the Company's operations. The Company has formulated strategic goals for transformation and upgrading, actively invested in R&D resources, and increased the proportion of revenue from high-margin products to improve gross profit margin and profitability. This year's quarterly gross profit and annual average gross profit margins have both exceeded their targets in double digits, which demonstrated the performance of our transformation and upgrading strategies. Our annual profit has also been significantly improved compared to last year. The company will also share this fruitful operating result with all shareholders.

By improving technology and innovation capabilities, we can maintain our competitiveness in the fiercely competitive industrial environment and enhance our profitability. Therefore, the Company will continue to invest in R&D resources, jointly develop new products with clients, and improve production efficiency. Our operating goal is to increase the Company's gross profit margins continuously. As the world moves towards carbon neutrality, electric vehicles will be in high demand, attract everyone's attention, and become one of the highest-growth industries. We will seize the business opportunities, actively deploy the electric vehicle-related wiring harnesses and PCB products, increase the revenue share for automotive products, and cater to the green energy industry trend. Looking to the future, the Company will continue to uphold the principle of diligent commitment and thrifty in order to overcome difficulties, to increase revenue and profit, and reward the shareholders' full support by maintaining a high-profit growth rate.

## I. Report on 2021 Operating Outcome:

- (I) The individual operating income was NT\$12.3 billion, representing an increase of 1.5 % compared to NT\$12.1 billion in 2020.
- (II) The consolidated operating revenue was NT\$24.2 billion in 2021, an increase of 18.0 % from NT\$20.5 billion in 2020.
- (III) The consolidated net profit before tax was NT\$1.55 billion, representing an increase of 29.8 % compared to NT\$1.19 billion in 2020.
- (IV) The consolidated net profit after tax was NT\$1.16 billion, representing an increase of 47.1% compared to NT\$790 million in 2020.
- (V) The earnings per share (EPS) was NT\$ 1.87.

## II. 2022 Business Outlook:

The global calls and actions to prevent global warming have accelerated the carbon neutrality time frame and the green energy demands, which have spawned a new wave of green business opportunities. The regional geopolitical competition and cooperation and the global logistics system delays have stimulated new supply chain planning concepts. How to quickly meet the clients' needs will be the focus of the Company's thinking and planning. In terms of new green business opportunities and production logistics planning for global bases, the Company will seize the opportunities and exert its own advantages and to transform and upgrade its competitiveness and profitability. The following are the policies of the Company for business operations, production, and sale to gradually achieve strategic objectives.

### (I) Business Policy:

1. Focus on the electric vehicle and medical industry, and increase the related products' revenue ratio and profit contribution.
2. Meet the clients' needs, and provide production and logistics solutions for different regional markets.
3. Join forces with strategic partners for automotive-related products to strengthen the automotive business revenues and profits.

(II) Production and Sale Policy:

1. Recruit senior technical development engineers and business talents, improve the technical capabilities for new industries such as electric vehicles and medical equipment, and gradually increase the production capacity of related products in Taiwan.
2. Actively develop 5G, auto, medical, and industrial control related products to seize the online virtual business opportunities in the future while increasing the product breadth and the weight of high gross margin products to improve the Company's profitability.
3. Integrate production resources in Taiwan, mainland China, and Southeast Asia; and plan appropriate production, sales, and logistics models to meet client needs.
4. Find automotive wiring harness manufacturer targets in Taiwan, and increase the automotive wiring harness business revenues and profits through M&A or alliances.
5. Adopt green alternative energy sources, review carbon emission targets, and gradually build green and smart manufacturing production lines. Meanwhile, review raw material procurement policies and product pricing strategies to avoid inflation risks.
6. Express concern for issues of corporate social responsibility, raise the standards for environmentally friendly production, and develop green products in a concerted effort with customers to achieve the goal sustainable operations.

This year's general environmental changes have become more unpredictable but offer endless business opportunities. The company will actively implement the transformation and upgrading strategy, improve the technical capabilities of automotive products, and expand the revenue of automotive and medical products to optimize the revenue portfolio while maintaining profitability and growth. We will also review green energy policies, energy conservation and emission reduction, fulfill corporate social responsibilities, improve corporate governance, and continue to strive and achieve the goal of sustainable operation.

Chairman of the Board:  
Sung-Fa Lu

Managerial Officer:  
Sung-Fa Lu

Accounting Supervisor:  
Feng-An Huang

## **Attachments 2**

### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2021 business report, financial statements and the earnings distribution table. The Audit Committee has reviewed the aforementioned documents, and concluded that all information is presented fairly. We hereby submit this report in accordance with the provisions of Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act.

To:

Pan-International Industrial Corp. 2022 General Shareholders Meeting

Chairman of the Audit Committee: Wen-Jung Cheng

March 22 2022

# **Attachments 3**

## Auditors' Report

(2022) Cai-Shen-Bao-Zi No. 21003340

To Pan-International Industrial Corp.

### **Audit Opinions**

We have audited the Parent Company Only Balance Sheet of Pan-International Industrial Corp. of December 31, 2021 and 2020, and the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Shareholders Equity, the Parent Company Only Statement of Cash Flows, and the Notes to Parent Company Only Financial Statements (including the summary of significant accounting policies) covering the period of January 1 to December 31, 2021 and 2020.

In our opinion, on the basis of the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these separate parent company only financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, they are able to properly express the separate financial position of Pan-International Industrial Corp. as of December 31, 2021 and 2020, and the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2021 and 2020.

### **Basis of our opinions**

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements. We are independent of Pan-International Industrial Corp. according to the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities according to these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Pan-International Industrial Corp. in 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in the 2021 Parent Company Only Financial Statements of Pan-International Industrial Corp. are specified below:

### **Assessment of the provision for valuation loss on inventory**

#### Description

For information on the accounting policy of valuation of inventory, refer to Note 4 (13) of the Notes to Parent Company Only Financial Statements. The accounting estimate, and the uncertainty of assumption of the valuation of inventory is specified in Note 5 (2) of the Notes to Parent Company Only Financial Statements. The inventory items are specified in Note 6 (3) of the Notes to Parent Company Only Financial Statements. As of December 31, 2021, the balance of inventory and provision for valuation loss for Pan-International Industrial Corp. amounted to NT\$1,266,346 thousand and NT\$44,244 thousand, respectively. The balance of inventory and provision for evaluation loss as stated in the consolidated financial statements of the same date amounted to NT\$5,029,126 thousand and NT\$176,739 thousand, respectively.

The main product line marketed by Pan-International Industrial Corp. are cables for electronic signals, connectors, PCB and computer peripherals manufactured by subsidiaries. Rapid changes in the technological environment allows for only a short life cycle of the inventory. In addition, the inventory is highly vulnerable to price fluctuations in the market. The result is devaluation due to falling prices of inventory, or the risk of phase out is higher. Pan-International Industrial Corp. and its subsidiaries measure the normal sale of inventory using the lower of the cost or the net realizable value. The above provision for the valuation of inventory loss is mainly based on obsolete items or damaged items of inventory. The net realizable value is based on the experience of handling obsolete items of inventory in the estimation. Because the amount of inventory of Pan-International Industrial Corp. and subsidiaries is significant and the inventory covers a great variety of items, it requires human judgment in sorting out the obsolete or damaged items from the inventory. This requires further judgment in the audit. We therefore listed the provision for valuation loss of inventory of Pan-International Industrial Corp. and its subsidiaries as key audit matter.

#### The appropriate audit procedure

We have conducted the following audit procedures on the provision for valuation loss of obsolete or damaged inventory:

Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.

Examine if the logic of the system of the inventory aging table for the valuation of inventory used by the management is appropriate, in order to confirm that the information presented in the financial statements is congruent with the policies.

Assess to determine if the provision for valuation loss of inventory is reasonable on the basis of the discussion with the management on the valuation of the net realizable value of the obsolete and damaged items of inventory and the supporting documents obtained.

## **Appropriateness of Non-Standard Accounting Entries**

### Description

Accounting entries record the daily transactions that have occurred. They form the financial statement item balances and transaction amounts after posting, accumulating, and classifying. The accounting entries of Pan-International Industrial Corp. are mainly classified into two categories: standard entries and non-standard entries. Standard entries are based on the original transactions' operation processes and approval procedures through the front-end subsystems (sales, purchase, production, and inventory systems). The relevant transaction entries are transferred into the general ledger. For non-standard entries, the manual operation mode is used to directly record and approve other non-automatic transfer transactions into the general ledger.

Due to the variety and complexity of non-standard entries, which involve manual work and judgment, Inappropriate accounting entries may lead to major financial statement misrepresentations. Therefore, the CPA believes that non-standard accounting entries have high inherent risks. Therefore, testing for non-standard accounting entries is one of the most critical items to check.

### The appropriate audit procedure

The audit procedure used and the general summary is specified as follows:

Understand and evaluate the nature of non-standard accounting entries as well as the effectiveness of the entry generation process and control and the appropriateness of the division of rights and responsibilities for relevant personnel, including subjects such as inappropriate personnel, time, and accounting.

Based on the preceding understanding and evaluation, check the appropriateness of the relevant supporting documents and entries for non-standard entries that were identified as high-risk entries, and ensure they have been established and approved by the responsible personnel.

