Pan-International Industrial Corp.

PARENT COMPANY ONLY

FINANCIAL STATEMENTS

AND AUDITORS' REPORT

2022 AND 2021

(Stock code 2328)

Company address:	No. 97 Anxing Rd., Xindian District, New Taipei City
Tel:	(02)2211-3066

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 auditors' report and financial statements shall prevail.

Pan-International Industrial Corp.

2022 and 2021 Parent Company Only Financial Statements and Auditors' Report

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Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004012

To Pan-International Industrial Corp.

Audit Opinions

We have audited the Parent Company Only Balance Sheet of Pan-International Industrial Corp. of December 31, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021, and the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2022 and 2021.

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 Taiwan Standards on Auditing (TWSA). 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 2022. 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 2022 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, 2022, the balance of inventory and provision for valuation loss for Pan-International Industrial Corp. amounted to NT$463,527 thousand and NT$56,334 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$4,067,427 thousand and NT$173,508 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:

1. Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.
2. 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.

3. 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

<u>Description</u>

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.

<u>The appropriate audit procedure</u>

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

1. 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.
2. 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.

Other matters - Audits conducted by other certified public accountants

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$2,231,230 thousand and NT$2,699,707 thousand as of December 31, 2022 and 2021, which accounted for 13% and 16% 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, 2022 and 2021, amounted to NT$477,447 thousand and NT$372,751 thousand, and accounted for 47% and 24% 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 refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in standalone financial statements will be detected. 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.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Pan-International Industrial Corp.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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.
5. 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.

6. 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 2022 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.: (1995)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 14, 2023

Pan-International Industrial Corp.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6 (1)	$ 1,675,829	9	$ 1,570,109	9
1170	Net accounts receivable	6 (2)	1,006,522	6	1,035,702	6
1180	Accounts receivable - Related parties net	7	2,389,378	14	1,783,997	10
1200	Other receivables	7	74,437	-	76,087	1
130X	Inventory	6 (3)	407,193	2	1,222,102	7
1479	Other current assets -others		1,604	-	2,315	-
11XX	**Total current assets**		5,554,963	31	5,690,312	33
	Non-Current Assets					
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (4)	895,629	5	1,694,849	10
1550	Investment by equity method	6 (5)	11,080,716	63	9,715,551	57
1600	Property, plant, and equipment	6 (6)	17,918	-	17,980	-
1760	Net investment property	6 (7)	33,931	-	34,151	-
1840	Deferred tax assets	6 (20)	18,794	-	18,076	-
1900	Other non-current assets	6 (10)	79,646	1	48,649	-
15XX	**Total Non-Current Assets**		12,126,634	69	11,529,256	67
1XXX	**Total Assets**		$ 17,681,597	100	$ 17,219,568	100

(To be Continued)

Pan-International Industrial Corp.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

	LIABILITIES AND EQUITY	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liability					
2100	Short-term borrowings	6 (8)	$ 1,366,595	8	$ 553,600	3
2130	Contractual liabilities - Current	6 (15)	148,107	1	628,363	4
2170	Accounts payable		740,457	4	1,484,688	9
2180	Accounts payable - Related parties	7	1,876,226	10	1,633,370	9
2200	Other payables	6 (9)	305,202	2	184,233	1
2230	Current tax liabilities	6 (20)	134,823	1	144,503	1
2399	Other current liabilities - Other		536	-	555	-
21XX	**Total current liabilities**		4,571,946	26	4,629,312	27
	Non-current liabilities					
2570	Deferred tax liabilities	6 (20)	205,200	1	165,104	1
2640	Net defined benefit liabilities-noncurrent	6 (10)	-	-	8,624	-
2670	Other noncurrent liabilities - others		5,386	-	5,186	-
25XX	**Total non-current liabilities**		210,586	1	178,914	1
2XXX	**Total liabilities**		4,782,532	27	4,808,226	28
	interests					
	Share capital	6 (11)				
3110	Common share capital		5,183,462	29	5,183,462	30
	Capital surplus	6 (12)				
3200	Capital surplus		1,503,606	9	1,503,606	8
	Retained earnings	6 (13)				
3310	Legal reserve		1,269,138	7	1,138,619	7
3320	Special reserve		1,072,435	6	1,349,724	8
3350	Undistributed earnings		5,255,632	30	4,308,365	25
	Other equities	6 (14)				
3400	Other equities		(1,385,208)	(8)	(1,072,434)	(6)
3XXX	**Total equity**		12,899,065	73	12,411,342	72
	Significant Contingent Liabilities and Unrecognized Commitments	9				
3X2X	**Total liabilities and equity**		$ 17,681,597	100	$ 17,219,568	100

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

Chairman:
Song-Fa Lu

Manager:
Song-Fa Lu

Accounting supervisor:
Feng-An Huang

Pan-International Industrial Corp.
Parent Company Only Comprehensive Income Statement
January 1 to December 31, 2022 and 2021

Unit: NTD thousand
(except in NTD for earnings per share)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6 (15) and 7	$ 11,756,687	100	$ 12,351,637	100
5000	Operating cost	6 (13) (18) and 7	(11,148,371)	(95)	(11,514,764)	(93)
5900	Operating profit margin		608,316	5	836,873	7
	Operating expenses	6 (18)				
6100	Selling and marketing expenses		(80,414)	(1)	(85,978)	(1)
6200	General and administrative expenses		(64,318)	-	(58,933)	(1)
6300	Research and development expenses		(17,255)	-	(13,935)	-
6450	Expected credit impairment benefit (loss)	12 (2)	1,861	-	(1,937)	-
6000	Total operating expenses		(160,126)	(1)	(160,783)	(2)
6900	Operating profit		448,190	4	676,090	5
	Non-operating income and expense					
7100	Interest income		8,442	-	6,276	-
7010	Other income	6 (16)	95,413	1	34,743	-
7020	Other gains and losses	6 (17)	(4,037)	-	7,488	-
7050	Financial costs	6 (19)	(20,846)	-	(5,302)	-
7070	The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		966,168	8	427,452	4
7000	Total non-operating income and expenses		1,045,140	9	470,657	4
7900	**Net income before tax**		1,493,330	13	1,146,747	9
7950	Income tax expense	6 (20)	(171,040)	(2)	(179,515)	(1)
8200	**Net income for the period**		$ 1,322,290	11	$ 967,232	8
	Other comprehensive income (net)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasured value of defined benefit plan	6 (10)	$ 6,740	-	$ 714	-
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (14)	(720,650)	(6)	470,002	4
8330	The other comprehensive income from subsidiaries, associates, and joint ventures accounted for under the equity method- items not reclassified as income	6 (21)	13,741	-	341,559	3
8349	Income tax related to items not reclassified	6 (20)	(1,349)	-	(143)	-
8310	Total of items not reclassified to profit or loss		(701,518)	(6)	812,132	7
	Items that may be reclassified subsequently to profit or loss:					
8361	Currency translation difference	6 (14)	395,292	4	(197,527)	(2)
8360	Total of items that may be reclassified subsequently to profit or loss:		395,292	4	(197,527)	(2)
8300	**Other comprehensive income (net)**		($ 306,226)	(2)	$ 614,605	5
8500	**Total comprehensive income in the current period**		$ 1,016,064	9	$ 1,581,837	13
	Earnings per share (EPS)	6 (22)				
9750	Basic earnings per share		$	2.55	$	1.87
9850	Diluted earnings per share		$	2.54	$	1.86

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

Chairman: Song-Fa Lu

Manager: Song-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, 2022 and 2021

Unit: NTD thousand

	Note		Capital surplus			Retained earnings			Other equities		
	Note	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	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
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
2022											
January 1		$ 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
Net income for the period		-	-	-	-	-	-	1,322,290	-	-	1,322,290
Other comprehensive income recognized for the period	6 (14) (21)	-	-	-	-	-	-	6,548	395,292	(708,066)	(306,226)
Total comprehensive income in the current period		-	-	-	-	-	-	1,328,838	395,292	(708,066)	1,016,064
Earnings distribution and provisions for 2021:	6 (13)										
Provision of legal reserve		-	-	-	-	130,519	-	(130,519)	-	-	-
Reversal of special reserve		-	-	-	-	-	(277,289)	277,289	-	-	-
Cash dividends		-	-	-	-	-	-	(518,346)	-	-	(518,346)
The invested company's capital reduction refund exceeded the book value		-	-	-	-	-	-	41	-	-	41
All changes in the subsidiaries' equities are recognized		-	-	-	-	-	-	(10,036)	-	-	(10,036)
December 31		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 1,269,138	$ 1,072,435	$ 5,255,632	($ 965,367)	($ 419,841)	$ 12,899,065

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

Chairman: Song-Fa Lu

Manager: Song-Fa Lu

Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 1,493,330	$ 1,146,747
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (18)	643	1,403
Provision for anticipated credit impairment loss (gain on reversal)	12 (2)	(1,861)	1,937
Net benefits of financial assets and liabilities measured at fair value through the income	6 (17)	(2,680)	(11,188)
Interest expense	6 (19)	20,846	5,302
Interest income		(8,442)	(6,276)
Dividend income	6 (16)	(87,254)	(25,200)
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		(966,168)	(427,452)
Unrealized exchange loss (gain)	6 (23)	82,895	(29,160)
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		2,680	-
Net accounts receivable		35,382	(98,782)
Accounts receivable - Related parties net		(605,620)	(294,196)
Inventory		814,909	(1,065,828)
Other receivables		4,692	97,204
Other current assets		711	(7,200)
Net change in liabilities related to operating activities			
Accounts payable		(744,230)	822,815
Accounts payable - Related parties		242,855	333,572
Other payables		117,039	(7,034)
Contractual liabilities		(480,256)	586,077
Cash (outflow) inflow from operations		(80,529)	1,022,741
Income tax paid		(142,691)	(85,841)
Net cash inflow (outflow) from operating activities		(223,220)	936,900
Cash flows from investing activities			
Decrease of funds lend to related parties		-	284,800
Return of investment shares using the investment by equity method		-	110,000
Refund of capital investment in financial assets measured at fair value through other comprehensive income		78,570	9,060
Share capital returned from liquidation of the investee company		41	-
Purchase of property, plant and equipment	6 (6)	(216)	(88)
Increase in receivables from material procurement on behalf of a third party		(7,144)	(6,804)
Interest received		8,442	6,276
Dividend received		87,254	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		(28,915)	(48,687)
Net cash inflow from investment activities		138,032	383,701
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (23)	730,100	(784,280)
Interest paid		(20,846)	(5,302)
Cash dividend payment	6 (13)	(518,346)	(336,925)
Net cash inflow (outflow) from financing activities		190,908	(1,126,507)
Increase in cash and cash equivalents in the current period		105,720	194,094
Cash and cash equivalents at the beginning of the period		1,570,109	1,376,015
Cash and cash equivalents at the end of the period		$ 1,675,829	$ 1,570,109

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

Chairman: Song-Fa Lu | Manager: Song-Fa Lu | Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp.
Notes to Parent Company Only Financial Statements
2022 and 2021

Unit: NTD thousand
(unless otherwise noted)

I. Organization and operations

Pan-International Industrial Corp. (hereinafter referred to as “the Company”) was established in the Republic of China. The principal business of the Company includes the development, manufacturing, and sale of electronic signal cables, connectors, electronic signal cable connectors, precision moulds, PCB and other computer peripherals.

II. The Authorization of Financial Reports

The Parent Company Only Financial Statements have been passed by the Board on March 14, 2023, for announcement.

