

Pan International Industrial Co., Ltd.

2022 Annual General Shareholders' Meeting Minutes

(Translation)

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

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

Total shares represented by shareholders present in person or by proxy: 269,149,604 shares, accounting for 51.92% of the company's total outstanding shares.

Attendees: Song-Fa Lu, Chairman of the BOD, Feng-An Huang, Director,
Ming-Feng Tsai, Director, Wen-Rong Cheng, Independent Director
Sheng-Chung Hsu, Accountant, Pei-Fang Lu, Lawyer

Chairman: Song-Fa Lu

Recorder: Wen-Ling Yu

Meeting Commencement Announced: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

I . Chairman's Address: (Omitted)

II. Report Items:

1. 2021 Business Report of the Company. (Attachment 1)
2. Audit Committee's Review Report on the 2021 Financial Statements (Attachment 2)
3. Report on 2021 distribution of remuneration of employees and directors of the Company.

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.

4. Report on 2021 distribution of earnings and cash dividends status.

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.

5. 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.

III. Ratification Items:

Proposal 1: Adoption of 2021 Business Report and Financial Statements, Proposed for ratification. (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 1, 2, & 3.

3. Proposed for ratification.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 269,149,604 (Including 189,227,471 shares from electronic voting).

| Voting Results | | % of the represented share present |
|---------------------------|-------------|------------------------------------|
| Votes in favor | 247,257,376 | 91.86% |
| Votes against | 84,297 | 0.03% |
| Invalid Votes | 0 | 0.00% |
| Votes abstained/Not Voted | 21,807,931 | 8.10% |

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 Attachment 4.

2. Proposed for ratification.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 269,149,604 (Including 189,227,471 shares from electronic voting).

| Voting Results | | % of the represented share present |
|---------------------------|-------------|------------------------------------|
| Votes in favor | 247,618,331 | 92.00% |
| Votes against | 99,326 | 0.03% |
| Invalid Votes | 0 | 0.00% |
| Votes abstained/Not Voted | 21,431,947 | 7.96% |

IV. Discussion Items:

Proposal 1: Amend the Company's "Procedure for Acquisition and Disposal of Assets."
Proposed for discussion. (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 5.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 269,149,604 (Including 189,227,471 shares from electronic voting).

| Voting Results | | % of the represented share present |
|---------------------------|-------------|------------------------------------|
| Votes in favor | 247,630,651 | 92.00% |
| Votes against | 88,647 | 0.03% |
| Invalid Votes | 0 | 0.00% |
| Votes abstained/Not Voted | 21,430,306 | 7.96% |

V. Extraordinary Motions: None.

VI. Meeting Adjourned.

(The translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Attachment 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 affection 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

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

Attachment 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 vfalling 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 materials 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 | % | |
| Current assets | | | | | | |
| 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 | Total current assets | | <u>5,690,312</u> | <u>33</u> | <u>4,386,760</u> | <u>29</u> |
| Non-Current Assets | | | | | | |
| 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 | Total non-current assets | | <u>11,529,256</u> | <u>67</u> | <u>10,568,192</u> | <u>71</u> |
| 1XXX | Total assets | | <u>\$ 17,219,568</u> | <u>100</u> | <u>\$ 14,954,952</u> | <u>100</u> |