## **Additional information - audits conducted by other auditors**

Some of the investee companies of Pan-International Industrial Corp. accounted for under the equity method were presented in the Parent Company Only Financial Statements. We did not audit the financial statements of these companies. These financial statements were audited by other certified public accountants, and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, we presented an opinion on the above parent company only financial statements and the amount presented thereof is based on the auditors' report of the other certified public accountants. The investment of the above companies accounted for under the investment by equity method amounted to NT\$2,699,707 thousand and NT\$2,837,693 thousand as of December 31, 2021 and 2020, which accounted for 16% and 19% of the parent company only total assets, respectively. The comprehensive income recognized by the aforementioned companies in the period of January 1 to December 31, 2021 and 2020, amounted to NT\$372,751 thousand and NT\$179,547 thousand, and accounted for 24% and 25% of the parent company only comprehensive incomes, respectively.

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

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

In preparing the parent company only financial statements., management is responsible for assessing the ability of Pan-International Industrial Corp. to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless management either intends to liquidate Pan-International Industrial Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Pan-International Industrial Corp.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 internal control of Pan-International Industrial Corp.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Pan-International Industrial Corp. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pan-International Industrial Corp. to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the parent company only financial

statements (including the notes to the statements), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities within Pan-International Industrial Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the separate audit, and we are responsible for forming an audit opinion on the parent company only financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of Pan-International Industrial Corp. in 2021 and therefore are 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.

PwC Taiwan

Yung-Chien Hsu

Independent Auditors

Min-Chuan Feng

Former Financial Supervisory Commission, Executive Yuan  
Approval No.: (84)Tai-Cai-Cheng-VI No. 13377  
Former Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan  
Approval No.: Jin-Guan-Cheng-VI-Zi No. 0960038033

March 22, 2022

Pan-International Industrial Corp.  
Parent Company Only Balance Sheet  
December 31, 2021 and 2020

Unit: NTD thousand

	Assets	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 1,570,109	9	\$ 1,376,015	9
1170	Net accounts receivable	6 (2)	1,035,702	6	938,742	6
1180	Accounts receivable - Related parties net	7	1,783,997	10	1,489,916	10
1200	Other receivables	7	76,087	1	423,543	3
130X	Inventory	6 (3)	1,222,102	7	156,274	1
1479	Other current assets -others		2,315	-	2,270	-
11XX	<b>Total current assets</b>		<b>5,690,312</b>	<b>33</b>	<b>4,386,760</b>	<b>29</b>
<b>Non-Current Assets</b>						
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (4)	1,694,849	10	1,233,266	9
1550	Investment by equity method	6 (5)	9,715,551	57	9,254,068	62
1600	Property, plant, and equipment	6 (6)	17,980	-	18,788	-
1760	Net investment property	6 (7)	34,151	-	34,371	-
1840	Deferred tax assets	6 (20)	18,076	-	27,451	-
1900	Other non-current assets		48,649	-	248	-
15XX	<b>Total non-current assets</b>		<b>11,529,256</b>	<b>67</b>	<b>10,568,192</b>	<b>71</b>
1XXX	<b>Total assets</b>		<b>\$ 17,219,568</b>	<b>100</b>	<b>\$ 14,954,952</b>	<b>100</b>

(To be Continued)

Pan-International Industrial Corp.  
Parent Company Only Balance Sheet  
December 31, 2021 and 2020

Unit: NTD thousand

LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current liability</b>					
2100	Short-term borrowings	6 (8)	\$ 553,600	3 \$ 1,367,040	9
2130	Contractual liabilities - Current	6 (15)	628,363	4 42,286	-
2170	Accounts payable		1,484,688	9 661,873	4
2180	Accounts payable - Related parties	7	1,633,370	9 1,299,798	9
2200	Other payables	6 (9)	184,233	1 174,857	1
2230	Current tax liabilities	6 (20)	144,503	1 77,878	1
2399	Other current liabilities - Other		555	- 500	-
21XX	<b>Total current liabilities</b>		<u>4,629,312</u>	<u>27</u> <u>3,624,232</u>	<u>24</u>
<b>Non-current liabilities</b>					
2570	Deferred tax liabilities	6 (20)	165,104	1 147,286	1
2640	Net defined benefit liabilities- noncurrent	6 (10)	8,624	- 12,459	-
2670	Other noncurrent liabilities - others		5,186	- 5,186	-
25XX	<b>Total non-current liabilities</b>		<u>178,914</u>	<u>1</u> <u>164,931</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>4,808,226</u>	<u>28</u> <u>3,789,163</u>	<u>25</u>
<b>interests</b>					
3110	Share capital	6 (11)			
	Common share capital		5,183,462	30 5,183,462	35
3200	Capital surplus	6 (12)			
	Capital surplus		1,503,606	8 1,503,606	10
3310	Retained earnings	6 (13)			
	Legal reserve		1,138,619	7 1,062,342	7
3320	Special reserve		1,349,724	8 1,312,274	9
3350	Unappropriated earnings		4,308,365	25 3,453,829	23
3400	Other equities	6 (14)			
	Other equities		( 1,072,434 ) ( 6 ) ( 1,349,724 ) ( 9 )		
3XXX	<b>Total equity</b>		<u>( 12,411,342 )</u>	<u>72</u> <u>( 11,165,789 )</u>	<u>75</u>
3X2X	Significant Contingent Liabilities and Unrecognized Commitments	9			
3X2X	<b>Total liabilities and equity</b>		<u>\$ 17,219,568</u>	<u>100</u> <u>\$ 14,954,952</u>	<u>100</u>

The notes to the parent company only financial statements attached constitute an integral part of the parent company only financial statements, please refer to them, too.

Chairman of the Board: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting Supervisor: Feng-An Huang

Pan-International Industrial Corp.  
Parent Company Only Comprehensive Income Statement  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

(except in NTD for earnings per share)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6 (15) and 7	\$ 12,351,637	100	\$ 12,132,878	100
5000 Operating cost	6 (13) (18) and 7	( 11,514,764 )	( 93 )	( 11,526,383 )	( 95 )
5900      Operating profit margin		<u>836,873</u>	<u>7</u>	<u>606,495</u>	<u>5</u>
Operating expenses	6 (18)				
6100 Selling and marketing expenses		( 85,978 )	( 1 )	( 70,729 )	-
6200 General and administrative expenses		( 58,933 )	( 1 )	( 70,307 )	( 1 )
6300 Research and development expenses		( 13,935 )	( - )	( 12,380 )	-
6450 Expected credit impairment	12 (2)	( 1,937 )	-	( 1,848 )	-
6000      Total operating expenses		( 160,783 )	( 2 )	( 155,264 )	( 1 )
6900 Operating profit		<u>676,090</u>	<u>5</u>	<u>451,231</u>	<u>4</u>
Non-operating income and expense					
7100 Interest income		6,276	-	8,343	-
7010 Other income	6 (16)	34,743	-	9,225	( 1 )
7020 Other gains and losses	6 (17)	7,488	-	( 29,460 )	-
7050 Financial costs	6 (19)	( 5,302 )	-	( 21,966 )	-
7070 The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		<u>427,452</u>	<u>4</u>	<u>341,342</u>	<u>3</u>
7000      Total non-operating income and expenses		<u>470,657</u>	<u>4</u>	<u>307,484</u>	<u>2</u>
7900 <b>Net income before tax</b>		<u>1,146,747</u>	<u>9</u>	<u>758,715</u>	<u>6</u>
7950 Income tax expense	6 (20)	( 179,515 )	( 1 )	( 95,525 )	( 1 )
8200 <b>Net income for the period</b>		<u>\$ 967,232</u>	<u>8</u>	<u>\$ 663,190</u>	<u>5</u>
<b>Other comprehensive income (net)</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
8311 Remeasured value of defined benefit plan	6 (10)	\$ 714	-	\$ 26,166	-
8316 Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (14)				
		470,002	4	554,103	5
8330 The other comprehensive income from subsidiaries, associates, and joint ventures accounted for under the equity method- items not reclassified as income	6 (21)				
		341,559	3	( 411,687 )	( 3 )
8349 Income tax related to items not reclassified	6 (20)	( 143 )	-	( 5,233 )	-
8310      Total of items not reclassified to profit or loss		<u>812,132</u>	<u>7</u>	<u>163,349</u>	<u>2</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
8361 Currency translation difference	6 (14)	( 197,527 )	( 2 )	( 101,216 )	( 1 )
8360 Total of items that may be reclassified subsequently to profit or loss:		( 197,527 )	( 2 )	( 101,216 )	( 1 )
8300 <b>Other comprehensive income (net)</b>		<u>\$ 614,605</u>	<u>5</u>	<u>\$ 62,133</u>	<u>1</u>
8500 <b>Total comprehensive income in the current period</b>		<u>\$ 1,581,837</u>	<u>13</u>	<u>\$ 725,323</u>	<u>6</u>
Earnings per share (EPS)	6 (22)				
9750 Basic earnings per share		\$ 1.87		\$ 1.28	
9850 Diluted earnings per share		<u>\$ 1.86</u>		<u>\$ 1.27</u>	

The notes to the parent company only financial statements attached constitute an integral part of the parent company only financial statements, please refer to them, too.