III. Application of Newly Released and Revised Standards and Interpretations

(I) The impact of adopting the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of IFRS recognized and promulgated by the FSC for application in 2022:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 3 "Index to conceptual framework"	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching intended use"	January 1, 2022
Amendment to IAS 37 "Loss contracts - Cost of performing contracts"	January 1, 2022
Annual improvement from 2018 to 2020	January 1, 2022

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

(II) Impact of not adopting the new and revised International Financial Reporting Standards approved by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2023:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

(III) Impact of International Financial Reporting Standards issued by the International Accounting Standards Board not yet approved by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
Amendment to IFRS 16 "Lease Liabilities for Sale and Leaseback"	January 1, 2024
IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 ─ Information Comparison”	January 1, 2023
Amendment to IAS 1 "Classification of current or non-current liabilities"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with contract terms and conditions"	January 1, 2024

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted in the preparation of the parent company only financial statements are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Statement of compliance

The parent company only financial statements were compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. The parent company only financial statements were compiled on the basis of historical cost except for the following important items:
   (1) Financial assets and liabilities (including derivatives) are measured at fair value through income.
   (2) Financial assets measured at fair value through other comprehensive income.
   (3) Defined benefit liabilities are recognized according to the net amount of retirement fund assets minus the present value of defined benefit obligations.
2. The preparation of financial reports in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Announcements (hereinafter referred to as IFRSs) recognized by the Financial Supervisory Commission requires the use of some important accounting estimates. In the application of the Company's accounting policies, the management also needs to use its judgment, involving items with high judgment or complexity, or major assumptions and estimates involving parent company only financial statements. Please refer to note 5 for details.

(III) Foreign exchange conversion

1. The parent company only financial statements were presented in the functional currency of the Company, which is "NTD".
2. Foreign currency transactions and balances
   (1) Foreign currency transactions are converted into the functional currency at the spot exchange rate on the transaction date or measurement date, and the conversion difference arising from the conversion of such transactions is recognized as current profit and loss.
   (2) The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted at the spot exchange rate on the balance sheet date, and the conversion difference arising from the adjustment shall be recognized as the current profit and loss.
   (3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through income shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized as the current profit and loss; if the balance is measured at fair value through other comprehensive income, it shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in others comprehensive income; if it is not measured by fair value, it is measured according to the historical exchange rate on the initial trading day.
   (4) All exchange gains and losses are reported in "other gains and losses" in the income statement.
3. Conversion of foreign operations
   (1) For all group individuals and affiliated enterprises whose functional currency is different from the presentation currency, their operating results and financial status shall be converted into the presentation currency in the following ways:

      A. Assets and liabilities expressed on each balance sheet are converted at the closing exchange rate on that balance sheet date;

      B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and

C. All exchange differences arising from the conversion are recognized in other comprehensive income.

(2) When the foreign operation which is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is returned to the non-controlling interest of the foreign operation on a pro-rata basis. If the Company still has the equity of the former subsidiaries in part but lost the control of the foreign operations, it should be treated as the disposal of the equity of the foreign operations in whole.

(3) Goodwill and fair value adjustments arising from the acquisition of a foreign individual entity are treated as assets and liabilities of the foreign individual entity and are converted at the exchange rate at the end of the period.

(IV) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

(1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.

(2) Held mainly for trading purposes.

(3) Expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Company classified all the assets not conforming to the above conditions as noncurrent assets.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Those that are expected to be settled in the normal business cycle.

(2) Held mainly for trading purposes.

(3) Expected to be settled within 12 months after the balance sheet date.

(4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of the liabilities may be based on the choice of the counterparty; the fact that the liabilities are settled due to the issuance of equity instruments does not affect its classification.

The Company classified all the liabilities not conforming to the above conditions as noncurrent assets.

(V) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a fixed amount of cash at any time with little risk of change in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operation are classified as cash equivalents.

(VI) Financial assets at FVTPL

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

2. The Company adopts the transaction day accounting on financial assets measured at fair value through profit and loss in conformity with trading practices.

3. The Company measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
4. If the right to dividend has been determined, economic benefits related to the dividend may flow in, and when the amount of dividend can be measured with reliability, the Company recognizes dividend income in profit and loss.

(VII) Financial assets at FVTOCI

1. Financial assets at FVTOCI refer to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
   (1) The financial asset is held under the business model to collect contractual cash flow and for sale.
   (2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.
2. The Company adopts the transaction day accounting on financial assets measured at fair value through other comprehensive income in conformity with trading practices.
3. At initial recognition, the Company measured at fair value plus the cost of transactions, and measured at fair value in subsequent recognition:
   (1) Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. If the right to dividend has been determined, economic benefits related to the dividend may flow in, and when the amount of dividend can be measured with reliability, the Company recognizes dividend income in profit and loss.
   (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, while the impairment loss, interest income, and foreign currency exchange gain or loss before derecognition are recognized in profit or loss. At the time of derecognition, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(VIII) Financial assets measured at after-amortization cost

1. Financial assets measured at after-amortization cost refer to those who meet the following conditions at the same time:
   (1) Holding the financial asset under the business model to collect the contractual cash flow.
   (2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.
2. The Company adopts the transaction day accounting on financial assets measured at amortized cost in conformity with trading practices.

3. The Company measures its fair value plus transaction cost at the time of original recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and the profit or loss is recognized in profit and loss at the time of derecognition.
4. Due to the short holding period, the fixed deposits held by the Company that do not conform to cash equivalents have an insignificant discount effect and are therefore measured by the investment amount.

(IX) Accounts and notes receivable

1. Accounts and notes receivable refer to accounts and notes which, according to the contract, have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.
2. For short-term accounts receivable and notes receivable without interest payment, the effect of discount is marginal, therefore the Company measures at the initial invoice amount.

(X) Impairment of financial assets

On each balance sheet date, the Company takes into account all reasonable and verifiable information (including forward-looking) for financial assets measured at amortized cost. If the credit risk does not increase significantly after the original recognition, the loss allowance is measured at 12 months expected credit loss; if the credit risk has increased significantly since the original recognition, the loss allowance is measured according to the expected credit loss amount during the duration; for accounts receivable that do not contain significant financial components or contract assets, the loss allowance is measured according to the expected credit loss amount in the period.

(XI) Derecognition of financial assets

When the Company's contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognized.

(XII) Lessor's lease transaction - Operating lease

Lease income from operating leases, after deducting any incentives given to the lessee, is amortized and recognized as current income on a straight-line method during the lease period.

(XIII) Inventory

Inventories are measured by the lower of cost and net realizable value, and the cost is determined by the weighted average method. The cost of finished products and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after subtracting the estimated cost that must be invested before completion and the estimated costs necessary to make the sale.

(XIV) Investment by equity method/Subsidiaries and associates

1. Subsidiaries refer to parent company only entities (including structured parent company only entities) controlled by the Company. When the Company is exposed to or entitled to variable remuneration from participation in an parent company only entity, and can influence such remuneration through the power over the parent company only entity, the Company controls such an parent company only entity.
2. The unrealized income derived from the transactions between the Company and subsidiaries has been eliminated. Necessary changes in the accounting policies of the subsidiaries have been made for consistency with the accounting policies of the Company.
3. The share of income after the acquisition of the subsidiary by the Company is recognized as income in the current period. Other comprehensive income after the acquisition of the subsidiary is recognized as other comprehensive income. If the share of loss of the subsidiary recognized by the Company is greater than or equal to the equity of the subsidiary, the Company shall continue to recognize for loss in proportion to the holding of shares.
4. If the changes in the proportion of shareholding over the subsidiary do not result in the loss of control (transactions with non-controlling interests), it is processed as equity transaction and seen as transactions among owners. The difference between the adjustment amount of a non-controlling interest and the fair value of the consideration paid or received is directly recognized under equity.
5. Associates are entities over which the Company has significant influence but no control. In general, these are the entities where the Company directly or indirectly holds more than 20% of their shares with voting rights. The Company’s investment in associates is treated with the equity method and recognized at cost when acquired.
6. The share of income after the acquisition of the associate by the Company shall be recognized as income in the current period. Other comprehensive income after the acquisition is recognized as other comprehensive income. If the share of loss from any of the associates of the Company is greater than or equal to the equity of the associate (including any other unsecured receivables), the Company will not recognize for further loss unless the Company has legal obligations, presumed obligations or has paid for the loss.
7. When there is a change in equity from a related company that is not profit or loss or other comprehensive profit or loss and does not affect the shareholding ratio of the related company, the Company shall recognize the change in ownership as a “capital reserve” based on the shareholding ratio.
8. The unrealized profit and loss from the transactions between the Company and associates shall be written off in proportion to the equity of the associate held by the Company; unless there is evidence indicating the assets transferred in the transaction have been impaired, the unrealized loss shall also be written off. Necessary changes in the accounting policies of the associates have been made for consistency with the accounting policies of the Company.

9. If the Company loses significant influence over an associate when disposing of it, the full amount related to the associate previously recognized as other comprehensive income shall be treated the same as the direct disposal of related assets or liabilities in accounting. In other words, the Company shall reclassify the disposed assets or liabilities as income or loss previously recognized as profit or loss under other comprehensive income. When losing significant influence over the associate, the profit or loss shall be reclassified as income from equity. If the Group still has a significant influence on the affiliated enterprise, the amount previously recognized in other comprehensive income shall be transferred out in the above manner only in proportion.
10. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the income and other comprehensive income presented in the parent company only financial statements of the current period shall be identical with the share of income and other comprehensive income attributable to the parent company as presented in the separate financial statements of the current period. Likewise, the shareholders equity presented in the parent company only financial statements shall be the same as the shareholders equity attributable to the parent company presented in the separate financial statements.

(XV) Property, plant, and equipment

1. Property, plant and equipment are recorded based on the acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent cost could be included as asset in the book value of assets or recognized as an independent asset only when the future economic benefit related to the cost of the item will likely flow into the Company in the future and the cost of the item can be reliably measured. The book value of the reset part should be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.
3. For property, plant and equipment, the cost model is adopted for the subsequent measurement. Except that land is not depreciated, the depreciation is calculated by the straight-line method according to the estimated service life. If the components of property, plant and equipment are significant, they are separately depreciated.
4. The Company will review the residual value, life span and depreciation method of all assets on the last day of each fiscal year. If the residual value and life span differs from the previous estimation, or the expected mode of depletion of the economic benefit inherent to the assets has changed significantly, it shall be handled in accordance with the provisions for changes in accounting estimates in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the day of change. The service life of each asset is as follows:

Buildings	20 ~ 40 years
Equipment	2 ~ 10 years
Others	2 ~ 10 years

(XVI) Investment property

Investment property is recognized at the acquisition cost, and the cost model is adopted for the subsequent measurement. Except for land, depreciation is made on a straight-line method based on the estimated service life, and the service life is 10 ~ 40 years.

(XVII) Impairment of non-financial assets

The Company estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its book value, the impairment loss is recognized. The recoverable amount refers to the fair value of an asset minus disposal cost or its right-of-use value, whichever is higher.

(XVIII) Borrowings

Refers to short-term borrowings from a bank. The Company measures their fair value minus transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in profit and loss during the outstanding period according to the amortization procedure.

(XIX) Accounts and notes payable

1. Notes payable and accounts payable refer to debts arising from the purchase of raw materials, commodities, or labor services on credit and notes payable due to business and non-business reasons.
2. For short-term accounts and notes payable that belong to unpaid interest, as the discounting effect is insignificant, the Company uses the original invoice amount to measure the value.

(XX) Derecognition of financial liabilities

The Company will derecognize financial liabilities if the contractual obligation has been performed, canceled or expired.

(XXI) The offset of financial assets and liabilities

When there is a legally enforceable right to offset the recognized amount of financial assets and liabilities, and the intention is to settle on a net basis or to realize assets and settle liabilities at the same time, the financial assets and financial liabilities can offset each other and be expressed in the net amount on the balance sheet.

(XXII) Employee welfare

1. Short-term employee benefits

   Short-term employee benefits are measured by the non-discounted amount expected to be paid and recognized as expenses when the related services are provided.

2. Pension

   (1) Defined allocation plan
   For a defined allocation plan, the amount of pension funds to be allocated is recognized as the current pension cost on an accrual basis. Advance allocations are recognized as assets to the extent that cash is refundable or future payments are reduced.