(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 | % | |
| Current liability | | | | | | |
| 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 | Total current liabilities | | <u>4,629,312</u> | <u>27</u> | <u>3,624,232</u> | <u>24</u> |
| Non-current liabilities | | | | | | |
| 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 | Total non-current liabilities | | <u>178,914</u> | <u>1</u> | <u>164,931</u> | <u>1</u> |
| 2XXX | Total liabilities | | <u>4,808,226</u> | <u>28</u> | <u>3,789,163</u> | <u>25</u> |
| interests | | | | | | |
| 3110 | Share capital | 6 (11) | | | | |
| | Common share capital | | 5,183,462 | 30 | 5,183,462 | 35 |
| | Capital surplus | 6 (12) | | | | |
| 3200 | Capital surplus | | 1,503,606 | 8 | 1,503,606 | 10 |
| | Retained earnings | 6 (13) | | | | |
| 3310 | 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 |
| | Other equities | 6 (14) | | | | |
| 3400 | Other equities | | (1,072,434) | (6) | (1,349,724) | (9) |
| 3XXX | Total equity | | <u>12,411,342</u> | <u>72</u> | <u>11,165,789</u> | <u>75</u> |
| | Significant Contingent Liabilities and Unrecognized Commitments | 9 | | | | |
| 3X2X | Total liabilities and equity | | <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 | | 836,873 | 7 | 606,495 | 5 |
| | 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 | | 676,090 | 5 | 451,231 | 4 |
| | 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 | | 427,452 | 4 | 341,342 | 3 |
| 7000 | Total non-operating income and expenses | | 470,657 | 4 | 307,484 | 2 |
| 7900 | Net income before tax | | 1,146,747 | 9 | 758,715 | 6 |
| 7950 | Income tax expense | 6 (20) | (179,515) | (1) | (95,525) | (1) |
| 8200 | Net income for the period | | \$ 967,232 | 8 | \$ 663,190 | 5 |
| | Other comprehensive income (net) | | | | | |
| | Items that will not be reclassified subsequently to profit or loss | | | | | |
| 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 | | 812,132 | 7 | 163,349 | 2 |
| | Items that may be reclassified subsequently to profit or loss: | | | | | |
| 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 | Other comprehensive income (net) | | \$ 614,605 | 5 | \$ 62,133 | 1 |
| 8500 | Total comprehensive income in the current period | | \$ 1,581,837 | 13 | \$ 725,323 | 6 |
| | Earnings per share (EPS) | 6 (22) | | | | |
| 9750 | Basic earnings per share | | \$ 1.87 | | \$ 1.28 | |
| 9850 | Diluted earnings per share | | \$ 1.86 | | \$ 1.27 | |

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 | | |
| 2020 | | | | | | | | | | | |
| January 1 | \$ 5,183,462 | \$ 1,402,318 | \$ 98,543 | \$ 2,745 | \$ 959,410 | \$ 883,205 | \$ 3,741,403 | (\$ 1,061,916) | (\$ 250,358) | \$ 10,958,812 | |
| Net income for the period | - | - | - | - | - | - | 663,190 | - | - | 663,190 | |
| Other comprehensive income recognized for the period | 6 (14) (21) | - | - | - | - | - | 20,860 | (101,216) | 142,489 | 62,133 | |
| 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 | (\$ 1,163,132) | (\$ 186,592) | \$ 11,165,789 | |
| 2021 | | | | | | | | | | | |
| January 1 | \$ 5,183,462 | \$ 1,402,318 | \$ 98,543 | \$ 2,745 | \$ 1,062,342 | \$ 1,312,274 | \$ 3,453,829 | (\$ 1,163,132) | (\$ 186,592) | \$ 11,165,789 | |
| Net income for the period | - | - | - | - | - | - | 967,232 | - | - | 967,232 | |
| Other comprehensive income recognized for the period | 6 (14) (21) | - | - | - | - | - | 1,128 | (197,527) | 811,004 | (614,605) | |
| 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 | (\$ 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 | Unit: NTD thousand January 1 to December 31, 2020 |
|--|--------|-----------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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) |
| Contractual liabilities | | 586,077 | 5,838 |
| Cash inflow from operations | | 1,022,741 | 1,417,421 |
| Income tax paid | | (85,841) | (54,167) |
| Net cash inflow from operating activities | | <u>936,900</u> | <u>1,363,254</u> |
| Cash flows from investing activities | | | |
| 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 | | <u>383,701</u> | <u>189,096</u> |
| Cash flows from financing activities | | | |
| 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 | | <u>(1,126,507)</u> | <u>(673,287)</u> |
| 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 | | <u>\$ 1,570,109</u> | <u>\$ 1,376,015</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

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 | % | |
| Current assets | | | | | | |
| 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 | Total current assets | | 18,307,396 | 75 | 15,167,544 | 73 |
| Non-Current Assets | | | | | | |
| 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 | Total non-current assets | | 6,015,028 | 25 | 5,512,080 | 27 |
| 1XXX | Total assets | | \$ 24,322,424 | 100 | \$ 20,679,624 | 100 |