Chairman of the Board: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp.  
Parent Company Only Statement of Changes in Shareholders Equity  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Note	Capital surplus			Retained earnings			Other equities			Total Equity
		Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Unappropriated earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
<b>2020</b>											
January 1		\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 959,410	\$ 883,205	\$ 3,741,403 663,190	( \$ 1,061,916 )	( \$ 250,358 )	\$ 10,958,812 663,190
Net income for the period		-	-	-	-	-	-	20,860	( 101,216 )	142,489	62,133
Other comprehensive income recognized for the period	6 (14) (21)	-	-	-	-	-	-	684,050	( 101,216 )	142,489	725,323
Total comprehensive income in the current period		-	-	-	-	-	-	684,050	( 101,216 )	142,489	725,323
Earnings distribution and provisions for 2019:	6 (13)										
Provision of legal reserve		-	-	-	-	102,932	-	( 102,932 )	-	-	-
Provision of special reserve		-	-	-	-	-	429,069	( 429,069 )	-	-	-
Cash dividends		-	-	-	-	-	-	( 518,346 )	-	-	( 518,346 )
Equity instruments measured at fair value through other comprehensive income	6 (14)	-	-	-	-	-	-	78,723	-	( 78,723 )	-
December 31		\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,062,342	\$ 1,312,274	\$ 3,453,829 967,232	( \$ 1,163,132 )	( \$ 186,592 )	\$ 11,165,789 967,232
<b>2021</b>											
January 1		\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,062,342	\$ 1,312,274	\$ 3,453,829 967,232	( \$ 1,163,132 )	( \$ 186,592 )	\$ 11,165,789 967,232
Net income for the period		-	-	-	-	-	-	1,128	( 197,527 )	811,004	( 614,605 )
Other comprehensive income recognized for the period	6 (14) (21)	-	-	-	-	-	-	968,360	( 197,527 )	811,004	1,581,837
Total comprehensive income in the current period		-	-	-	-	-	-	968,360	( 197,527 )	811,004	1,581,837
Earnings distribution and provisions for 2020:	6 (13)										
Provision of legal reserve		-	-	-	-	76,277	-	( 76,277 )	-	-	-
Provision of special reserve		-	-	-	-	-	37,450	( 37,450 )	-	-	-
Cash dividends		-	-	-	-	-	-	( 336,925 )	-	-	( 336,925 )
The invested company's capital reduction refund exceeded the book value		-	-	-	-	-	-	641	-	-	641
Equity instruments measured at fair value through other comprehensive income	6 (14)	-	-	-	-	-	-	336,187	-	( 336,187 )	-
December 31		\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,138,619	\$ 1,349,724	\$ 4,308,365 4,308,365	( \$ 1,360,659 )	\$ 288,225	\$ 12,411,342

The notes to the parent company only financial statements attached constitute an integral part of the parent company only financial statements, please refer to them, too.

Chairman of the Board: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting Supervisor: Feng-An Huang

Pan-International Industrial Corp.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2021 and 2020

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020	Unit: NTD thousand
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		\$ 1,146,747	\$ 758,715	
Adjustments				
income and expenses items				
Depreciation expenses and amortizations	6 (18)	1,403	1,544	
Provision for expected credit impairment loss	12 (2)	1,937	1,848	
Net benefits of financial assets and liabilities measured at fair value through the income	6 (17)	( 11,188 )	-	
Interest expense	6 (19)	5,302	21,966	
Interest income		( 6,276 )	( 8,343 )	
Dividend income	6 (16)	( 25,200 )	-	
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		( 427,452 )	( 341,342 )	
Unrealized foreign exchange gain	6 (23)	( 29,160 )	( 73,935 )	
Changes in assets/liabilities related to operating activities				
Net change in assets related to operating activities				
Net accounts receivable		( 98,782 )	452,597	
Accounts receivable - Related parties net		( 294,196 )	1,222,520	
Inventory		( 1,065,828 )	612,472	
Other receivables		97,204	42,563	
Other current assets		( 7,200 )	1,141	
Net change in liabilities related to operating activities				
Accounts payable		822,815	( 433,166 )	
Accounts payable - Related parties		333,572	( 802,798 )	
Other payables		( 7,034 )	( 41,780 )	
Other current liabilities		- ( 268 )	-	
Other non-current liabilities		- ( 2,151 )	5,838	
Contractual liabilities		586,077	-	
Cash inflow from operations		1,022,741	1,417,421	
Income tax paid		( 85,841 )	( 54,167 )	
Net cash inflow from operating activities		936,900	1,363,254	
<b>Cash flows from investing activities</b>				
Decrease of funds lend to related parties		284,800	946	
Return of investment shares using the investment by equity method		110,000	-	
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		-	166,954	
Refund of capital investment in financial assets measured at fair value through other comprehensive income		9,060	9,439	
Purchase of property, plant and equipment	6 (6)	( 88 )	( 220 )	
Decrease (increase) of receivables from purchase of materials for a third party		( 6,804 )	3,423	
Decrease in refundable deposits		- ( 211 )	-	
Interest received		6,276	8,343	
Dividend received		25,200	-	
Acquisition of financial assets at fair value through profit or loss		( 1,902 )	-	
Disposal of financial assets at fair value through profit or loss		5,846	-	
Increase in other non-current assets		( 48,687 )	-	
Net cash inflow (outflow) from investment activities		383,701	189,096	
<b>Cash flows from financing activities</b>				
Decrease in short-term borrowings	6 (23)	( 784,280 )	( 132,975 )	
Interest paid		( 5,302 )	( 21,966 )	
Cash dividend payment	6 (13)	( 336,925 )	( 518,346 )	
Net cash outflow from financing activities		( 1,126,507 )	( 673,287 )	
Increase in cash and cash equivalents in the current period		194,094	879,063	
Cash and cash equivalents at the beginning of the period		1,376,015	496,952	
Cash and cash equivalents at the end of the period		\$ 1,570,109	\$ 1,376,015	

The notes to the parent company only financial statements attached constitute an integral part of the parent company only financial statements, please refer to them, too.

Chairman of the Board: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting Supervisor: Feng-An Huang

Independent Auditors' Review Report  
(2022) Cai-Shen-Bao-Zi No. 21003341

To Pan-International Industrial Corp.

## **Audit Opinions**

We have audited the consolidated balance sheet of December 31, 2021 and December 31, 2020, the consolidated comprehensive income sheet, consolidated statement of changes in equity, consolidated statement of cash flows from January 1 to December 31, 2021 and 2020, and the notes to the consolidated financial statements (including the summary of material accounting policies) of Pan-International Industrial Corp. and its subsidiaries (hereinafter "Pan-International Group").

In our opinion, on the basis of the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these consolidated financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized by the Financial Supervisory Commission. Therefore, they are able to properly express the consolidated financial status of Pan-International Group as of December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2021 and 2020.

## **Basis of our opinions**

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements. We are independent of Pan-International Group in accordance with the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group in 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 matters of the consolidated financial statements of the year 2021 of Pan-International Group are as follows:

### **Assessment of the provision for valuation loss on inventory**

### Description

For additional information on the accounting policy of inventory valuation, refer to Note 4 (14) of the consolidated financial statements. For information on the uncertainty of accounting estimates and assumptions for inventory valuation, refer to Note 5 (2) of the consolidated financial statements. For a description of the inventory items, refer to Note 6 (4) of the consolidated financial statements. As of December 31, 2021, Pan-International Group recognized inventory loss and provision for valuation loss of inventory amounting to NT\$5,029,126 thousand and NT\$176,739 thousand, respectively.

Pan-International Group mainly produces cables for electronic signals, connectors, PCB and computer peripherals manufactured by subsidiaries. Rapid changes in the technological environment allow for only a short life cycle of the inventory. In addition, the inventory is highly vulnerable to price fluctuations in the market. The result is devaluation due to falling prices of inventory, or the risk of phase out is higher. Pan-International Group measures the normal sale of inventory using the lower of the cost or the net realizable value. The above provision for the valuation of inventory loss is mainly based on obsolete items or damaged items of inventory. The net realizable value is based on the experience of handling obsolete items of inventory in the estimation. Because the amount of inventory of Pan-International Group is significant and the inventory covers a great variety of items, it requires human judgment in sorting out the obsolete or damaged items from the inventory. This requires further judgment in the audit. We therefore listed the provision for valuation loss of inventory of Pan-International Group as key audit matter.

### The appropriate audit procedure

We have conducted the following audit procedures on the provision for valuation loss of obsolete or damaged inventory:

Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.

Examine if the logic of the system of the inventory aging table for the valuation of inventory used by the management is appropriate, in order to confirm that the information presented in the financial statements is congruent with the policies.

Assess to determine if the provision for valuation loss of inventory is reasonable on the basis of the discussion with the management on the valuation of the net realizable value of the obsolete and damaged items of inventory and the supporting documents obtained.