   (2) Defined benefit plan

A. The net obligation under a defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current or past service, and the fair value of the plan asset is deducted from the present value of the defined benefit obligation on the balance sheet date. The net obligation of defined benefits is calculated annually by an actuary using the projected unit benefit method. The discount rate is determined by reference to the market yield of high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries where there is no deep market for high-quality corporate bonds, the market yield of government bonds (on the balance sheet date) is used.

B. The remeasured amount arising from a defined benefit plan is recognized in other comprehensive income in the period in which it occurs and is expressed in retained earnings.

C. Expenses related to cost of service of the previous period shall be recognized as profit or loss at once.

3. Employee remuneration and director’s remuneration

Employee remuneration and director's remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any difference between the actual distribution amount and the estimated amount, it shall be treated as the change of accounting estimate.

(XXIII) Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for income tax related to items included respectively in other comprehensive income or directly included in equity.

2. The Company calculates the income tax in the current period on the basis of the tax rate already legislated or actually in force in the country of operation or where payable tax is realized as of the balance sheet day. The management assesses the status of income tax returns regularly concerning the applicable income tax laws and regulations, and, where applicable, assesses income tax liabilities based on the amount of tax expected to be paid to the tax authorities. Undistributed earnings are subject to income tax in accordance with the income tax law, and the income tax expense of undistributed earnings shall be recognized in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated after the earnings distribution proposal is passed by the shareholders’ meeting.

3. Deferred income tax is recognized according to the temporary difference between the tax base of assets and liabilities and their book value in the parent company only balance sheet by using the balance sheet method. Deferred income tax liabilities arising from originally recognized goodwill are not recognized. If the deferred income tax comes from the originally recognized assets or liabilities in a transaction (excluding business merger), and the accounting profit or tax income (tax loss) is not affected at the time of the transaction, then it is not recognized. If there is a temporary difference arising from the investment in subsidiaries and associates, the Company may control the time point for the reversal of the temporary difference, and does not recognize the temporary difference if it could not be reversed in the foreseeable future. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.

4. Deferred income tax assets are recognized to the extent that the temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. The current income tax assets and current income tax liabilities can be offset when there is a legal enforcement right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer, or different taxpayers of the same tax authority and each entity intends to pay off the assets and liabilities on a net basis or realize the assets and settle the liabilities at the same time, then the deferred income tax assets and liabilities can be offset against each other.
6. The portion of unused income tax deduction for deferred use generated from the procurement of equipment or technology, R&D spending and investment in equity shall be recognized as deferred income tax assets within the scope of using unused income tax deduction for taxation with a high probability in the future.

(XXIV) Dividend distribution

Dividends distributed to the company's shareholders are recognized in the financial reports when the company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred to common shares on the base date of issuing new shares.

(XXV) Revenue recognition

1. The Company manufactures and sells 3C related products. Revenue from sales is recognized when the control of the product is transferred to the customer, which is when the product is delivered to the buyer. The buyer has discretion over the price of the product, and the Company has no outstanding performance obligation that may affect the customer’s acceptance of the product. When the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or if there is objective evidence to prove that all acceptance criteria have been met. Accounts receivable are recognized when the goods are delivered to the customer. After that, the Company has unconditional rights to the contract price, and the consideration can be collected from the customer after a certain period of time.
2. The terms of payment for sale transactions are usually due 30 to 120 days after the date of shipment. Since the time interval between the transfer of the promised goods or services to the customer and the customer‘s payment does not exceed one year, the Company has not adjusted the transaction price to reflect the time value of the currency.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the Company prepares the parent company only financial statements, the management has used its judgment to determine the adopted accounting policies and has made accounting estimates and assumptions based on the reasonable expectations of future events based on the situation on the balance sheet date. Significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions contain risk that may result in significant adjustments to the book values of assets and liabilities in the next fiscal year. Please see below for a detailed description of the uncertainties of significant accounting judgments, estimates, and assumptions:

(I) Important judgment for accounting policy adoption

Recognition of gross or net income

According to the type of transaction and its economic essence, the Company determines whether the nature of its commitment to customers is the performance obligation of providing specific goods or services by itself (i.e. the Company is the principal), or is the performance obligation of another party providing such goods or services (i.e. the Company is the agent). When the Company controls a particular product or service before transferring it to a customer, the Company acts as the principal and recognizes the total amount of consideration that it is expected to be entitled to receive for the transfer of the particular product or service as income. If the Company does not control the specific product or service before transferring it to customers, the Company acts as an agent to arrange for another party to provide the particular product or service to customers, and any fee or commission that the Group is entitled to receive via this arrangement is recognized as income.

The Company determines whether it controls a particular product or service before it is transferred to a customer based on the following indicators:

1. Being responsible for fulfilling the promise of providing a particular product or service.
2. Bearing the inventory risk before transferring the particular product or service to the customer, or bearing the inventory risk after transferring the control.
3. Having the discretion to fix the price of a particular product or service.

(II) Important accounting estimates and assumptions

Inventory evaluation

Since inventory must be priced at the lower of the cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Due to rapid changes in technology, the Company assesses the amount of inventory on the balance sheet due to normal wear and tear, obsolescence, or lack of market sales value, and writes off the cost of inventory to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

VI. Note to important account titles

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 80	$ 80
Time deposit	746,002	600,029
Time deposit	680,000	970,000
Cash equivalents - Bond repos	249,747	-
	$ 1,675,829	$ 1,570,109

The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.

(II) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 1,006,938	$ 1,042,320
Less: Allowance for impairment loss	(416)	(6,618)
	$ 1,006,522	$ 1,035,702

1. The balance of accounts receivable on December 31, 2022 and 2021 are generated from customer contracts. As of January 1, 2021, the balance of accounts receivable from customer contracts amounted to NT$943,538.
2. Without considering the collateral held or other credit enhancements, the exposure amount that best represents the Company's accounts receivable in 2022 and December 31, 2021, with the largest credit risk being the book value of each type of accounts receivable.
3. The Company does not hold any collateral.
4. Please refer to note 12(2) for details of relevant credit risk information.

(III) Inventory

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 5,907	($ 642)	$ 5,265
Finished products	457,620	(55,692)	401,928
	$ 463,527	($ 56,334)	$ 407,193

	December 31, 2021		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 3,665	($ 43)	$ 3,622
Finished products	1,262,681	(44,201)	1,218,480
	$ 1,266,346	($ 44,244)	$ 1,222,102

Cost of inventory recognized by the Company as expense losses in current period:

	2022	2021
Cost of inventory sold	$ 11,136,281	$ 11,521,496
Inventory valuation loss (rebound profit)	12,090	(6,732)
	$ 11,148,371	$ 11,514,764

Because the Company got rid off part of the inventory of which the net realizable value fell below the cost in 2021, the net realizable value of inventory rebounded.

(IV) Financial assets measured at fair value through other comprehensive income - Non-current

Item	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed and OTC stocks	$ 827,081	$ 1,621,037
Non-public offering company stocks	68,548	73,812
Total	$ 895,629	$ 1,694,849

1. The Company has elected to classify its strategic equity investments as financial assets at fair value through other comprehensive profit or loss.
2. The Company has recognized the changes in fair values as other comprehensive income in 2022 and 2021, and the detail is specified in Note 6 (14), other equities.
3. The Company did not pledge any of the financial assets measured at fair value through other comprehensive income on December 31, 2022 and 2021.

(V) Investment by equity method

	December 31, 2022	December 31, 2021
PAN GLOBAL HOLDING CO., LTD. (PGH)	$ 10,654,946	$ 9,332,889
PAN-INTERNATIONAL ELECTRONICS INC.(PIU)	223,008	194,544
Yann-Yang Investments Corp. (Yann-Yang)	202,762	188,118
	$ 11,080,716	$ 9,715,551

For information on the subsidiaries of the Company, refer to Note 4 (3) of the 2022 consolidated financial statements of the Company.

(VI) Property, plant, and equipment

	Land	Buildings	Equipment	Others	Total
January 1, 2022					
Cost	$ 17,567	$ 15,943	$ 173,515	$ 19,486	$ 226,511
Cumulative depreciation	-	(15,943)	(173,375)	(19,213)	(208,531)
	$ 17,567	$ -	$ 140	$ 273	$ 17,980
2022					
January 1	$ 17,567	$ -	$ 140	$ 273	$ 17,980
Addition	-	-	-	216	216
Depreciation expenses	-	-	(73)	(205)	(278)
December 31	$ 17,567	$ -	$ 67	$ 284	$ 17,918
December 31, 2022					
Cost	$ 17,567	$ 15,943	$ 173,515	$ 19,702	$ 226,727
Cumulative depreciation	-	(15,943)	(173,448)	(19,418)	(208,809)
	$ 17,567	$ -	$ 67	$ 284	$ 17,918

	Land	Buildings	Equipment	Others	Total
January 1, 2021					
Cost	$ 17,567	$ 15,943	$ 179,374	$ 19,544	$ 232,428
Cumulative depreciation	-	(15,943)	(178,828)	(18,869)	(213,640)
	$ 17,567	$ -	$ 546	$ 675	$ 18,788
2021					
January 1	$ 17,567	$ -	$ 546	$ 675	$ 18,788
Addition	-	-	-	88	88
Depreciation expenses	-	-	(406)	(490)	(896)
December 31	$ 17,567	$ -	$ 140	$ 273	$ 17,980
December 31, 2021					
Cost	$ 17,567	$ 15,943	$ 173,515	$ 19,486	$ 226,511
Cumulative depreciation	-	(15,943)	(173,375)	(19,213)	(208,531)
	$ 17,567	$ -	$ 140	$ 273	$ 17,980

(VII)Investment property

	Land	Buildings	Total
January 1, 2022			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(41,909)	(41,909)
	$ 32,413	$ 1,738	$ 34,151
2022			
January 1	$ 32,413	$ 1,738	$ 34,151
Depreciation expenses	-	(220)	(220)
December 31	$ 32,413	$ 1,518	$ 33,931
December 31, 2022			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(42,129)	(42,129)
	$ 32,413	$ 1,518	$ 33,931

	Land	Buildings	Total
January 1, 2021			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(41,689)	(41,689)
	$ 32,413	$ 1,958	$ 34,371
2021			
January 1	$ 32,413	$ 1,958	$ 34,371
Depreciation expenses	-	(220)	(220)
December 31	$ 32,413	$ 1,738	$ 34,151
December 31, 2021			
Cost	$ 32,413	$ 43,647	$ 76,060
Cumulative depreciation and impairment	-	(41,909)	(41,909)
	$ 32,413	$ 1,738	$ 34,151

1. Rental income and direct operating expenses of investment property:

	2022	2021
Rental income of investment property	$ 5,533	$ 4,398
Direct operating expenses of investment property that generate rental income in the current period	($ 220)	$ 220

2. The fair value of the investment property held by the Company on December 31, 2022 and 2021, amounted to $205,209 and $205,209, respectively, which was obtained from the evaluation from public information announced by the government. The result indicated Level 3 fair value.

(VIII) Short-term borrowings

Nature of the borrowings	December 31, 2022	Interest Rate	Collateral
Bank loans - Credit loans	$ 1,366,595	5.2%~5.39%	None.

Nature of the borrowings	December 31, 2022	Interest Rate	Collateral
Bank loans - Credit loans	$ 553,600	0.50%	None.