(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 | % | |
| Current liability | | | | | | |
| 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 | Total current liabilities | | <u>9,832,739</u> | <u>40</u> | <u>7,450,391</u> | <u>36</u> |
| Non-current liabilities | | | | | | |
| 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 | Total non-current liabilities | | <u>395,770</u> | <u>2</u> | <u>440,939</u> | <u>2</u> |
| 2XXX | Total liabilities | | <u>10,228,509</u> | <u>42</u> | <u>7,891,330</u> | <u>38</u> |
| Equity attributable to owners of the parent company | | | | | | |
| Share capital | | | | | | |
| 3110 | Common share capital | 6 (14) | 5,183,462 | 21 | 5,183,462 | 25 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6 (15) | 1,503,606 | 6 | 1,503,606 | 8 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6 (16) | 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 | | | | | | |
| 3400 | Other equities | 6 (17) | (1,072,434) | (5) | (1,349,724) | (7) |
| 31XX | Total equity attributable to owners of the parent company | | <u>12,411,342</u> | <u>51</u> | <u>11,165,789</u> | <u>54</u> |
| 36XX | Non-controlling interests | 6 (18) | <u>1,682,573</u> | <u>7</u> | <u>1,622,505</u> | <u>8</u> |
| 3XXX | Total equity | | <u>14,093,915</u> | <u>58</u> | <u>12,788,294</u> | <u>62</u> |
| Significant Contingent Liabilities and Unrecognized Commitments | | | | | | |
| 3X2X | Total liabilities and equity | | <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 Net income before tax | | 1,549,425 | 7 | 1,193,266 | 6 |
| 7950 Income tax expense | 6 (24) | (386,828) | (2) | (402,771) | (2) |
| 8200 Net income for the period | | \$ 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 | % | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | |
| 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 | 1 |
| 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> | <u>1</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| 8361 | Currency translation difference | 6 (17) (18) | (308,852) | (1) | (161,568) | (1) |
| 8360 | Total of items that may be reclassified subsequently to profit or loss: | | <u>(308,852)</u> | <u>(1)</u> | <u>(161,568)</u> | <u>(1)</u> |
| 8300 | Other comprehensive income (net) | | <u>\$ 503,389</u> | <u>2</u> | <u>\$ 1,767</u> | <u>-</u> |
| 8500 | Total comprehensive income in the current period | | <u>\$ 1,665,986</u> | <u>7</u> | <u>\$ 792,262</u> | <u>4</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | |
| 8610 | Owners of the parent company | | \$ 967,232 | 4 | \$ 663,190 | 3 |
| 8620 | Non-controlling interests | | 195,365 | 1 | 127,305 | 1 |
| | | | <u>\$ 1,162,597</u> | <u>5</u> | <u>\$ 790,495</u> | <u>4</u> |
| Total comprehensive income attributable to: | | | | | | |
| 8710 | Owners of the parent company | | \$ 1,581,837 | 7 | \$ 725,323 | 4 |
| 8720 | Non-controlling interests | | 84,149 | - | 66,939 | - |
| | | | <u>\$ 1,665,986</u> | <u>7</u> | <u>\$ 792,262</u> | <u>4</u> |
| Earnings per share (EPS) | | | | | | |
| 9750 | Basic earnings per share | 6 (25) | \$ 1.87 | | \$ 1.28 | |
| 9850 | Diluted earnings per share | | \$ 1.86 | | \$ 1.27 | |