### **Appropriateness of Non-Standard Accounting Entries**

#### Description

Accounting entries record the daily transactions that have occurred. They form the financial statement item balances and transaction amounts after posting, accumulating, and classifying. The accounting entries of Pan-International Group are mainly classified into two categories: standard entries and non-standard entries. Standard entries are based on the original transactions' operation processes and approval procedures through the front-end subsystems (sales, purchase, production, and inventory systems). The relevant transaction entries are transferred into the general ledger. For non-standard entries, the manual operation mode is used to directly record and approve other non-automatic transfer transactions into the general ledger.

Due to the variety and complexity of non-standard entries, which involve manual work and judgment, inappropriate accounting entries may lead to major financial statement misrepresentations. Therefore, the CPA believes that non-standard accounting entries have high inherent risks. Therefore, testing for non-standard accounting entries is one of the most critical items to check.

### The appropriate audit procedure

The audit procedure used and the general summary is specified as follows:

Understand and evaluate the nature of non-standard accounting entries as well as the effectiveness of the entry generation process and control and the appropriateness of the division of rights and responsibilities for relevant personnel, including subjects such as inappropriate personnel, time, and accounting.

Based on the preceding understanding and evaluation, check the appropriateness of the relevant supporting documents and entries for non-standard entries that were identified as high-risk entries, and ensure they have been established and approved by the responsible personnel.

### **Additional information - audits conducted by other auditors**

Some of the investee companies of Pan-International Group accounted for under the equity method were presented in the consolidated financial statements. We did not audit the financial statements of these companies. These financial statements were audited by other certified public accountants, and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, the opinions on the aforementioned consolidated financial statements regarding the amount presented in the aforementioned financial statements of these companies before adjustment were based on the Auditors' Report of other certified public accountants. The total assets of the aforementioned companies (including the investment by equity method) as of December 31, 2021 and 2020, amounted to NT\$6,473,851 thousand and NT\$5,766,000 thousand, respectively, accounting for 27% and 28% of the consolidated total assets, respectively. Revenue for the years ended December 31, 2021 and 2020, amounted to NT\$7,356,134 thousand and NT\$5,225,571 thousand, respectively, accounting for 30% and 25% of the consolidated net operating revenue, respectively.

### **Additional information - Issuance of Auditors' Report on Parent Company Only Financial Statements**

Pan-International Industrial Corp. has prepared the parent company only financial statements of 2021 and 2020. We have audited these statements and issued an unqualified opinion and additional information. Auditors' Reports issued by other accountants are on record for reference.

### **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, the IFRS, IAS, IFRIC and SIC recognized by the Financial Supervisory Commission 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 ability of Pan-International Group to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless management either intends to liquidate Pan-International Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Pan-International Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing principles generally accepted in the Republic of China will always detect a material misstatement in the financial statements when it exists. Misstatements can arise from fraud or error. These 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 principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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.

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 internal control of Pan-International Group.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Pan-International Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Pan-International Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes to the statements), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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, and we are responsible for forming an audit opinion on the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Pan-International Group in 2021 and therefore are 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.

PwC Taiwan

Yung-Chien Hsu

Independent Auditors

Min-Chuan Feng

Former Financial Supervisory Commission, Executive Yuan  
Approval No.: (84)Tai-Cai-Cheng-VI No. 13377  
Former Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan  
Approval No.: Jin-Guan-Cheng-VI-Zi No. 0960038033

March 22, 2022

Pan-International Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NTD thousand

	Assets	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 6,241,785	26	\$ 7,544,242	36
1110	Financial assets at FVTPL - Current	6 (2)	11,336	-	54,250	-
1150	Net notes receivable	6 (3)	5,707	-	41	-
1170	Net accounts receivable	6 (3)	2,917,801	12	2,564,231	12
1180	Accounts receivable - Related parties net	7	3,305,089	13	2,759,169	13
1200	Other receivables	6 (5) and 7	706,222	3	118,590	1
130X	Inventory	6 (4)	4,852,387	20	1,967,196	10
1470	Other current assets	8	267,069	1	159,825	1
11XX	<b>Total current assets</b>		<b>18,307,396</b>	<b>75</b>	<b>15,167,544</b>	<b>73</b>
<b>Non-Current Assets</b>						
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (5)	2,406,698	10	2,367,713	12
1550	Investment by equity method	6 (6) and 8	742,334	3	804,554	4
1600	Property, plant, and equipment	6 (7) and 8	2,152,912	9	1,670,684	8
1755	Right-of-use assets	6 (8) and 8	319,099	2	288,179	1
1760	Net investment property	6 (9) and 8	214,527	1	234,558	1
1780	Intangible asset	6 (10)	36,218	-	36,963	-
1840	Deferred tax assets	6 (24)	73,568	-	90,266	1
1900	Other non-current assets	6 (13) and 8	69,672	-	19,163	-
15XX	<b>Total non-current assets</b>		<b>6,015,028</b>	<b>25</b>	<b>5,512,080</b>	<b>27</b>
1XXX	<b>Total assets</b>		<b>\$ 24,322,424</b>	<b>100</b>	<b>\$ 20,679,624</b>	<b>100</b>

(To be Continued)

Pan-International Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NTD thousand

LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current liability</b>					
2100 Short-term borrowings	6 (11)	\$ 1,028,206	4	\$ 1,568,333	8
2130 Contractual liabilities - Current	6 (19) and 7	939,066	4	395,622	2
2150 Notes payable		64,745	-	-	-
2170 Accounts payable		4,883,276	20	2,813,815	14
2180 Accounts payable - Related parties	7	1,312,672	6	1,356,093	7
2200 Other payables	6 (12)	1,246,495	5	905,806	4
2230 Current tax liabilities		252,298	1	309,283	1
2280 Lease liabilities - Current	7	79,991	-	73,157	-
2399 Other current liabilities - Other		25,990	-	28,282	-
21XX <b>Total current liabilities</b>		<u>9,832,739</u>	<u>40</u>	<u>7,450,391</u>	<u>36</u>
<b>Non-current liabilities</b>					
2570 Deferred tax liabilities	6 (24)	290,552	1	269,971	1
2580 Lease liabilities - Non-current	7	86,182	1	147,802	1
2600 Other non-current liabilities	6 (13)	19,036	-	23,166	-
25XX <b>Total non-current liabilities</b>		<u>395,770</u>	<u>2</u>	<u>440,939</u>	<u>2</u>
2XXX <b>Total liabilities</b>		<u>10,228,509</u>	<u>42</u>	<u>7,891,330</u>	<u>38</u>
<b>Equity attributable to owners of the parent company</b>					
Share capital	6 (14)				
3110 Common share capital		5,183,462	21	5,183,462	25
Capital surplus	6 (15)				
3200 Capital surplus		1,503,606	6	1,503,606	8
Retained earnings	6 (16)				
3310 Legal reserve		1,138,619	5	1,062,342	5
3320 Special reserve		1,349,724	6	1,312,274	6
3350 Unappropriated earnings		4,308,365	18	3,453,829	17
Other equities	6 (17)				
3400 Other equities		( 1,072,434 )	( 5 )	( 1,349,724 )	( 7 )
31XX <b>Total equity attributable to owners of the parent company</b>		<u>12,411,342</u>	<u>51</u>	<u>11,165,789</u>	<u>54</u>
36XX <b>Non-controlling interests</b>	6 (18)	<u>1,682,573</u>	<u>7</u>	<u>1,622,505</u>	<u>8</u>
3XXX <b>Total equity</b>		<u>14,093,915</u>	<u>58</u>	<u>12,788,294</u>	<u>62</u>
Significant Contingent Liabilities and Unrecognized Commitments	9				
3X2X <b>Total liabilities and equity</b>		<u>\$ 24,322,424</u>	<u>100</u>	<u>\$ 20,679,624</u>	<u>100</u>

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.

Chairman: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

(except in NTD for earnings per share)

	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	6 (19) and 7	\$ 24,226,194	100	\$ 20,547,713	100
5000	Operating cost	6 (4) (22) and 7	( 21,577,044 )	( 89 )	( 18,403,018 )	( 89 )
5900	Operating profit margin		2,649,150	11	2,144,695	11
	Operating expenses	6 (22)				
6100	Selling and marketing expenses		( 265,656 )	( 1 )	( 220,811 )	( 1 )
6200	General and administrative expenses		( 650,827 )	( 3 )	( 716,427 )	( 4 )
6300	Research and development expenses		( 346,780 )	( 1 )	( 267,362 )	( 1 )
6450	Expected credit impairment	12 (2)	( 3,682 )	-	( 15,297 )	-
6000	Total operating expenses		( 1,266,945 )	( 5 )	( 1,219,897 )	( 6 )
6900	Operating profit		1,382,205	6	924,798	5
	Non-operating income and expense					
7100	Interest income		84,741	-	111,701	-
7010	Other income	6 (20)	122,932	1	135,412	1
7020	Other gains and losses	6 (21)	34,659	-	90,455	-
7050	Financial costs	6 (23)	( 12,892 )	-	( 35,099 )	-
7060	Share of profits and losses of affiliated companies and joint ventures recognized by the equity method	6 (6)	( 62,220 )	-	( 34,001 )	-
7000	Total non-operating income and expenses		167,220	1	268,468	1
7900	<b>Net income before tax</b>		1,549,425	7	1,193,266	6
7950	Income tax expense	6 (24)	( 386,828 )	( 2 )	( 402,771 )	( 2 )
8200	<b>Net income for the period</b>		\$ 1,162,597	5	\$ 790,495	4