(IX) Other payables

	December 31, 2022		December 31, 2021	
Salary, bonus, and employee remuneration payable	$	153,457	$	151,647
Others		151,745		32,586
	$	305,202	$	184,233

(X) Pension

1. Measures for defined retirement benefits

(1) The Company has instituted measures for defined benefit retirement in accordance with the provisions of the “Labor Standards Act”, which apply to the seniority of service of formal employees prior to the enactment of the “Labor Pension Act” on July 1, 2005, and to the seniority of service for employees who choose to continue to adopt the seniority of service defined by the Labor Standards Act after the enactment of the “Labor Pension Act”. If an employee is eligible for retirement, the pension payment shall be based on the service years and the average monthly salary of the six months before retirement. Two base numbers shall be given for each full year of service within 15 years (inclusive), and one base number shall be given for each full year of service over 15 years, but the cumulative maximum is 45 base numbers. The Company appropriates 6% of the total salary to the retirement fund every month which is deposited with the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve account mentioned in the above. If the balance is insufficient to pay the pension amount of the workers who meet the retirement conditions estimated in the next year according to the above calculation, the Company will provide funding to make up of the shortage before the end of March in the following year. paragraph.

(2) The amount recognized at the balance sheet is specified below:

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligation	$	74,650	$	76,024
Fair value of plan assets	(	76,877)	(	67,400)
Net defined benefit liabilities	($	2,227)	$	8,624
"Other non-current assets” listed in the table	$	2,227	$	-
"Other non-current liabilities" listed in the table	$	-	$	8,624

(3) Changes in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance on January 1	$ 76,024	($ 67,400)	$ 8,624
Cost of service in current period	548	-	548
Interest expense (income)	456	(405)	51
	77,028	(67,805)	9,223
Remeasurement:			
Return on plan assets (Note)	-	(5,175)	(5,175)
Impact of demographic assumption changes	(2)	-	(2)
Effect of the change in financial assumption	(2,393)	-	(2,393)
Experience adjustment	830	-	830
	(1,565)	(5,175)	(6,740)
Appropriation of pension reserve	-	(3,897)	(3,897)
Payment of pension	(813)	-	(813)
Balance on December 31	$ 74,650	($ 76,877)	($ 2,227)

(Note) This does not include the amount contained in interest income or expense

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance on January 1	$ 74,917	($ 62,458)	$ 12,459
Cost of service in current period	630	-	630
Interest expense (income)	214	(179)	35
	75,761	(62,637)	13,124
Remeasurement:			
Return on plan assets (Note)	-	(977)	(977)
Effect of the change in financial assumption	(1,594)	-	(1,594)
Experience adjustment	1,857	-	1,857
	263	(977)	(714)
Appropriation of pension reserve	-	(3,786)	(3,786)
Balance on December 31	$ 76,024	($ 67,400)	$ 8,624

(Note) This does not include the amount contained in interest income or expense

(4) The defined pension plan assets of the Company fall within the ratio and scope of items entrusted to the Bank of Taiwan in using the plan for investment in the year under appointment pursuant to Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (deposits in domestic and foreign financial institutions, investments in domestic and foreign listed or OTC equity securities or through private placement, and investments in domestic and foreign products through securitization of real estate). The Labor Pension Fund Supervisory Committee is responsible for the supervision of the use of the fund. In using the fund, the minimum return from annual account settlement shall not fall below the return from interest paid by local banks on 2-year time deposits. If there are insufficiencies, the national treasury shall make up the difference after approval by the competent authority. Because the Company has no right to participate in the operation and management of the fund, it cannot disclose the categories of the plan assets at fair value under IAS 19 and IAS 142. The fair value forming the total assets of the fund as of December 31, 2022 and 2021, is stated in the labor pension fund utilization report announced by the government for the respective years.

(5) The actuarial assumption of pension fund is specified below:

	2022	2021
Discount rate	1.20%	0.65%
Salary increase rate in the future	2.00%	2.00%

The assumption of the mortality rate in the future is based on the statistics released by relevant countries and estimation by experience.

The analysis of the change in the principal actuarial assumption and the influence on the present value of defined benefit obligation is shown below:

	Discount rate		Salary increase rate in the future	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on the present value of defined benefit obligations	($ 1,043)	$ 1,070	$ 1,059	($ 1,037)
December 31, 2021				
Effect on the present value of defined benefit obligations	($ 1,150)	$ 1,182	$ 1,163	($ 1,138)

The aforementioned sensitivity analysis is under the assumption that all other assumptions remain unchanged, in order to analyze the effect of a change in a single assumption. In practice, changes in several assumption could be linked. The sensitivity analysis is consistent with the method adopted for the net pension liabilities presented in the balance sheet. The method and assumption adopted for the sensitivity analysis in current period is identical with the previous period.

(6) The Company expected to appropriate NT$1,553 for payment to the pension plan in 2023.

(7) As of December 31, 2022, the weighted average duration of the pension plan was 5 years.

2. Measures for defined retirement allocation

(1) Since July 1, 2005, the Company instituted the regulations for the appropriation of pension fund in accordance with the "Labor Pension Act", which applies for Taiwanese employees. For employees choosing the labor pension system under the "Labor Pension Act", the Company appropriates 6% of the monthly salary for contribution to the personal accounts of the employees as pension fund at the Labor Insurance Bureau. The payment of pension to employees will be made monthly or in lump sum from the personal pension special account and the accumulated return to the accounts.

(2) In 2022 and 2021, the Company recognized the cost of pension of NT$1,508 and NT$1,403 under the above pension fund regulations, respectively.

(XI) Share capital

As of December 31, 2022, the authorized capital of the Company comprised 600,000,000 shares (including 30,000,000 shares under subscription warrants or subscription rights of convertible bonds); 518,346,282 shares were outstanding with a par value of NT$10 per share.

(XII) Capital surplus

In accordance with the Company Act, the premium from the issuance of shares above par value and the capital reserve from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated loss, new shares or cash shall be issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. The company shall not use the capital reserve to make up for the capital loss unless the earnings reserve is still insufficient to make up for the capital loss.

(XIII) Retained earnings

1. According to the articles of association of the Company, if there is any surplus in the annual final accounts, in addition to paying all taxes according to law, the Company shall first make up for the losses of previous years, and then set aside 10% as the legal reserve. If there is still a surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting.

2. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses that shall be distributed, capital surplus, or legal reserves in cash, which shall be approved through a resolution by more than half of the directors present at a Board meeting attended by more than two-thirds of all directors, and the rule that a resolution by a shareholders' meeting is required as in the preceding paragraph shall not apply.

3. The Company is in a growth stage, and the dividend distribution policy shall be based on the Company's current and future investment environment, capital demand, domestic and foreign competition status, capital budget, and other factors, while taking into account the shareholders' interests and the Company's long-term financial planning. The shareholders' dividend shall be allocated from the cumulative distributable earnings and shall not be less than 15% of the distributable earnings of the current year, and the cash dividend ratio shall not be less than 10% of the total dividend.

4. The legal reserve shall not be used except to make up for the Company's losses and issuing new shares or paying cash in proportion to the original number of shares held by the shareholders. However, if new shares or cash are issued, the amount of such reserve shall exceed 25% of the paid-in capital.

5. When the Company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal can be included in the earnings available for distribution.

6. The shareholders resolved to pass distribution of 2021 and 2020 earnings during the meetings held on June 15, 2022 and July 15, 2021; details are as follows:

	2021		2020	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 130,519		$ 76,277	
Special reserve	(277,289)		37,450	
Cash dividends	518,346	$ 1.00	336,925	$ 0.65
	$ 371,576		$ 450,652	

(XIV) Other equities

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2022	$ 288,225	($ 1,360,659)	($ 1,072,434)
Unrealized gain or loss of financial products:			
-The Company	(720,650)	-	(720,650)
-Subsidiary	12,584	-	12,584
Evaluation adjustment transferred to retained earnings:			
-Subsidiary	-	-	-
Tax on transfer of valuation adjustment to retained earnings			
-Subsidiary	-	-	-
Foreign currency exchange difference:			
-The Company	-	395,292	395,292
December 31, 2022	($ 419,841)	($ 965,367)	($ 1,385,208)

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2021	($ 186,592)	($ 1,163,132)	($ 1,349,724)
Unrealized gain or loss of financial products:			
-The Company	470,002	-	470,002
-Subsidiary	341,002	-	341,002
Evaluation adjustment transferred to retained earnings:			
-Subsidiary	(373,072)	-	(373,072)
Tax on transfer of valuation adjustment to retained earnings			
-Subsidiary	36,885	-	36,885
Foreign currency exchange difference:			
-The Company	-	(197,527)	(197,527)
December 31, 2021	$ 288,225	($ 1,360,659)	$ (1,072,434)

(XV) Operating revenue

	2022	2021
Revenue from customer contracts	$ 11,756,687	$ 12,351,637

1. Details of revenue from customer contracts

The revenue of the Company came from the transfer of merchandise at a particular point in time and the revenue could be allocated to the following major product lines:

2022	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 8,458,027	$ 3,298,660	$ 11,756,687

2021	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 7,767,287	$ 4,584,350	$ 12,351,637

2. Contractual liabilities

The contractual liabilities related to the contractual income recognized by the Company are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contractual liabilities	$ 148,107	$ 628,363	$ 42,286

Recognized income of contract liabilities at the beginning of the period:

	2022	2021
Opening balance of contract liabilities recognized as income in the current period	$ 624,547	$ 42,286

(XVI) Other income

	2022	2021
Dividend income	$ 87,254	$ 25,200
Rental income	5,533	4,398
Other income - Other	2,626	5,145
	$ 95,413	$ 34,743

(XVII) Other gains and losses

	2022	2021
Net gain from financial assets and liabilities measured at fair value through income	$ 2,680	$ 11,188
Net foreign currency conversion loss	(6,497)	(3,480)
Others	(220)	(220)
	($ 4,037)	$ 7,488

(XVIII) Employee benefit, depreciation and amortization expenses

	2022			
	Attributable to cost of operation	Attributable to operating expense	Attributable to non-operating expense	Total
Employee benefits expense				
Salary expenses (Note)	$ 8,567	$ 76,571	$ -	$ 85,138
Labor and national health insurance expenses	567	5,864	-	6,431
Pension expenses	350	1,757	-	2,107
Remuneration to the Directors	-	8,981	-	8,981
Other HR expenses	842	5,432	-	6,274
	$ 10,326	$ 98,605	$ -	$ 108,931
Depreciation expenses	$ 73	$ 205	$ 220	$ 498
Amortization expenses	$ -	$ 145	$ -	$ 145

Note: Including salary expenses and remuneration to employees.

	2021			
	Attributable to cost of operation	Attributable to operating expense	Attributable to non-operating expense	Total
Employee benefits expense				
Salary expenses (Note)	$ 8,734	$ 64,067	$ -	$ 72,801
Labor and national health insurance expenses	658	5,088	-	5,746
Pension expenses	370	1,698	-	2,068
Remuneration to the Directors	-	7,147	-	7,147
Other HR expenses	1,097	5,476	-	6,573
	$ 10,859	$ 83,476	$ -	$ 94,335
Depreciation expenses	$ 406	$ 490	$ 220	$ 1,116
Amortization expenses	$ -	$ 287	$ -	$ 287

Note: Including salary expenses and remuneration to employees.

1. The average monthly number of employees for the current year and the previous year was 51 and 48, respectively. Among them, the number of directors who were not concurrently employees was 4.
2. The average employee benefit expenses in 2022 and 2021 were NT$2,127 and NT$1,982, respectively. The average salary expenses of employees were NT$1,811 and NT$1,655, respectively. The average salary expense adjustment of employees was 9.43%.
3. The Company has established an audit committee, so there is no supervisor's remuneration.
4. The Remuneration Committee established the salary and remuneration policies for the Directors and the Managers with routine review of the performance in regards to the policy, standard, and structure of the remuneration. The evaluation of the performance of Directors and Managers, and the salary structure was made with reference to the overall performance of the operation, the future industrial operation trends, while also considering the industry level, individual contributions and achievements. The Remuneration Committee will present the result of the review to the Board for approval. The policy for salaries and remuneration to employees was made with reference to the industry level. Bonuses will be granted with reference to the overall performance of the Company, individual performance and contribution.
5. According to the articles of association of the Company, if the Company has any profit in the year (the so-called profit refers to the gains before deducting the distribution of employee remuneration and directors' remuneration), it shall allocate no less than 5% of it as employee remuneration and no more than 0.5% as directors' remuneration, which shall be distributed after the special resolution of the Board of Directors, and shall be reported to the shareholders' meeting. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

6. The Company’s remuneration to employees in 2022 and 2021 was estimated at NT$79,012 and NT$60,674, respectively. The remuneration to the Directors was estimated at NT$7,901 and NT$6,067, respectively. The aforementioned amount was presented as salary expense in the book.