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 | Total | | | |
| 2020 | | | | | | | | | | | | |
| | | \$ 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 | \$ 12,577,934 |
| | | - | - | - | - | - | 663,190 | - | - | 663,190 | 127,305 | 790,495 |
| | 6 (17) | - | - | - | - | - | 20,860 | (101,216) | 142,489 | 62,133 | (60,366) | 1,767 |
| | | - | - | - | - | - | 684,050 | (101,216) | 142,489 | 725,323 | 66,939 | 792,262 |
| | 6 (16) | | | | | | | | | | | |
| | | - | - | - | 102,932 | - | (102,932) | - | - | - | - | - |
| | | - | - | - | - | 429,069 | (429,069) | - | - | - | - | - |
| | | - | - | - | - | - | (518,346) | - | - | (518,346) | - | (518,346) |
| | 6 (17) | | | | | | | | | | | |
| | | - | - | - | - | - | 78,723 | - | (78,723) | - | - | - |
| | 6 (18) | | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - | (63,556) | (63,556) |
| | | \$ 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 | \$ 12,788,294 |
| 2021 | | | | | | | | | | | | |
| | | \$ 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 | \$ 12,788,294 |
| | | - | - | - | - | - | 967,232 | - | - | 967,232 | 195,365 | 1,162,597 |
| | 6 (17) | - | - | - | - | - | 1,128 | (197,527) | 811,004 | 614,605 | (111,216) | 503,389 |
| | | - | - | - | - | - | 968,360 | (197,527) | 811,004 | 1,581,837 | 84,149 | 1,665,986 |
| | 6 (16) | | | | | | | | | | | |
| | | - | - | - | 76,277 | - | (76,277) | - | - | - | - | - |
| | | - | - | - | - | 37,450 | (37,450) | - | - | - | - | - |
| | | - | - | - | - | - | (336,925) | - | - | (336,925) | - | (336,925) |
| | 6 (18) | | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - | (24,081) | (24,081) |
| | | - | - | - | - | - | 641 | - | - | 641 | - | (641) |
| | 6 (5) (17) | | | | | | | | | | | |
| | | - | - | - | - | - | 336,187 | - | 336,187 | - | - | - |
| | | \$ 5,183,462 | \$ 1,402,318 | \$ 101,288 | \$ 1,138,619 | \$ 1,349,724 | \$ 4,308,365 | (\$ 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 |
|--|--------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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 | | | |
| Financial assets and liabilities measured at fair value through the income | | 58,548 | 73,172 |
| Net notes receivable | | (20,641) | 6,163 |
| Net accounts receivable | | (392,468) | (28,825) |
| Accounts receivable - Related parties net | | (345,508) | 1,345,988 |
| Other receivables | | (24,185) | (19,447) |
| Inventory | | (2,510,368) | 504,125 |
| Other current assets | | (93,717) | 39,449 |
| Net change in liabilities related to operating activities | | | |
| Notes payable | | (54,870) | - |
| Accounts payable | | 1,557,708 | (491,909) |
| Accounts payable - Related parties | | (31,598) | (837,050) |
| Other payables | | 85,959 | (132,455) |
| Other current liabilities | | (8,414) | (13,969) |
| Contractual liabilities | | 543,444 | 132,511 |
| Other non-current liabilities | | (5,452) | (24,365) |
| Cash inflow from operations | | 622,732 | 1,999,390 |
| Income tax paid | | (424,956) | (266,843) |
| Net cash inflow from operating activities | | <u>197,776</u> | <u>1,732,547</u> |
| Cash flows from investing activities | | | |
| 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 | | - | (691) |
| Decrease in refundable deposits | | 3,368 | 616 |
| Increase in other non-current assets | | (61,523) | (6,711) |
| Interest received | | 84,741 | 111,965 |
| Dividend received | | 25,416 | 1,547 |
| Net cash inflow (outflow) from investment activities | | <u>(406,341)</u> | <u>104,283</u> |
| Cash flows from financing activities | | | |
| 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 | | <u>(963,441)</u> | <u>(615,003)</u> |
| 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 | | <u>\$ 6,241,785</u> | <u>\$ 7,544,242</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

Attachment 5

Pan-International Industrial Corp.