(To be Continued)

Pan-International Industrial Corp. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

(except in NTD for earnings per share)

Item	Note	2021		2020	
		Amount	%	Amount	%
<b>Items that will not be reclassified subsequently to profit or loss</b>					
8311	Remeasured value of defined benefit plan	6 (14)	\$ 1,547	-	\$ 26,079
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (17)	847,889	3	142,489
8349	Income tax related to items not reclassified	6 (24)	( 37,195 )	-	( 5,233 )
8310	Total of items not reclassified to profit or loss		<u>812,241</u>	<u>3</u>	<u>163,335</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
8361	Currency translation difference	6 (17) (18)	( 308,852 )	( 1 )	( 161,568 )
8360	Total of items that may be reclassified subsequently to profit or loss:		<u>( 308,852 )</u>	<u>( 1 )</u>	<u>( 161,568 )</u>
8300	<b>Other comprehensive income (net)</b>		<u>\$ 503,389</u>	<u>2</u>	<u>\$ 1,767</u>
8500	<b>Total comprehensive income in the current period</b>		<u>\$ 1,665,986</u>	<u>7</u>	<u>\$ 792,262</u>
NET PROFIT ATTRIBUTABLE TO:					
8610	Owners of the parent company		\$ 967,232	4	\$ 663,190
8620	Non-controlling interests		<u>195,365</u>	<u>1</u>	<u>127,305</u>
			<u>\$ 1,162,597</u>	<u>5</u>	<u>\$ 790,495</u>
Total comprehensive income attributable to:					
8710	Owners of the parent company		\$ 1,581,837	7	\$ 725,323
8720	Non-controlling interests		<u>84,149</u>	<u>-</u>	<u>66,939</u>
			<u>\$ 1,665,986</u>	<u>7</u>	<u>\$ 792,262</u>
Earnings per share (EPS)					
9750	Basic earnings per share	6 (25)	\$ 1.87		\$ 1.28
9850	Diluted earnings per share		<u>\$ 1.86</u>	<u></u>	<u>\$ 1.27</u>

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.

Chairman: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries  
Consolidated Statements of Changes Equity  
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Note	Equity attributable to owners of the parent company								Non-controlling interests	Total Equity		
		Capital surplus			Retained earnings		Other equities						
		Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Legal reserve	Special reserve	Unappropriated earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income				
<b>2020</b>													
Balance on January 1		\$ 5,183,462	\$ 1,402,318	\$ 101,288	\$ 959,410	\$ 883,205	\$ 3,741,403	( \$ 1,061,916 )	( \$ 250,358 )	\$ 10,958,812	\$ 1,619,122		
Net income for the period		-	-	-	-	-	663,190	-	-	663,190	127,305		
Other comprehensive income recognized for the period	6 (17)	-	-	-	-	-	20,860	( 101,216 )	142,489	62,133	( 60,366 )		
Total comprehensive income in the current period		-	-	-	-	-	684,050	( 101,216 )	142,489	725,323	66,939		
Earnings distribution and provisions for 2019:	6 (16)	-	-	-	-	-	-	-	-	-	792,262		
Provision of legal reserve		-	-	-	102,932	-	( 102,932 )	-	-	-	-		
Provision of special reserve		-	-	-	-	429,069	( 429,069 )	-	-	-	-		
Cash dividends		-	-	-	-	-	( 518,346 )	-	-	( 518,346 )	( 518,346 )		
Equity instruments measured at fair value through other comprehensive income	6 (17)	-	-	-	-	-	78,723	-	( 78,723 )	-	-		
Decrease in non-controlling interests	6 (18)	-	-	-	-	-	-	-	-	( 63,556 )	( 63,556 )		
Balance on December 31		\$ 5,183,462	\$ 1,402,318	\$ 101,288	\$ 1,062,342	\$ 1,312,274	\$ 3,453,829	( \$ 1,163,132 )	( \$ 186,592 )	\$ 11,165,789	\$ 1,622,505		
<b>2021</b>													
Balance on January 1		\$ 5,183,462	\$ 1,402,318	\$ 101,288	\$ 1,062,342	\$ 1,312,274	\$ 3,453,829	( \$ 1,163,132 )	( \$ 186,592 )	\$ 11,165,789	\$ 1,622,505		
Net income for the period		-	-	-	-	-	967,232	-	-	967,232	195,365		
Other comprehensive income recognized for the period	6 (17)	-	-	-	-	-	1,128	( 197,527 )	811,004	614,605	( 111,216 )		
Total comprehensive income in the current period		-	-	-	-	-	968,360	( 197,527 )	811,004	1,581,837	84,149		
Earnings distribution and provisions for 2020:	6 (16)	-	-	-	-	-	-	-	-	-	1,665,986		
Provision of legal reserve		-	-	-	76,277	-	( 76,277 )	-	-	-	-		
Provision of special reserve		-	-	-	-	37,450	( 37,450 )	-	-	-	-		
Cash dividends		-	-	-	-	-	( 336,925 )	-	-	( 336,925 )	( 336,925 )		
Decrease in non-controlling interests	6 (18)	-	-	-	-	-	-	-	-	-	( 24,081 )		
The refund of share payments from the investee's capital reduction exceeds the book value		-	-	-	-	-	-	-	-	-	( 641 )		
Equity instruments measured at fair value through other comprehensive income	6 (5) (17)	-	-	-	-	-	641	-	-	641	-		
Balance on December 31		\$ 5,183,462	\$ 1,402,318	\$ 101,288	\$ 1,138,619	\$ 1,349,724	\$ 336,187	( \$ 1,360,659 )	\$ 288,225	\$ 12,411,342	\$ 1,682,573		
											\$ 14,093,915		

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.

Chairman: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting supervisor: Feng-An Huang

**Pan-International Industrial Corp. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**January 1 to December 31, 2021 and 2020**

Unit: NTD thousand

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		\$ 1,549,425	\$ 1,193,266
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (22)	417,290	398,648
Provision for expected credit impairment loss	12 (2)	3,682	15,297
Net benefits of financial assets and liabilities measured at fair value through the income	6 (21)	29,210	48,804
Interest expense	6 (23)	( 12,892 )	( 35,099 )
Interest income		( 84,741 )	( 111,701 )
Dividend income	6 (20)	( 25,416 )	( 1,547 )
Income from rental reduction		( 3,123 )	( 4,308 )
Share of profits and losses of affiliated companies recognized by the equity method	6 (6)	( 62,220 )	( 34,001 )
Unrealized foreign exchange gain		( 29,160 )	( 73,935 )
Net loss from the disposal of property, plant and equipment	6 (21)	( 4,955 )	( 9,986 )
Gain on disposal of investments	6 (21)	( 14,520 )	-
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities		58,548	73,172
Financial assets and liabilities measured at fair value through the income		( 20,641 )	6,163
Net notes receivable		( 392,468 )	( 28,825 )
Net accounts receivable		( 345,508 )	1,345,988
Accounts receivable - Related parties net		( 24,185 )	( 19,447 )
Other receivables		( 2,510,368 )	504,125
Inventory		( 93,717 )	39,449
Other current assets		( 54,870 )	-
Net change in liabilities related to operating activities		1,557,708	491,909 )
Notes payable		( 31,598 )	837,050 )
Accounts payable		( 85,959 )	132,455 )
Accounts payable - Related parties		( 8,414 )	( 13,969 )
Other payables		( 543,444 )	132,511
Other current liabilities		( 5,452 )	( 24,365 )
Contractual liabilities		622,732	1,999,390
Other non-current liabilities		( 424,956 )	( 266,843 )
Cash inflow from operations		197,776	1,732,547
Income tax paid			
Net cash inflow from operating activities			
<b>Cash flows from investing activities</b>			
Acquisition of financial assets at fair value through profit or loss		( 1,902 )	-
Disposal of financial assets at fair value through profit or loss		5,846	-
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	6 (5)	239,883	285,612
Refund of capital investment in financial assets measured at fair value through other comprehensive income		9,060	10,271
Acquisition of subsidiaries (deducting cash acquired)	6 (27)	( 100,004 )	-
Purchase property, plant and equipment assets	6 (27)	( 624,820 )	339,936 )
Proceeds from disposal of property, plant and equipment		( 13,594 )	41,610
Increase in refundable deposits		- ( 3,368 )	691 )
Decrease in refundable deposits		( 61,523 )	616
Increase in other non-current assets		( 84,741 )	( 6,711 )
Interest received		( 25,416 )	111,965
Dividend received		( 406,341 )	1,547
Net cash inflow (outflow) from investment activities			104,283
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	6 (28)	( 493,359 )	67,382
Lease principal repayment		( 59,263 )	( 65,934 )
Cash dividend payment	6 (16)	( 336,925 )	518,346 )
Interest paid		( 12,892 )	( 34,549 )
Number of cash dividends paid to non-controlling interests	6 (18)	( 61,002 )	( 63,556 )
Net cash outflow from financing activities		( 963,441 )	( 615,003 )
Impact of changes in the exchange rate on cash and cash equivalents		( 130,451 )	121,904
Increase (decrease) in cash and cash equivalents in the current period		( 1,302,457 )	1,343,731
Cash and cash equivalents at the beginning of the period		7,544,242	6,200,511
Cash and cash equivalents at the end of the period		\$ 6,241,785	\$ 7,544,242

The attached notes to the consolidated financial report are part of this consolidated financial report. Please refer to them, too.