   2022 was estimated based on the profit for the current period (in the current year). The Company's board of directors passed a resolution on March 14, 2022, to distribute the employees’ remuneration of NT$79,012 and the directors' remuneration of NT$7,901 for 2022 in cash. There is no difference between the preceding allocation amounts and the amounts stated as expenses by the Company in 2022.

   The 2021 employee, director, and supervisor remunerations approved by the board of directors are consistent with the amounts recognized in the 2021 annual financial report.

   The above information on the remuneration of employees and directors approved by the Board of Directors of the Company can be obtained on MOPS.

(XIX) Financial costs

	2022	2021
Interest expense - bank loans	$ 20,846	$ 5,302

(XX) Income tax

1. Income tax expense

   (1) Components of income tax expenses:

	2022	2021
Income tax for the current period:		
Income tax arising from current income	$ 88,446	$ 128,908
Extra tax on undistributed earnings	46,681	15,606
Income tax under (over) estimates of previous years	(2,116)	7,951
Total income tax for the current period	133,011	152,465
Deferred income tax:		
The original value and reversal of temporary differences	38,029	27,050
Income tax expense	$ 171,040	$ 179,515

   (2) Other comprehensive income related income tax amount:

	2022	2021
Remeasurement of defined benefit obligation	$ 1,349	$ 143

2. Relation between income tax expense and accounting profit

	2022	2021
Calculation of income tax on earnings before taxation at the mandatory tax rate	$ 298,666	$ 229,349
Income exempted from taxation under the tax law	(18,211)	(4,833)
Temporary difference not recognized as deferred income tax liabilities	(153,980)	(68,558)
Extra tax on undistributed earnings	46,681	15,606
Income tax under (over) estimates of previous years	(2,116)	7,951
Income tax expense	171,040	179,515
The original value and reversal of temporary differences	(38,029)	(27,050)
Income tax (under) over estimates of previous years	2,116	(7,951)
Amount of temporary payment and withheld tax	(304)	(11)
Tax liabilities for the current period	$ 134,823	$ 144,503

3. Deferred income tax assets or liabilities under temporary difference and taxation loss are specified as follows:

	2022			
	January 1	Recognized as income	Recognized as other comprehensive net income	December 31
Temporary difference:				
-Deferred income tax assets:				
Provision for valuation loss on inventory	$ 8,849	$ 2,418	$ -	$ 11,267
Pension reserve pending on appropriation	1,920	(351)	(1,349)	220
Others	7,307	-	-	7,307
	$ 18,076	$ 2,067	($ 1,349)	$ 18,794
-Deferred tax liabilities:				
Return on foreign investment accounted for under the equity method	($ 164,426)	($ 38,494)	$ -	($ 202,920)
Unrealized foreign exchange gain	(678)	(1,602)	-	(2,280)
	($ 165,104)	($ 40,096)	$ -	($ 205,200)

	2021			
	January 1	Recognized as income	Recognized as other comprehensive net income	December 31
Temporary difference:				
-Deferred income tax assets:				
Provision for valuation loss on inventory	$ 10,195	($ 1,346)	$ -	$ 8,849
Pension reserve pending on appropriation	2,492	(429)	(143)	1,920
Unrealized exchange loss	7,457	(7,457)	-	-
Others	7,307	-	-	7,307
	$ 27,451	($ 9,232)	($ 143)	$ 18,076
-Deferred tax liabilities:				
Return on foreign investment accounted for under the equity method	($ 147,286)	($ 17,140)	$ -	($ 164,426)
Unrealized foreign exchange gain	-	(678)	-	(678)
	($ 147,286)	($ 17,818)	$ -	($ 165,104)

4. The Company evaluated the taxable temporary difference of some investee companies on December 31, 2022 and 2021, and expected no reversal in the foreseeable future, and therefore recognized as deferred income tax liabilities in full value. Temporary difference of deferred income tax liabilities amounted to NT$6,258,068 and NT$5,159,680, respectively.

5. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2020.

(XXI) The share of other comprehensive income of subsidiaries, associates, and joint ventures recognized under the equity method.

	2022	2021
Subsidiaries and associates:		
- Evaluation adjustment of equity instruments	$ 12,584	$ 341,002
- Remeasured value of defined benefit plan	1,157	557
	$ 13,741	$ 341,559

(XXII) Earnings per share (EPS)

	2022		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period	$ 1,322,290	518,346	$ 2.55
Diluted earnings per share			
Net income for the period	1,322,290		
Dilutive effects of the potential common shares -Employee remuneration	-	2,603	
The effect of net income for the period inherent to common shares	$ 1,322,290	520,949	$ 2.54

	2021		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period	$ 967,232	518,346	$ 1.87
Diluted earnings per share			
Net income for the period	967,232		
Dilutive effects of the potential common shares -Employee remuneration	-	1,733	
The effect of net income for the period inherent to common shares	$ 967,232	520,079	$ 1.86

(XXIII) Changes in liabilities from financing activities

	Short-term borrowings	
	2022	2021
January 1	$ 553,600	$ 1,367,040
Changes in financing cash flow	730,100	(784,280)
Effect of exchange rate changes	82,895	(29,160)
December 31	$ 1,366,595	$ 553,600

VII. Related Party Transactions

(I) Related party's name and relationship

Related Party Name	Relationship with the Company
Pan-International Precision Electronic Co., Ltd.	Subsidiary of the Company
PAN GLOBAL HOLDING CO.,LTD.	Subsidiary of the Company
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company
Hon Hai Precision Industry Co., Ltd. and subsidiaries (Hon Hai and subsidiaries)	Significant influence over the Company
Sharp Corporation and subsidiaries (Sharp and subsidiaries)	Other related parties
Foxconn Technology Co., Ltd. and subsidiaries (FTC and subsidiaries)	Other related parties
GENERAL INTERFACE SOLUTION LIMITED	Other related parties
Cyber TAN Technology, Inc and Subsidiaries	Other related parties
Chery Holding Group and Subsidiaries	Other related parties (Note 1)
Long Time Tech. Co., Ltd.	Affiliates

(Note 1) Listed as non-related party in September 2022

(II) Major transactions with related parties

1. Operating revenue

	2022	2021
Product sales:		
Significant influence over the Company - Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 4,965,112	$ 4,226,619
Subsidiary	528,809	554,728
Other related parties	402,544	165,928
	$ 5,896,465	$ 4,947,275

The price and credit period were determined by both sides after consultation, except where there is no similar transaction for reference. For the remainders of the Company's sale to abovementioned related parties, the price is similar to the sale price of other general customers. The Company's period of payment for the related parties ranged from 30 to 120.

2. Purchase

	2022	2021
Product purchases:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 938,655	$ 1,177,390
Subsidiary		
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.	5,151,125	3,919,384
- Pan-International Precision Electronic Co., Ltd.	1,021,693	1,313,473
- Others	62,098	52,895
Other related parties	63	(951)
	$ 7,173,634	$ 6,462,191

The above amount includes purchase, discount, and sale return. The purchase price and payment term were determined by both sides through consultation. The payment term offered by the Company to related parties ranged from 30 to 90 days on monthly settlement of open account

3. Receivables from related parties

	December 31, 2022	December 31, 2021
Receivables from related parties:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 2,150,039	$ 1,520,605
Subsidiary	80,385	137,054
Other related parties - others	159,913	127,058
	2,390,337	1,784,717
Less: Allowance for impairment loss	(959)	(720)
	$ 2,389,378	$ 1,783,997

Receivables from related parties are mainly from sales. The payment term ranged from 30 to 120 days. The receivables are not secured and not interest bearing.

4. Other receivables

	December 31, 2022	December 31, 2021
Other receivables from related parties:		
Subsidiary		
— PANGLOBALHOLDINGCO.,LTD.	$ 66,232	$ 52,681
- Others	7,286	14,834
	$ 73,518	$ 67,515

Other receivables from related parties are mostly the receivables of advance payment for the related parties.

5. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable to related parties:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	$ 244,933	$ 414,016
Subsidiary		
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1,449,202	982,154
- Pan-International Precision Electronic Co., Ltd.	165,036	210,740
- Others	17,055	26,460
	$ 1,876,226	$ 1,633,370

Accounts payable from related parties mainly comes from purchasing and purchase on behalf of others, and there is no interest attached to the accounts payable.

(III) Information on compensation for the key management

	December 31, 2022	December 31, 2021
Salaries and other short-term employee benefit	$ 14,599	$ 13,902
Post-employment benefits	240	240
	$ 14,839	$ 14,142

VIII. Pledged Assets

None.

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

The Company has no contingent liabilities for material legal claims arising from daily operating activities.

(II) Commitments

On November 30, 2021, the Company's Board of Directors approved the purchase of pre-sale factory buildings. The total transaction amount is NT$488,880 and paid in 5 installments. As of December 31, 2022, the outstanding payment is $410,660.

X. Major Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) The Company has adopted relevant measures in response to the outbreak of COVID-19. The spread of disease did not have a material impact on the Company's operations and business performance in 2022.

(II) Capital management

The objective of capital management of the Company is to ensure the sustainable operation of the Company, maintaining the best capital structure to reduce the cost of capital, and to provide returns to the shareholders. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, issue new shares, or sell assets to reduce liabilities. To monitor its capital, the Company uses the net debt ratio which is calculated by dividing net debt by total net worth. The net debt is calculated as total loans (including the "current and noncurrent loans" as stated in the parent company only balance sheet) net of cash and cash equivalents. Total net value is calculated by subtracting total intangible assets from "equity" as stated in the parent company only balance sheet.

The Company's strategy for 2022 is the same as that in 2021, both of which are committed to maintaining the net debt ratio below 70%.

(III) Financial instrument

1. Types of financial instruments

The book amounts of the Company's financial assets classified as measured at amortized cost under IFRS 9 in 2022 and on December 31, 2021 (including cash and cash equivalents, accounts receivable [including related parties], and other receivables) were NT$5,146,166 and NT$4,465,895, respectively. The book amounts of financial assets' financial liabilities classified as amortized costs (including short-term loans, accounts payable [including related parties], and other payables) were NT$4,288,480 and NT$$3,855,891, respectively. For additional information on the book value classified as financial assets measured at fair value through comprehensive income, refer to Note 6 (4).

2. Risk management Policy

(1) Types of risks

The Company adopts a comprehensive financial risk management and control system for the clear identification, measurement and control of all forms of financial risks to the Company, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Management objectives

A. All the risks above can be eliminated by internal control or operation process, except that market risk is controlled by external factors. Therefore, each risk can be reduced to zero through management.

B. In terms of market risk, the objective is to optimize the overall position through rigorous analysis, proposal, implementation, and process, with due consideration of the overall external trend, internal operating conditions, and the actual impact of market fluctuations.

C. The overall risk management policy of the Company is focused on unanticipated events in the financial market, to seek and reduce the potential unfavorable influence on the financial position and performance.

(3) Management system

A. The Finance Department of the Company is charged with the task of risk management in accordance with the policies approved by the Board. It is responsible for identifying, assessing and avoiding financial risks through close cooperation with group operating units.