Procedure for Acquisition and Disposal of Asstes 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> <p>(I) Never..., not limited.</p> <p>(II) Transaction status.</p> <p>(III) Company status.</p> <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> <p>(I) Case undertaking ... independence.</p> <p>(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.</p> <p>(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.</p> <p>(IV) The declaration items shall include the professionalism and independence of the relevant personnel and</p> | <p>Article 6: Valuation Report or Opinion</p> <p>I. Valuation Report or...Provisions for Acquisitions by the Company</p> <p>(I) Never..., not limited.</p> <p>(II) Transaction status.</p> <p>(III) Company status.</p> <p>The appraisal report or opinion issued by the preceding personnel shall be handled according to the following matters:</p> <p>(I) Case undertaking ... independence.</p> <p>(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.</p> <p>(III) In terms of information sources, parameters, data, etc., each item's <u>completeness, correctness,</u> and reasonableness must be assessed item by item as the basis for issuing a valuation report or opinion.</p> <p>(IV) Declaration items shall include the professionalism and independence of the relevant personnel required to evaluate the reasonableness and <u>correctness</u> of the</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>specify that the information used has been assessed to be <u>appropriate</u>, reasonable, and in compliance with the relevant laws and regulations. (omit the following)</p> | <p>information used as well as compliance with relevant laws and regulations. (omit the following)</p> | |
| <p>Article 7: Handling Procedures for Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets Thereof</p> <p>I. Evaluation Procedure</p> <p>II. Operation Procedure:</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"> 1. Because of special ... same. 2. Transaction amount ... valuation. 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 | <p>Article 7: Handling Procedures for Acquisition or Disposal of Real Property, Equipment, or Right-of-use Assets Thereof</p> <p>I. Evaluation Procedure</p> <p>II. Operation Procedure:</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"> 1. Because of special ... same. 2. Transaction amount ... valuation. 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 | <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> |

| | | |
|---|---|---|
| <p>transaction amount: (1) Appraiser..... (2) 2 enterprises.....</p> <p>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.</p> <p>(omit the following)</p> | <p>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: (1) Appraiser..... (2) 2 enterprises.....</p> <p>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.</p> <p>(omit the following)</p> | |
| <p>Article 8: Securities Acquisition or Disposal Handling Procedure</p> <p>I. Evaluation Procedure: (I) The Company...reference. (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</p> | <p>Article 8: Securities Acquisition or Disposal Handling Procedure</p> <p>I. Evaluation Procedure: (I) The Company...reference. (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</p> | <p>Same as the amendment description for Article 7.</p> |

| | | |
|--|--|--------------------------------------|
| <p>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>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>Article 9. Handling Procedures for the Acquisition or Disposal of Intangible Assets or their Right-of-use Assets by the Company.</p> <p>I. Evaluation Procedure: The Company..unit.</p> <p>II. Operation Procedure: 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>Article 9. Handling Procedures for the Acquisition or Disposal of Intangible Assets or their Right-of-use Assets by the Company.</p> <p>I. Evaluation Procedure: The Company...unit.</p> <p>II. Operation Procedure: 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</p> | <p>Delete appraisal related text</p> |

| | | |
|--|---|---|
| (omit the following) | fact. (omit the following) | |
| <p>Article 11: Procedures for Handling Transactions with Related Parties</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 and</u> 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.</p> | <p>Article 11: Procedures for Handling Transactions with Related Parties</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</p> |

| | | |
|---|---|--|
| <p>According to the provisions of this Processing Procedure, those submitted to the <u>shareholders meeting and the board of directors</u> 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>should be submitted to the shareholders meeting for approval before implementation.</p> |
| <p>Article 14. Information Disclosure Procedures</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 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"> 1. Trading domestic bonds <u>or foreign government bonds with a credit rating not lower than our nation's sovereign credit rating.</u> 2. Bond trades with buy-back or sell-back conditions, subscribing or buying back | <p>Article 14. Information Disclosure Procedures</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 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"> 1. Domestic government bond trading. 2. Bond trades with buy-back or sell-back conditions, or subscribing or buying back money market funds issued by domestic securities | <p>Notification and declaration for the purchase and sale of domestic government bonds have 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> |

| | | |
|---|---|--|
| <p>money market funds issued by domestic securities investment trust enterprises, or <u>subscribe or sell back</u> <u>index investment securities.</u> (omit the following)</p> | <p>investment trust enterprises. (omit the following)</p> | |
|---|---|--|