Chairman: Sung-Fa Lu

Managerial Officer: Sung-Fa Lu

Accounting supervisor: Feng-An Huang

## Attachments 4

Pan-International Industrial Corp.  
Earnings Distribution Table

2021

Unit:

In New Taiwan Dollars

Amount

Item		
Unappropriated retained earnings at beginning of the term		3,003,177,696
Plus: Ensure the remeasured amount is recognized as retained surplus after determining the benefit plan.		1,128,173
Plus: Use equity instruments at fair value through other comprehensive income to transfer benefits to retained surplus.		336,828,780
Plus: Net income after tax		967,231,711
Minus: Appropriated statutory surplus reserve		(130,518,866)
Add: Special Surplus Reserve Reversed		277,289,354
Earnings available for distribution		4,455,136,848
 Item for distribution:		
Shareholders' cash dividends (Note)	NT\$1.00 per share	(518,346,282)
Ending undistributed earnings		3,936,790,566

Note 1: The earnings of 2021 is to be distributed in priority for this year.

Note 2: According to the provisions Article 21 of the Articles of Incorporation, for the issuance of cash dividends and bonuses resolved by the board of directors, the board of directors is authorized to establish the distribution plan and to report to the shareholders' meeting.

Chairman of the Board:  
Sung-Fa Lu

Managerial Officer:  
Sung-Fa Lu

Accounting Supervisor:  
Feng-An Huang

## Attachments 5

### Pan-International Industrial Corp. Procedure for Acquisition and Disposal of Assets Article Revision

#### Comparison Table

Revised Articles	Original Article	Explanation
<p>Article 6: Valuation Report or Opinion</p> <p>I. Valuation Report or...Provisions for Acquisitions by the Company</p> <ul style="list-style-type: none"> <li>(I) Never..., not limited.</li> <li>(II) Transaction ..... status.</li> <li>(III) Company ..... status.</li> </ul> <p>When issuing valuation reports or opinions, the preceding appraisers shall <u>comply with the self-discipline regulations of their respective trade associations</u> and abide by the following matters:</p> <ul style="list-style-type: none"> <li>(I) Case undertaking ... independence.</li> <li>(II) Appropriate operating procedures shall be properly planned and implemented during case <u>implementation</u> to form a conclusion and issue a report or opinion letter accordingly. The procedures, data collected, and conclusion shall be documented in the case paperwork.</li> <li>(III) The <u>appropriateness</u> and rationality of the data sources, parameters, and information used shall be evaluated item by item to serve as the foundation for issuing the valuation report or opinion letter.</li> <li>(IV) The declaration items shall include the professionalism and independence of the relevant personnel and specify that the information used has been assessed to be <u>appropriate</u>, reasonable, and in compliance with the relevant laws and regulations.</li> </ul> <p>(omit the following)</p>	<p>Article 6: Valuation Report or Opinion</p> <p>I. Valuation Report or...Provisions for Acquisitions by the Company</p> <ul style="list-style-type: none"> <li>(I) Never..., not limited.</li> <li>(II) Transaction ..... status.</li> <li>(III) Company ..... status.</li> </ul> <p>The appraisal report or opinion issued by the preceding personnel shall be handled according to the following matters:</p> <ul style="list-style-type: none"> <li>(I) Case undertaking ... independence.</li> <li>(II) During the investigation of the case, properly plan and implement the operational procedures to form the conclusions and produce reports or opinions; and detail all of the execution procedures, information collected, and conclusions in the case draft.</li> <li>(III) In terms of information sources, parameters, data, etc., each item's <u>completeness</u>, <u>correctness</u>, and reasonableness must be assessed item by item as the basis for issuing a valuation report or opinion.</li> <li>(IV) Declaration items shall include the professionalism and independence of the relevant personnel required to evaluate the reasonableness and <u>correctness</u> of the information used as well as compliance with relevant laws and regulations.</li> </ul> <p>(omit the following)</p>	<p>1. To clarify the procedures and responsibilities that external experts must follow, such experts must abide by the self-discipline regulations of their respective trade associations in addition to the items listed in the existing Paragraph 2.</p> <p>2. Partial text adjustments.</p>

<p><b>Article 7: Handling Procedures for Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets Thereof</b></p> <p><b>I. Evaluation Procedure</b></p> <p><b>II. Operation Procedure:</b></p> <p>(I) The company Acquisition or disposal of real property, equipment, or right-of-use assets thereof; unless ... stipulated:</p> <ol style="list-style-type: none"> <li>1. Because of special ... same.</li> <li>2. Transaction amount ... valuation.</li> <li>3. If the professional appraiser's result shows any one of the following conditions, a CPA shall be consulted to express specific opinions on the reason for the price difference and fairness of the transaction price unless the appraisal results indicate that the assets acquired are all higher than the transaction amount or the results indicated that the assets disposed of are all lower than the transaction amount:           <ol style="list-style-type: none"> <li>(1) Appraiser.....</li> <li>(2) 2 enterprises.....</li> </ol> </li> <li>4. The professional appraiser's report date and the contract establishment date shall not exceed three months. However, the original professional appraiser may issue a written opinion if the current value of the same period is applicable and less than six months.</li> </ol> <p>(omit the following)</p>	<p><b>Article 7: Handling Procedures for Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets Thereof</b></p> <p><b>I. Evaluation Procedure</b></p> <p><b>II. Operation Procedure:</b></p> <p>(I) Acquisition or disposal of real property, equipment, <u>or</u> right-of-use assets thereof by the Company; unless ... stipulated:</p> <ol style="list-style-type: none"> <li>1. Because of special ... same.</li> <li>2. Transaction amount ... valuation.</li> <li>3. If the professional appraiser's result shows any one of the following conditions, a CPA shall be consulted to <u>handle the matter according to the Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation in Taiwan (hereafter "Accounting Research and Development Foundation")</u>, and express specific opinions on the reason for the price difference and fairness of the transaction price unless the appraisal results indicated that the assets acquired are all higher than the transaction amount or the results indicated that the assets disposed of are all lower than the transaction amount:           <ol style="list-style-type: none"> <li>(1) Appraiser.....</li> <li>(2) 2 enterprises.....</li> </ol> </li> <li>4. The professional appraiser's report date and the contract establishment date shall not exceed three months. However, the original professional appraiser may issue a written opinion if the current value of the same period is applicable and less than 6 months.</li> </ol> <p>(omit the following)</p>	<p>Considering that Article 6 has been amended and updated to require external experts to issue opinions according to the self-discipline regulations of their respective trade associations, it has already covered the procedures for CPAs to issue opinions. Therefore, according to the Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation, the texts for handling have been deleted.</p>
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<p><b>Article 8: Securities Acquisition or Disposal Handling Procedure</b></p> <p>I. Evaluation Procedure:</p> <p>(I) The Company...reference.</p> <p>(II) If the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million or higher, a CPA shall be consulted to express an opinion on the reasonableness of the transaction price before the date of the fact. However, this provision shall apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission.</p> <p>(omit the following)</p>	<p><b>Article 8: Securities Acquisition or Disposal Handling Procedure</b></p> <p>I. Evaluation Procedure:</p> <p>(I) The Company...reference.</p> <p>(II) A CPA must be consulted before the date of the fact to express an opinion on the reasonableness of the transaction price if it exceeds 20% of the company's paid-in capital or NT\$300 million or higher. <u>If the CPA must use an expert report, the case shall handle the matter according to Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation.</u> However, this provision shall apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission.</p> <p>(omit the following)</p>	<p>Same as the amendment description for Article 7.</p>
<p><b>Article 9. Handling Procedures for the Acquisition or Disposal of Intangible Assets or their Right-of-use Assets by the Company.</b></p> <p>I. Evaluation Procedure:</p> <p>The Company..unit.</p> <p>II. Operation Procedure:</p> <p>Except for transactions with domestic government agencies, a CPA's opinion on the reasonableness of the transaction price must be obtained before the date of the fact when <u>acquiring or disposing</u> of intangible assets or their right-of-use assets or membership card transactions amounting to 20% of the Company's paid-in capital or NT\$300 million or higher.</p> <p>(omit the following)</p>	<p><b>Article 9. Handling Procedures for the Acquisition or Disposal of Intangible Assets or their Right-of-use Assets by the Company.</b></p> <p>I. Evaluation Procedure:</p> <p>The Company...unit.</p> <p>II. Operation Procedure:</p> <p>Except for transactions with domestic government agencies, <u>a professional appraisal agency must be consulted to issue an appraisal report when acquiring or disposing</u> of intangible assets or their right-of-use assets or membership card transactions amounting to 20% of the Company's paid-in capital or NT\$300 million or higher, <u>and</u> a CPA's opinion on the reasonableness of the transaction price must be obtained before the date of the fact.</p> <p>(omit the following)</p>	<p>Delete appraisal related text</p>