B. The board of directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments, and investment of surplus working capital.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. Nature: The Company is a multinational OEM electronics manufacturer and most of the exchange rate risk from operating activities comes from:

a. As the posting times of non-functional foreign currency accounts receivable and accounts payable are different, the exchange rate of the functional currency is different, thus resulting in an exchange rate risk. Because the amount of assets and liabilities after offsetting is not large, the amount of profit or loss is not large.

b. In addition to the commercial transactions (operating activities) on the above-mentioned income, the assets and liabilities recognized on the balance sheet, and the net investment in foreign operations also have exchange rate risks.

B. Management

a. The Company has made policies to deal with this kind of risk that requires all Group companies to manage the exchange rate risk corresponding to their functional currency.

b. The exchange rate risk deriving from respective functional currencies on the functional currency used in the Parent Company Only Financial Statements will be coordinated and managed by the Group’s Financial Division.

C. Intensity

The business of the Company involves many non-functional currencies (the functional currency of the Company is NTD), therefore it is exposed to fluctuations of exchange rates. Assets and liabilities denominated in foreign currencies that are exposed to the effects of significant fluctuations of the exchange rate are as follows:

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 132,287	30.71	$ 4,062,534	5%	$ 203,127
Non-monetary items					
USD: NTD	354,215	30.71	10,877,954		
Financial liabilities					
Monetary item					
USD: NTD	133,405	30.71	4,096,868	5%	204,843

	December 31, 2021				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 122,304	27.68	$ 3,385,375	1%	$ 33,854
Non-monetary items					
USD: NTD	344,199	27.68	9,527,433		
Financial liabilities					
Monetary item					
USD: NTD	132,443	27.68	3,666,022	1%	36,660

D. Nature

The Company’s currency items were under significant influence of exchange rate fluctuations in 2022 and 2021, with recognition of exchange income (including realized and unrealized items) amounting to a loss of NT$6,497 and NT$3,480, respectively.

Price risk

A. The equity instruments of the Company exposed to price risk are financial assets measured at fair value through other comprehensive incomes. The Company diversified its investment portfolio to manage the price risk of investment in equity instruments. The method of diversification was based on the limits set forth by the Company.

B. The Company mainly invested in equity instruments offered by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future values of these investment objects. If there is an upward or downward adjustment of the equity instruments by 1% with all other factors remaining unchanged, the influence on other comprehensive income of gains or losses of financial assets classified as measured at fair value through other comprehensive income would increase or decrease by $8,956, and $16,948 in 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

The interest rate risk to the Company mainly comes from short-term borrowings. Borrowings at fixed interest rates exposed the Company to interest rate risk at fair value. After assessment, there is no significant interest rate risk to the Company.

(2) Credit risk

A. The credit risk to the Company mainly comes from the failure of customers or counterparties of financial instruments to perform contractual obligations resulting in financial losses for the Company. This mainly comes from the inability of counterparties to repay the accounts receivable in accordance with the collection conditions, and the contractual cash flow classified as debt instrument investment measured at amortized cost.

B. The credit policy of the Company explicitly states that each new customer of the operating entities within the Company shall be subject to credit management and credit risk analysis before proposing the terms and conditions for payment and delivery of goods. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience, and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.

C. The basis for the Company to judge whether the credit risk of financial instruments has increased significantly since the original recognition is as follows:
When the contract payment is overdue for more than 60 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

D. If the contract amount is overdue for more than 90 days under the conditions of payment, the Company shall deem it a breach of contract.

E. The Company classified notes and accounts receivable of customers according to the characteristics of the customer rating, and adopted the simple method of loss rate to estimate expected credit loss.

F. The indicators used by the Company for determining credit impairment of the debt instruments are shown below:

(A) The issuer encounters major financial difficulties, or the possibility of going into bankruptcy or other financial restructuring is greatly increased;

(B) The issuer makes the active market of the financial asset disappear due to its financial difficulties;
(C) The issuer delays or fails to pay the interest or principal;
(D) Adverse changes in national or regional economic conditions leading to issuer default.

G. Aging analysis of accounts receivable (including related parties):

	December 31, 2022	December 31, 2021
Not Past Due	$ 3,343,713	$ 2,808,613
Less than 90 days	53,562	12,496
91 ~ 180 days	-	-
More than 181 days	-	5,928
	$ 3,397,275	$ 2,827,037

The above is an aging analysis based on the number of overdue days.

H. Other receivables (including related parties):

The other receivables of the Company are mainly receivable tax rebates, and receivable advance payments for a third party. There is no concern for material breach of contract or declined payment. Therefore, the Company recognized provision for loss on the basis of the amount of expected credit loss in a period of 12 months. In 2022 and as of December 31, 2021, the Company recognized a provision for loss amounting to $0.

I. The Company classified the accounts receivable of the customers according to the characteristics of the credit rating of the customers, and considered the adjustment of rate of loss on the basis of historical information and information at present time with foresight to estimate the provision for loss from accounts receivable. The method for estimating the loss rate on December 31, 2022 and 2021 is as follows:

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2022					
Expected loss rate	0.04%	0.04%	0.09%	0.03%	
Total Book value	$3,131,859	$ 262,979	$ -	$ 2,437	$3,397,275
Allowance for loss	$ 1,253	$ 105	$ -	$ 17	$ 1,375

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2021					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$2,471,385	$ 347,379	$ -	$ 8,273	$2,827,037
Allowance for loss	$ 989	$ 139	$ -	$ 6,210	$ 7,338

Group 1: Rated A by Standard & Poor’s, Fitch, or Moody’s, or rated A by the credit rating standard of the Company in the absence of rating by external institutions.

Group 2: Rated BBB by Standard & Poor’s or Fitch, Baa by Moody’s, or rated B or C by the credit rating standard of the Company in the absence of rating by external institutions.

Group 3: Rated BB+ or below by Standard & Poor's or Fitch, or Ba1 or below by Moody's.

Group 4: No rating by external institutions, but customers rated non-A, B, or C by the credit rating standard of the Company.

J. The Company’s table showing the changes in the provision for loss from accounts receivable and other receivables using a simplified method is as follows:

	2022	2021
January 1	$ 7,338	$ 5,401
(Reversed) recognized impairment loss	(1,861)	1,937
Irrecoverable amount written off	(4,102)	-
December 31	$ 1,375	$ 7,338

K. All the Company’s investments in debt instruments measured at amortized cost as were at low credit risk as of December 31, 2022 and 2021. Therefore, the book value was measured on the basis of the expected credit loss in a period of 12 months after the balance sheet day.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating entity within the Company, and aggregated by the Company’s Finance Department. The Finance Department monitors and tracks the forecast of working capital requirements to assure adequate funding for operations, and maintains sufficient unspent loan commitments at all times so that the Company will not exceed the relevant borrowing limits or violate the terms. The forecast is based on the debt financing plan, compliance with debt terms, conformity with the targeted financial ratios of the balance sheet, and external regulatory requirements such as foreign exchange control.

B. When the remaining cash held by the Company exceeds the requirement for the management of working capital, the Finance Department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and securities, and the instruments selected to have appropriate maturities or sufficient liquidity to meet the forecast above and provide sufficient liquidity, and it is expected that cash flow will be generated immediately for the management of liquidity risk.

C. The non-derivative financial liabilities of the Company will mature in the year ahead.

(IV) Fair value information

1. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

   Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. They include the fair value of the listed or OTC stock investments invested by the Company.

   Level 2: The input value of assets or liabilities is directly or indirectly observable, except those in Level 1. The fair value of the derivative instruments invested by the Company belongs to this level.

   Level 3: The input value of assets or liabilities is unobservable. The equity instruments invested by the Company without an active market belong to this level.

2. Financial instruments not measured at fair value

   The book value of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, other current assets, payables, other payables, and other current liabilities) reasonably approximates the fair value.

3. The Company's financial and non-financial instruments measured at fair value will be classified according to the nature, specific features, risks, and fair value of the assets and liabilities. Relevant information is as follows:

   (1) Classification according to the nature of the assets and liabilities, relevant information is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTOCI - Equity securities				
	$ 827,081	$ -	$ 68,548	$ 895,629

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTOCI - Equity securities				
	$1,621,037	$ -	$ 73,812	$1,694,849

(2) The methods and assumptions adopted by the Company for measurement at fair value is as specified below:

A. The Company adopts market quotation as the input value of fair value (i.e., Level 1), and divides them as follows according to specific features:

	Listed and OTC stocks	Open-end funds
Market quotation	Closing price	Net value

B. Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or reference to the quotations of counterparties. Fair value obtained through evaluation techniques can be calculated by referring to the current fair value of other financial instruments with similar conditions and characteristics, or the value can be obtained through other evaluation techniques, including the use of models to calculate market information available on the separate balance sheet date.

C. The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors related to the Company’s holding of financial instruments and non-financial instruments. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company’s fair value evaluation model management policies and related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to properly express the fair value of financial instruments and non-financial instruments in the separate balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted according to current market conditions.

D. The Company has incorporated credit risk assessment adjustments into its calculation for the fair values of financial instruments and non-financial instruments in order to reflect counterparty credit risks and the Company's credit quality, respectively.

4. There were no transfers between Level 1 and Level 2 in 2022 and 2021.

5. The following table shows the changes in Level 3 in 2022 and 2021:

	Equity securities 2022	Equity securities 2021
January 1	$ 73,812	$ 67,112
Profit (loss) recognized in other comprehensive income	(5,264)	6,700
Amounts bought in the current period	-	1,902
Transfer to Level 3	-	(1,902)
December 31	$ 68,548	$ 73,812

6. Since InnoCare Optoelectronics Corp. was listed on the GTSM in November 2021 and the trading volume in the market has increased steadily, sufficient observable market information can be obtained. Therefore, the Company transferred the fair value used from Level 3 to Level 1 at the end of the event occurring month. In 2022, there was no transfer in or out of Level 3.

7. For the fair value of Level 3 instruments of the Company, the investment management department is responsible for the independent verification of the fair value of such financial instruments in the evaluation process. Through independent sources of information, the evaluation results approximate market conditions, and the data sources are confirmed to be independent, reliable, consistent with other resources, and to represent executable prices. The evaluation model is calibrated regularly, backtracked, and updated for the input values and information required by the evaluation model, and any other necessary fair value adjustments are made to ensure that the evaluation results are reasonable.

   In addition, the investment management department formulates the fair value evaluation policies, evaluation procedures, and confirmation of financial instruments in accordance with the relevant international financial reporting standards.

8. The quantitative information about the significant unobservable input value of the evaluation model used for Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2022	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 68,548	Comparable public company approach	Price–to-book ratio	1.29	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

	Fair value on December 31, 2021	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 73,812	Comparable public company approach	Price–to-book ratio	1.41	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

9. The Company carefully selects the evaluation model and evaluation parameters; however, different evaluation models or parameters may lead to different evaluation results. For financial assets and financial liabilities classified as level 3, if the evaluation parameters change, the impact on current profit and loss or other comprehensive income is as follows:

				Recognized in other comprehensive income	
Financial assets	Period	Input value	Change	Favorable change	Unfavorable change
Equity instruments	December 31, 2022	Price–to-book ratio	±1%	$ 531	($ 531)
		Lack of market liquidity discount	±1%	$ 857	($ 857)

				Recognized in other comprehensive income	
Financial assets	Period	Input value	Change	Favorable change	Unfavorable change
Equity instruments	December 30, 2021	Price–to-book ratio	±1%	$ 523	($ 523)
		Lack of market liquidity discount	±1%	$ 923	($ 923)

XIII. Notes disclosure

(I) Information about significant transactions

1. Loans to others: Please refer to Table 1.
2. Endorsements/guarantees provided: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and jointly controlled entities): Please refer to Table 3.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
5. The cumulative amount of property acquired reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
6. The cumulative amount of property disposal reaches NT$300 million or more, or 20% of the paid-in capital: No such situation.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more: Please refer to Table 4.
8. Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Engagement in derivatives trading: Please refer to Note 6 (2) of the consolidated financial statements.

10. Significant Inter-company Transactions during the Reporting Period: Please refer to Table 6.

(II) Information about investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 7.