<p><b>Article 11: Procedures for Handling Transactions with Related Parties</b></p> <p>I. Evaluation and Operating Procedures:</p> <p>II. Amount Authorization and Determination Procedures:</p> <p>(I) Omit</p> <p>(II) <u>If the Company or its non-domestic public offering subsidiaries engage in a transaction that exceeds 10% of the Company's total assets, the Company shall submit the documents listed in Paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making payment. This provision shall not apply if the transaction is between the Company and its subsidiary or between the Company's subsidiaries.</u></p> <p>(III) The transaction amounts from <u>Paragraph I</u> and the preceding Paragraph shall be calculated according to Subparagraph (VII), Paragraph II, Article XIV. In addition, the transactions within one year are based on the actual transaction date, calculated retrospectively for one year. According to the provisions of this Processing Procedure, those submitted to the <u>shareholders meeting and</u> the board of directors need not be added.</p> <p>(IV) Acquiring or disposing of assets other than Subparagraph (I) from a related party shall be handled according to the provisions of the preceding three Articles.</p> <p>(omit the following)</p>	<p><b>Article 11: Procedures for Handling Transactions with Related Parties</b></p> <p>I. Evaluation and Operating Procedures:</p> <p>II. Amount Authorization and Determination Procedures:</p> <p>(I) Omit</p> <p>(II) The transaction amounts from the preceding Paragraph shall be calculated according to Subparagraph (VII), Paragraph II, Article 14. In addition, the transactions within one year are based on the actual transaction date, calculated retrospectively for one year. Those submitted to the board of directors according to the provisions of this Processing Procedure need not be added.</p> <p>(III) Acquiring or disposing of assets other than Subparagraph (I) from a related party shall be handled according to the provisions of the preceding three Articles.</p> <p>(omit the following)</p>	<p>To strengthen related party transaction management and protect the rights of the Company's minority shareholders to express their opinions on transactions between the Company and its related parties, this text shall expressly stipulate that if the Company or its non-domestic public offering subsidiaries engage in an acquisition or disposal of assets that exceed 10% of a public company's total assets, The relevant information should be submitted to the shareholders meeting for approval before implementation.</p>
<p><b>Article 14. Information Disclosure Procedures</b></p> <p>I. Omit</p> <p>II. Items that must be Reported and the Reporting Standards</p> <p>(I)~(V) Omit</p> <p>(VI) Asset transactions other than the</p>	<p><b>Article 14. Information Disclosure Procedures</b></p> <p>I. Omit</p> <p>II. Items that must be Reported and the Reporting Standards</p> <p>(I)~(V) Omit</p> <p>(VI) Asset transactions other than the</p>	<p>Notification and declaration for the purchase and sale of domestic government bonds have</p>

<p>preceding 5 subsections, the disposal of debt by financial institutions, or investments in mainland China whereby the transaction amount is equivalent to 20% of the Company's paid-in capital or NT\$300 million or higher. However, the following conditions shall be exempt:</p> <ol style="list-style-type: none"> <li>1. Trading domestic bonds or <u>foreign government bonds with a credit rating not lower than our nation's sovereign credit rating.</u></li> <li>2. Bond trades with buy-back or sell-back conditions, subscribing or buying back money market funds issued by domestic securities investment trust enterprises, or <u>subscribe or sell back index investment securities.</u></li> </ol> <p>(omit the following)</p>	<p>preceding 5 subsections, the disposal of debt by financial institutions, or investments in mainland China whereby the transaction amount is equivalent to 20% of the Company's paid-in capital or NT\$300 million or higher. However, the following conditions shall be exempt:</p> <ol style="list-style-type: none"> <li>1. Domestic government bond trading.</li> <li>2. Bond trades with buy-back or sell-back conditions, or subscribing or buying back money market funds issued by domestic securities investment trust enterprises.</li> </ol> <p>(omit the following)</p>	<p>been exempted to relax bond trading. Foreign government bonds with a credit rating not lower than our nation's sovereign credit rating shall be exempt from announcements or declarations.</p>
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# **Appendix 1**

## **Pan-International Industrial Corp. Rules of Procedure for Shareholder Meetings**

- I. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by laws and regulations, shall be as provided in these Rules.
- II. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may 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 the attendance book and sign-in cards handed in.
- III. The attendance and voting at a shareholders' meeting shall be calculated based the number of shares.
- IV. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise his/her power and authority the Vice Chairman to act as a proxy thereof; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise his/her power and authority, the Chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one Director as a proxy thereof. Where a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. The staff serving on the shareholders' meeting shall wear identity certificates or arm-bands.

- VII. The Company shall record on audio or video tape the entire proceedings of a shareholders' meeting and preserve the recordings for at least one year.
- VIII. The chair 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 chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- IX. 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 the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. After the chair declares the meeting adjourned, shareholders shall not further elect a chair to continue the meeting at the original site or at another place.

- X. Before speaking, a 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 chair. A shareholder in attendance that does not actually speak in the meeting shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- XI. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- XII. When a juristic person is appointed to attend a shareholders' meeting as proxy, it shall designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XIV. When the chair at a shareholders' meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.
- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Voting results shall be made known on-site immediately and recorded in writing.
- XVI. When a meeting is in progress, the chair may announce a break based on time considerations.

- XVII. Except as otherwise provided in the Company Act and the Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When a proposal comes to a vote, if no shareholder voices an objection following an inquiry by the chair, the proposal will be deemed to be approved, and it shall have the same effect as that reached through voting.
- XVIII. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XIX. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) assist to maintain order at the meeting place, they shall wear an armband bearing the word “Proctor.”

## **Appendix 2**

### **Pan-International Industrial Corp. Articles of Incorporation**

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

- Article 1: The Company shall be incorporated under the Company Act, and its name shall be Pan-International Industrial Corp.
- Article 2: The scope of business of the Company shall be as follows:
1. CC01080 Electronics Components Manufacturing.
  2. CC01110 Computer and Peripheral Equipment Manufacturing.
  3. CC01060 Wired Communication Mechanical Equipment Manufacturing.
  4. CC01020 Electric Wires and Cables Manufacturing.
  5. CQ01010 Mold and Die Manufacturing.
  6. F106010 Wholesale of Hardware.
  7. F107990 Wholesale of Other Chemical Products.
  8. CB01010 Mechanical Equipment Manufacturing.
  9. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
  10. F401010 International Trade.
  11. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
  12. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
  13. F108031 Wholesale of Medical Devices.
  14. F208031 Retail Sale of Medical Apparatus.
  15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The re-investment total amount of the Company is not limited by the 40% of the paid-in capital.
- Article 3: The Company shall have its head office in New Taipei City, R.O.C., and when it is determined to be necessary, upon the resolution of the Board of Directors, branch offices or subsidiaries may be established domestically or overseas.
- Article 4: The Company may provide guarantees to related enterprises.
- Article 5: The public announcement method of the Company shall be handled according to Article 28 of the Company Act.

#### **Chapter 2 Share**

- Article 6: The total capital of the Company shall be NTD 6,000,000,000, divided into 600,000,000 shares, at a par value of NTD 10, and the Board of Directors is authorized to perform share issuance at discrete times. Among which 30,000,000 shares are reserved as the share subscription warrants or the share subscription warrants associated with the corporate bonds to be issued. The subjects for the issuance of employee stock option, subjects for issuance of restricted share awards and subjects for shares reserved from new shares issuance of cash capital increase for employee subscription may include employees of affiliated companies that satisfy certain criteria, and the Board of Directors is authorized to determine the criteria, issuance method and subscription method thereof.

- Article 7: The share certificates of the Company shall be in registered form and signed or sealed by the Director representing the Company and shall be certified for issuance of the share certificates according to the laws. The Company may be exempted from the printing of share certificates in accordance with the provision of Article 162-2 of the Company Act; however, the shares shall be registered with the Centralized Securities Depository Enterprises.
- Article 8: The administration of the shareholder services of the Company, unless otherwise specified in the laws and regulations, shall be handled according to the Regulations Governing the Administration of Shareholder Services of Public Companies published by the Securities and Futures Bureau, Financial Supervisory Commission.
- Article 9: Any change and transfer registration of shares shall be prohibited within sixty days prior to the ordinary shareholders' meeting, thirty days prior to the extraordinary shareholders' meeting, or five days prior to the record date for the distribution of dividends and bonuses or other benefits by the Company.

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

- Article 10: The shareholder meetings are classified into two types: the ordinary shareholders' meeting and the extraordinary shareholders' meeting. The ordinary shareholders' meeting shall be convened once per year, and shall be convened by the Board of Directors according to the laws within six months after the close of each fiscal year. The extraordinary shareholders' meeting shall be convened whenever necessary according to laws.  
Shareholder meetings shall be convened by the Board of Directors, and the Chairman of the Board shall be the chair of the meeting. In case where the Chairman is absent due to reasons, it shall be handled in accordance with the provision prescribed in Article 208 of the Company Act. For a shareholders' meeting convened by any person having the convening right other than the Board of Directors, the person having the convening right shall be the chair, and if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.
- Article 11: Where a shareholder for any reasons cannot attend a shareholders' meeting in person, he shareholder may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney, stating therein the scope of power authorized to the proxy. The use of proxies shall comply with the regulations of the Company Act and shall also be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies announced by the competent authority.
- Article 12: Unless otherwise specified in relevant laws and regulations, each shareholder shall have one voting right for each share held,
- Article 13: Any resolution at a shareholders' meeting, unless otherwise specified in the Company Act, shall be adopted by a majority of the shareholders presented, who representing more than half of the total number of the company's outstanding shares, and shall be executed based on the majority of the voting rights of attending shareholders. Matters related to the resolutions of a meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and shall be distributed to each shareholder within twenty days after the close of the meeting. The distribution of the meeting minutes may be effected by means of a public notice.

## **Chapter 4 Board of Directors and Audit Committee**

- Article 14: The Company shall have seven to nine Directors, among which the number of Independent Directors shall not be less than three and shall not be less than one fifth of the total number of Directors, and the term of office shall be three years. For the election of Directors, the candidates nomination system shall be adopted in accordance with the provision of Article 192-1 of the Company Act, and Directors are elected by the shareholders' meeting from the candidate roster, and Directors may be eligible for re-election. Relevant matters of the professional qualification, shareholding, concurrent job position limitation and other necessary requirements shall comply with relevant regulations specified by the securities competent authority.
- The Company establishes the Audit Committee in replacement of the Supervisors according to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be formed by all of the Independent Directors, and its number of members shall not be less than three, wherein one of the members shall be the convener. The exercise of functional duties of the Audit Committee and other required compliance matters shall be handled in accordance with relevant laws and regulations.
- The total number of shares held by all of the Directors shall not be less than a certain percentage of the total number of issued shares, and such percentage shall comply with the requirements specified by the competent authority.
- Article 15: Directors shall form the Board of Directors. With the attendance of more than two thirds of the Directors and the consents of a majority of the attending Directors, a Chairman shall be elected among the Directors. The Chairman shall represent the Company externally.
- Article 16: In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled in accordance with the provision of Article 208 of the Company Act.
- Article 17: The Board of Directors' meeting shall be held once quarterly, and when it is determined necessary, the meeting may be convened at any time. In case where a Director cannot attend the meeting due to reasons, the proxy thereof shall be handled in accordance with the provision of Article 205 of the Company Act. However, if a meeting is held via the video conference method, Directors attending the meeting through video conference shall be deemed to attend the meeting in person.
- The convention of the Board of Directors' meeting shall be handled in accordance with the provision of Article 204 of the Company Act; however, in case of emergency, it may be convened at any time without written notice.
- The notice for the convention of Board of Directors' meeting of the Company may be made in writing, e-mail or facsimile method to inform all Directors.
- Article 18: Transportation allowance of all Directors shall be determined by the Board of Directors, and regardless whether the Company is operating at a profit or loss, it shall be paid according to the common standard adopted in the same industry. During the term of office of all Directors, the Company shall purchase liability insurances for the Directors for their indemnification liabilities within the scope of their official services according to the laws, and shall report the insurance content to the Board of Directors.

## **Chapter 5 Managerial Officers**

Article 19: The Company may have managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 20: At the end of each fiscal year of the Company, the Board of Directors shall prepare the reports and statements of (I) Business report, (II) Financial statement and (III) Proposal for distribution of earnings or covering losses, for submission to the ordinary shareholder's meeting according to the law in order to request for ratification thereof.

Article 21: If the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), no less than 5% shall be allocated for employee remuneration and no more than 0.5% shall be allocated for directors' remuneration, which shall be distributed after a special resolution by the board of directors and reported to the shareholders meeting. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

The remuneration of employees described in the preceding paragraph may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific requirements, and the Board of Directors is authorized to establish said specific requirements.

Where there is a profit after the settlement of a fiscal year, the profit shall be distributed in accordance with the following sequence:

- (I) Compensate for previous losses
- (II) Appropriate 10% as the legal reserve
- (III) Appropriate or reverse special reserve according to other laws and regulations
- (IV) When the remaining amount refers to the distributable earnings of the current year, it is combined with the undistributed earnings of the same period at the beginning of the term as the accumulated distributable earnings, and the Board of Directors shall establish the proposal for earnings distribution according to the dividend policy specified in Paragraph 4 of this Article for submission to the shareholders' meeting for resolution and distribution accordingly.

The Company is currently at the growth stage. Regarding the Company's policy on the distribution of dividends, such policy shall be determined based on the factors of the present and future investment environment, capital demand, domestic/overseas competition and capital budget etc. along with the consideration of the shareholders' interests and the long-term financial planning. The shareholders' dividends are appropriated from the accumulated distributable earnings, which shall not be less than 15% of the distributable earnings of the current year, and the cash dividends among the shareholders' dividends shall not be less than 10%. Regarding the cash dividends and bonuses issued for all or a portion of the aforementioned cash dividends and capital reserve and legal reserve, the Board of Directors is authorized to reach a special resolution for distribution thereof, which shall also be reported to the shareholders' meeting, and the requirement for resolution of a shareholders' meeting as described in the preceding paragraph is not applicable.

## **Chapter 7 Supplemental Provisions**

Article 22: Any matters not specified in this Article of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 23: These Articles of Incorporation were enacted on April 5, 1971.

The first amendment was made on April 22, 1971.

The second amendment was made on May 6, 1971.

The third amendment was made on July 25, 1974.

The fourth amendment was made on January 10, 1978.

The fifth amendment was made on May 1, 1978.

The sixth amendment was made on August 19, 1980.

The seventh amendment was made on October 30, 1980.

The eighth amendment was made on December 14, 1980.

The ninth amendment was made on January 10, 1981.

The tenth amendment was made on April 7, 1981.

The eleventh amendment was made on June 28, 1982.

The twelfth amendment was made on July 19, 1982.

The thirteenth amendment was made on June 30, 1983.

The fourteenth amendment was made on January 12, 1984.

The fifteenth amendment was made on August 31, 1984.

The sixteenth amendment was made on February 18, 1986.

The seventeenth amendment was made on March 10, 1986.

The eighteenth amendment was made on January 24, 1989.

The nineteenth amendment was made on September 29, 1989.

The twentieth amendment was made on November 25, 1989.

The twenty first amendment was made on January 20, 1990.

The twenty second amendment was made on June 29, 1990.

The twenty third amendment was made on October 15, 1990.

The twenty fourth amendment was made on June 7, 1991.

The twenty fifth amendment was made on April 10, 1992.

The twenty sixth amendment was made on December 12, 1992.

The twenty seventh amendment was made on May 18, 1994.

The twenty eighth amendment was made on November 8, 1995.

The twenty ninth amendment was made on May 11, 1996.

The thirtieth amendment was made on June 26, 1997.

The thirty first amendment was made on June 2, 1998.

The thirty second amendment was made on April 12, 1999.

The thirty third amendment was made on November 30, 1999.

The thirty fourth amendment was made on June 27, 2000.

The thirty fifth amendment was made on June 10, 2002.

The thirty sixth amendment was made on June 14, 2005.

The thirty seventh amendment was made on June 14, 2006.

The thirty eighth amendment was made on June 8, 2007.

The thirty ninth amendment was made on June 10, 2009.

The fortieth amendment was made on June 8, 2010.

The forty first amendment was made on June 5, 2012.

The forty second amendment was made on June 17, 2014.

The forty third amendment was made on June 13, 2016.

The forty fourth amendment was made on June 8, 2018.

The forty fifth amendment was made on June 14, 2019.

**Pan-International Industrial Corp.**

**Chairman of the Board: Sung-Fa Lu**

## Appendix 3

- I. The shares by all of the Directors of the Company recorded in the shareholders' roster as of the register closure date (April 17, 2022) for 2022 Annual General Shareholders' Meeting are as shown in the table below.
- II. The Company has issued a total number of 518,346,282 shares, and pursuant to the provision of Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shareholdings of all Directors shall be 16,587,081 shares.

**Pan-International Industrial Corp.  
Director Individual Shareholding and Total Shareholdings Table**

Title	Name	Shareholdings recorded in the shareholders' roster as of the register closure date (April 17, 2022)	Ratio of shareholding	Remarks
Chairperson	Sung-Fa Lu	2,035,616 shares	0.39%	
Director	Feng-An Huang	35,000 shares	0.01%	
Director	Tsai Ming-Feng	280,227 shares	0.05%	
Director	Hong Yuan International Investment Co., Ltd., Representative: Tsai-Yu Hsiao	17,941,593 shares	3.46%	
Independent Director	Min-Chang Wei	0 shares	0.00%	
Independent Director	Mien-Ching Huang	0 shares	0.00%	
Independent Director	Wen-Jung Cheng	0 shares	0.00%	
Total	All Directors	20,292,436 shares	3.91%	Reached the statutory percentage

## **Appendix 4**

**Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earning per share:**

Not applicable because the Company has no stock dividend this year.