(III) Information on investments in mainland China

1. Basic information: Please refer to Table 8.
2. Major transactions directly with investee companies in the mainland China or indirectly through a third regional enterprise: Please refer to Tables 4, 5 and 6.

(IV) Information on major shareholders

Information of major shareholders: Please refer to Table 9.

XIV. Operating Departments Information

Not applicable.

Pan-International Industrial Corp.

Loans to others

January 1 to December 31, 2022

Table 1

Unit: NTD thousand

(unless otherwise noted)

Serial No. (Note 1)	Loan extending company	Borrower	Dealing items (Note 2)	Whether a related party	Maximum amount of the period (Note 3)	Ending balance (Note 8)	Transaction Amounts	Interest Rate	Loan nature (Note 4)	Business Transaction Amounts (Note 5)	Reason for short-term financing (Note 6)	Provision for allowance for loss for bad debt	Collateral		Loans limits for individual entities (Note 7)	Total loan limit (Note 7)	Remarks
													Name	Value			
1	Pan-International Precision Electronic Co., Ltd.	CJ Electric Systems Co., Ltd.	Other receivables - related parties	Yes	$ 222,750	$ 44,080	$ 44,080	4.00%	Short-term financing	$ -	Operating turnover	$ -	None.	None.	$ 2,717,086	$ 5,434,172	
2	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	CJ Electric Systems Co., Ltd.	Other receivables - related parties	Yes	268,380	264,480	264,480	3.70%	Short-term financing	-	Operating turnover	-	None.	None.	7,606,520	15,213,040	

Note 1: The explanation of the number column is as follows:

(1). Fill in 0 for the issuer.

(2). Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: Dealing items include receivables from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc. if the nature is a loan to others.

Note 3: The maximum balance of loans to others in the current year.

Note 4: The loan shall be recognized under this item if the nature of the fund denotes a business transaction or a need for short-term financing.

Note 5: Where the nature of the loan is a business transaction, the amount of the business transaction shall be disclosed. The business transaction amount refers to the total amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the nature of the loan denotes a necessity for short-term financing, the reason and the purpose of the loan by the borrower must be specified, such as loan repayment, purchase of equipment, business turnover, etc.

Note 7: The total amount of funds lending from the Company to a foreign subsidiary that the Company, directly and indirectly, holds 100% of its voting shares shall not exceed 400% of the lender's net worth, and the limit for an individual entity shall not exceed 200% of the lender's net worth.

Note 8: If a public company submits its lending to the Board of Directors' meeting for resolution case by case in accordance with paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, the amount of the resolution of the Board of Directors' meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out; if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the Board of Directors' meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the Board of Directors' meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the Board of Directors' meeting shall still be used as the balance for the public announcement and declaration.

Pan-International Industrial Corp.

Endorsement/guarantee provided

January 1 to December 31, 2022

Table 2

Unit: NTD thousand

(unless otherwise noted)

Serial No. (Note 1)	Name of company of the endorsement/guarantee	Guaranteed Party		Endorsement/guarantee limit for a single enterprise (Note 3)	Maximum endorsement/guarantee balance of the period (Note 4)	Endorsement/guarantee balance of the period (Note 5)	Transaction Amounts (Note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/guarantee amount to the net value in the latest financial report	Endorsement/guarantee limit (Note 3)	Endorsement/guarantee from the parent company to subsidiary (note 7)	Endorsement/guarantee from subsidiary to parent company (note 7)	Endorsement/guarantee to entities in the Mainland China (Note 7)	Remarks
		Company name	Relation (Note 2)											
1	P.I.E INDUSTRIAL BERHAD	PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	2	$ 1,885,746	$ 1,236,344	$ 1,191,184	$ 620,553	$ -	9.23	$ 3,771,491	Y	N	N	
1	P.I.E INDUSTRIAL BERHAD	PAN-INTERNATIONAL WIRE&CABLE(M) SDN.BHD.	2	1,885,746	92,646	91,298	4,245	-	0.71	3,771,491	Y	N	N	

Note 1: The explanation of the number column is as follows:

(1). Fill in 0 for the issuer.

(2). Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: There are 7 types of relations between the endorsement guarantor and the borrower as follows; simply mark the type:

(1). A company with business relations.

(2). A company with more than 50% of its voting shares is directly or indirectly held by the company.

(3). A company directly or indirectly holding more than 50% of the voting shares of the company.

(4). A company with more than 90% of its voting shares is directly or indirectly held by the company.

(5). A company with mutual guarantees in accordance with the contract which is in the same industry or a joint constructor to contract the project.

(6). A company that has been endorsed/guaranteed by all the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.

(7). Joint and several guarantees for the performance of a contract for the sale of pre-sold houses among companies in the same industry in accordance with the provisions of the Consumer Protection Act.

Note 3: The total amount of external endorsements/guarantees shall not exceed 100% of the Company's net value, and the limit of endorsements/guarantees for a single enterprise shall not exceed 50% of the Company's net worth.

The total amount of endorsements/guarantees provided by the Company and its subsidiaries to others shall not exceed 100% of the Company's net value; the total amount of endorsements/guarantees by the Company and its subsidiaries to a single enterprise shall not exceed 50% of the Company's net worth.

The total amount of endorsements/guarantees provided by the Company to a foreign subsidiary that the Company, directly and indirectly, holds 100% of its voting shares shall not exceed 50% of the parent company's net worth, and the limit for an individual entity shall not exceed 20% of the parent company's net worth.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: The amount approved by the Board of Directors' meeting shall be filled in. However, if the Board of Directors' meeting authorizes the chairman of the board to decide in accordance with subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements/guarantees shall be disclosed.

Note 7: Y is required only for an endorsement/guarantee of a listed parent company to a subsidiary, an endorsement/guarantee of a subsidiary to a listed parent company, and an endorsement/guarantee to entities in Mainland China.

Pan-International Industrial Corp.

Marketable securities held at period end (excluding investment in subsidiaries, associates, and jointly controlled entities).

December 31, 2022

Table 3

Unit: NTD thousand

(unless otherwise noted)

Holding Company Name	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	Financial report Account	Period end: Number of shares/beneficiary certificates	Period end: Book value	Period end: Shares Ratio	Period end: Fair value	Remarks
Pan-International Industrial Corp.	Common share	Innolux Corporation	None.	Financial assets measured at fair value through other comprehensive income - Non-current	74,848,918	$ 827,081	0.78	$ 827,081	
Pan-International Industrial Corp.	Common share	Syntrend Creative Park Co., Ltd.	The largest shareholder of this company is the largest shareholder of Hon Hai Precision Co., Ltd.	Financial assets measured at fair value through other comprehensive income - Non-current	12,831,500	68,548	5.23	68,548	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	EASTSPRING INVESTMENTS ISLAMIC INCOME FUND	None.	Financial assets measured at fair value through income - Current	23,362	86	-	86	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG AIIMAN MONEY MARKET FUND I	None.	Financial assets measured at fair value through income - Current	540,584	2,067	-	2,067	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG USD CASH FUND	None.	Financial assets measured at fair value through income - Current	255,342	8,086	0.60	8,086	
Yann-Yang Investments Corp.	Common share	Lico Technology Corporation	None.	Financial assets measured at fair value through income - Non-current	3,400,000	-	2.73	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	UER HOLDINGS CORPORATION	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through income - Non-current	1,781,979	-	8.22	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	FSK HOLDINGS LIMITED	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	50,400,000	34,478	17.50	34,478	
PAN GLOBAL HOLDING CO., LTD.	B share	CYBERTAN TECHNOLOGY CORP.	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	28,498,993	822,248	16.87	822,248	

Table 3 page 1

Pan-International Industrial Corp.

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.

December 31, 2022

Table 4

Unit: NTD thousand

(unless otherwise noted)

			Transaction Details				Differences in transaction terms from those of general transactions and reasons		Note/Accounts Receivable (Payable)		Remarks
Buyer/Seller	Related Party	Relation	Purchase (Sale)	Amount	Percentage over total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Percentage over total notes and accounts receivable (payable)	
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	$ 1,064,599	9	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	$ 623,025	18	
Pan-International Industrial Corp.	HONGFUJIN PRECISION ELECTRONICS (YANTAI) CO., LTD.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,840,669	16	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	822,526	24	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	673,647	6	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	213,027	6	
Pan-International Industrial Corp.	FIH (Hong Kong) Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	830,238	7	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	182,941	5	
Pan-International Industrial Corp.	Foxconn Technology Co., Ltd.	Other related parties	Sales	349,214	3	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	142,108	4	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	Subsidiary of the Company's indirect reinvestment	Sales	369,362	3	Monthly settlement 120 days T/T	No sale to other customers with no basis for comparison	No significant difference	43,221	1	
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	5,151,125	47	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(1,449,202)	(55)	
Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	1,021,693	9	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(165,036)	(6)	
Pan-International Industrial Corp.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	938,490	9	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(244,933)	(9)	
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,433,746	99	Monthly settlement 60 days T/T	No sale to other customers with no basis for comparison	No significant difference	639,744	100	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	Other related parties	Sales	2,052,186	26	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	767,948	35	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Foxconn Technology Co., Ltd	Other related parties	Purchase	1,492,187	21	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(452,220)	(40)	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Purchase	309,687	4	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(64,207)	(6)	
Tekcon Electronics Corporation	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	874,419	89	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(426,362)	(89)	
Pan-International Precision Electronic Co., Ltd.	Hong-qi Mechatronics (Anhui) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	318,194	18	Monthly settlement 90 days	No sale to other customers with no basis for comparison	No significant difference	187,364	37	
CJ Electric Systems Co., Ltd.	Chery Automobile Co., Ltd. Ordos Branch	Other related parties	Sales	218,301	7	Monthly settlement of 30 days	Negotiated Price is Adopted	No significant difference	-	-	Note 1
CJ Electric Systems Co., Ltd.	Wuhu Chery Automobile Purchasing Co Ltd.	Other related parties	Sales	1,113,002	37	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	-	-	Note 1
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fulitong Trade Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	128,811	43	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(148,152)	(70)	
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Fugion Material Technology (Shenzhen) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	204,295	5	Monthly settlement 90 days	Negotiated Price is Adopted	No significant difference	(73,770)	(8)	

Note 1: Listed as non-related party in September 2022

Pan-International Industrial Corp.

Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.

December 31, 2022

Table 5

Unit: NTD thousand

(unless otherwise noted)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties (Note 1)	Turnover Rate	Overdue		Accounts receivable from related parties recovered after the period	Provision for bad debt
					Amount	Actions Taken		
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	$ 213,027	2.83	$ -	Payment received after the period	$ 58,988	$ 85
Pan-International Industrial Corp.	FIH (Hong Kong) Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	182,941	3.07	-	Payment received after the period	-	73
Pan-International Industrial Corp.	HONGFUJIN PRECISION ELECTRONICS (YANTAI) CO., LTD.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	822,526	3.54	25,540	Payment received after the period	-	329
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	A company that evaluates the Company by the equity method	623,025	2.34	-	Payment received after the period	-	249
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the company by the equity method	105,147	6.17	3,157	Payment received after the period	10,985	42
Pan-International Industrial Corp.	Foxconn Technology Co., Ltd.	Other related parties	142,108	2.65	-	Payment received after the period	40,096	57
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	1,449,202	4.24	-	Payment received after the period	-	579
Pan-International Precision Electronic Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	165,036	5.44	-	Payment received after the period	90,647	-
Pan-International Precision Electronic Co., Ltd.	Hong-qi Mechatronics (Anhui) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	187,364	3.40	8,210	Payment received after the period	39,448	75
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	639,744	2.18	-	Payment received after the period	29,237	256
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	Other related parties	767,948	3.71	-	Payment received after the period	524,660	-

Note 1: Please refer to the description in Table 1 for the transaction information of the related party's capital loan and its receivables amounting to NT$100 million or over 20% of the paid-in capital.

Pan-International Industrial Corp.

Significant Inter-company Transactions during the Reporting Period

December 31, 2022

Table 6

Unit: NTD thousand

(unless otherwise noted)

Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with the transaction parties (Note 2)	Description of Transactions (note 4 and note 7)			
				Account	Amount	Transaction Terms	Percentage over consolidated total revenue or total assets (note 3)
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	$ 5,151,125	Note 6	20
0	Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	1	Purchase	1,021,693	Note 6	4
0	Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	1	Sales	369,362	Note 5	1
1	Pan-International Precision Electronic Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	165,036	Note 6	1
2	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	1,449,202	Note 6	6

Note 1: The business information between the parent company and the subsidiary shall be indicated in the number column respectively, and the number shall be filled in as follows:

(1) Fill in 0 for the parent company.

(2) Subsidiaries are numbered in sequence in each company type starting numerically from 1.

Note 2: There are three types of relationship with the transaction parties; mark the type (there is no need to repeatedly disclose the same transaction between parent and subsidiary companies or between subsidiary companies. For example, if a parent company discloses a transaction with a subsidiary, the subsidiary does not have to repeat the disclosure of the transaction; if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the transaction again):

(1) Parent company with a subsidiary.

(2) A subsidiary with the parent company.

(3) A subsidiary with a subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if the item is classified as an asset or liability, the ratio is calculated with its ending balance as a percentage over the total consolidated assets; if the item is classified as an income, the ratio is calculated with the income accumulated at the end of the period as a percentage over the total consolidated revenue.

Note 4: The standard for disclosing the transaction information above between the parent company and a subsidiary is that the amount of purchase, sale, and receivables from related parties reaches NT$100 million or 20% of the paid-in capital.

Note 5: The transaction price is similar to that of the general customer, with a collection period of 120 days monthly settlement.

Note 6: Transaction prices are negotiated and the collection period is monthly settlement 90 days.

Note 7: Please refer to the description in Table 1 for the transaction information of the related party's capital loan and its receivables amounting to NT$100 million or over 20% of the paid-in capital.

Pan-International Industrial Corp.

The name and location of the investee company and other relevant information (excluding investee companies in Mainland China)

January 1 to December 31, 2022

Table 7

Unit: NTD thousand

(unless otherwise noted)

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount		Shares held as at end of the period			Net income (loss) of the Investee for current period	Investment gains and losses recognized in the current period	Remarks
				End of the period	End of last year	Shares	Ratio	Book value			
Pan-International Industrial Corp.	PAN GLOBAL HOLDING CO., LTD.	The British Virgin Islands	Holding company	$ 3,472,484	$ 3,472,484	$ 12,220	100	$ 10,654,946	$ 955,410	$ 955,410	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS INC.	USA	Sale of electronic products	73,142	73,142	28,000	100	223,008	6,955	6,955	
Pan-International Industrial Corp.	Yann-Yang Investments Corp.	Taiwan	Investment company	363,997	363,997	33,316,236	100	202,762	3,803	3,803	
Yann-Yang Investments Corp.	Tekcon Electronics Corporation	Taiwan	Manufacturing and sale of connectors for electronic signal cables	393,898	393,898	21,960,504	83.58	193,989	4,580	3,828	
PAN GLOBAL HOLDING CO., LTD.	P.I.E. INDUSTRIAL BERHAD (PIB)	Malaysia	Holding company	42,840	42,840	197,459,985	51.42	1,939,301	474,418	243,946	Note 1
PAN GLOBAL HOLDING CO., LTD.	GREAT HAVEN HOLDINGS LTD. (GHH)	The British Virgin Islands	Holding company	-	612,775	-	100	-	7	7	Note 2
PAN GLOBAL HOLDING CO., LTD.	BEYOND ACHIEVE ENTERPRISE LTD. (BAE)	The British Virgin Islands	Holding company	294,816	294,816	9,600,000	100	687,937	38,813	38,813	Note 3
PAN GLOBAL HOLDING CO., LTD.	TEAM UNION INTERNATIONAL LTD. (TUI)	Hong Kong	Holding company	503,644	503,644	3,120,001	100	1,358,541	276,210	276,210	Note 4
PAN GLOBAL HOLDING CO., LTD.	EAST HONEST HOLDINGS LIMITED (EHH)	Hong Kong	Holding company	3,292,646	3,292,646	665,799,420	100	3,803,892	548,488	548,488	Note 5
PAN GLOBAL HOLDING CO., LTD.	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	646,000	646,000	20,187,500	16.93	529,010	(3,538)	(6,202)	
Tekcon Electronics Corporation	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	250,000	250,000	7,812,500	5.48	204,721	(3,538)	(2,401)	

Note 1: The Company mainly reinvests indirectly through PIB in Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. from the production of cable-attached connectors or electronic products and sales in Malaysia.

Note 2: The Company's sub-subsidiary GHH was de-registered in November 2022.

Note 3: The Company mainly reinvests in New Ocean Precision Component (Jiangxi) Co., Ltd. indirectly through BAE. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 4: The Company mainly reinvests in Pan-International Precision Electronic Co., Ltd. indirectly through TUI. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 5: The Company mainly reinvests in Honghuasheng Precision Electronics (Yantai) Co., Ltd. indirectly through EHH. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 6: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Pan-International Industrial Corp.

Mainland China investment information - Basic information

January 1 to December 31, 2022

Table 8

Unit: NTD thousand

(unless otherwise noted)

Name of the investee in mainland China	Main Businesses and Products	Paid-in Capital	Method of Investments (Note 2)	Cumulative outward remittance of investment amount from Taiwan at the beginning of the period	Investment Flows of current period: Outward	Investment Flows of current period: Inward	Cumulative outward remittance of the investment amount from Taiwan in the period end	Net income (loss) of the Investee for current period	% Ownership of Direct or Indirect Investment	Investment gains and losses recognized in the current period (Note 3)	Book value of the investment at the end of the period	Investment gains repatriated as of the end of the period	Remarks
Pan-International Precision Electronic Co., Ltd.	Manufacturing and sale of wires, cables, connecting wires, connecting wire connectors, and wire plugs.	$ 503,644	2	$ 383,875	$ -	$ -	$ 383,875	$ 276,210	100	$ 276,210	$ 1,358,543	$ -	Note 6
Fuyu Property (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	5,164,082	2	836,848	-	-	836,848	90,773	16.87	-	822,248	-	Note 8
New Ocean Precision Component (Jiangxi) Co., Ltd.	Manufacturing and operation of various types of plugs and sockets and telecommunications.	294,816	2	-	-	-	-	38,813	100	38,813	687,935	-	
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	2,634,918	2	2,717,835	-	-	2,717,835	608,931	100	608,931	3,803,260	-	Note 4

Company name	The cumulative amount of outward remittance of investment from Taiwan to mainland China at the end of the period (notes 5 and 6)	Investment amount approved by the Investment Commission, MOEA	In compliance with the investment limit stipulated by the Investment Commission, MOEA for investment in mainland China. (note 7).
Pan-International Industrial Corp.	$ 4,354,402	$ 6,216,914	$ -

Note 1: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Note 2: There are three investment modes:

1. Direct investment in mainland China.
2. Re-investment in mainland China through Pan Global Holding Co., Ltd. of a third region.
3. Other modes.

Note 3: The field of investment gains and losses recognized in the current period is recognized under the audited financial statements.

Note 4: In the first quarter of 2012, the company acquired 100% of the equity of East Honest Holdings Limited through the subsidiary Pan Global Holding Co., Ltd. and indirectly acquired Honghuasheng Precision Electronics (Yantai) Co., Ltd.; the investment amount approved by the Investment Commission, MOEA was USD 107,217 thousand.

Note 5: The following are the investment withdrawal cases approved by the Investment Commission, MOEA as of December 31, 2022:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan	
September 5, 2003	0920028972	Dongguan Junwang Technology Co., Ltd.	USD	91 thousand
December 9, 2010	09900496780	Saibo Digital Technology (Guangzhou) Co., Ltd.		476 thousand
May 30, 2011	10000205680	Yunnan Saibo Digital Technology Co., Ltd.		190 thousand
May 30, 2011	10000205690	Chongqing Saibotel Digital Square Co., Ltd.		454 thousand
May 30, 2011	10000205700	Nanchong Saibo Digital Square Co., Ltd.		58 thousand
March 22, 2017	10600038030	UER Battery Technology (Shenzhen) Co., Ltd.		1,100 thousand
May 9, 2017	10630024870	Ganchuang International Trade (Shenzhen) Co., Ltd.		8,650 thousand
			USD	11,019 thousand

Because these reinvestment companies suffer losses, the amount of investment originally remitted from Taiwan cannot offset the amount of investment in mainland China.

Note 6: In November 2011, the Company was granted a document, IC(II) No. 10000518690 by the Investment Commission, MOEA, that approved the rescission of the unexecuted investment amount of US$500 thousand for Pan-International Precision Electronic Co., Ltd.

On October 30, 2014, the Company was granted a document, IC(II) No. 10300233110 by the Investment Commission, MOEA that approved the transferring of Cyberport Digital Tech (Qingdao) Co., Ltd, and 42 other companies to Le Zhiwan Ranch Holding Investment Ltd. (Samoa);

In March 2017, the Company was granted a document, IC(II) No. 10600038030 by the Investment Commission, MOEA that approved the rescission of unexecuted investment amount of US$5.2 million for UER Battery Technology (Shenzhen) Co., Ltd..

Note 7: The Company received a letter from the Industrial Development Bureau, MOEA referenced Jing-Shou-Gong-Zi No. 10820432920 in December 2019 certifying the compliance with the operation scope of operation headquarters, and no investment limit is required from December 4, 2019 to December 31, 2022.

Note 8: The Company's subsidiary Pan Global Holding Co., Ltd. sold 16.87% of its-owned Class A shares of CYBERTAN TECHNOLOGY CORP. in the second quarter of 2021. The reinvestment business Fuyu Property (Shanghai) Co., Ltd. was indirectly disposed of. As of December 31, 2022, the Company indirectly held 16.87% of Class B shares of its reinvestment business Fuyu Property (Shanghai) Co., Ltd.

Pan-International Industrial Corp.

Information on major shareholders

December 31, 2022

Table 9

Name of major shareholders	Share	
	Number of shares held	Shares Ratio
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%

Note 1: The information of major shareholders in this table is based on the information from the Central Depository on the last business day at the end of each quarter, covering shareholders stake of more than 5% of the Company's common and special shares that have completed dematerialized registration and delivery (including treasury shares).

The share capital reported in the financial report and the actual number of shares that have completed the scriptless registration may be different due to differences in the basis of compilation and calculation.

Note 2: If the shareholder puts the shares into a trust, the aforementioned information will be disclosed by the trustors' individual account opened by the trustee. As for shareholders' insider declaration of the ownership percentage over 10% according to the Securities and Exchange Act, including the shares on hand and those being put in a trust but with the decision power over the usage of the trust assets, please refer to the insider declaration information on MOPS.

Note 3: The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders' register on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).

Note 4: Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have completed scriptless registration.

Note 5: Total number of shares that have completed scriptless registration (including treasury shares) that have completed dematerialized registration and delivery is 518,346,282 shares = 518,346,282 (common shares) + 0 (preferred shares).

Pan-International Industrial Corp.
Cash and cash equivalents
December 31, 2022

Subsidiary Ledger 1 | Unit: NTD thousand

Item	Summary					Amount
Petty cash						$ 80
Time deposit	NTD	55,865	Thousand			55,865
	USD	21,504	Thousand	Exchange rate	30.7100	660,392
	RMB	206	Thousand	Exchange rate	4.4080	909
	HKD	7,304	Thousand	Exchange rate	3.3980	28,762
	JPY	317	Thousand	Exchange rate	0.2405	74
Time deposit	NTD	680,000	Thousand			680,000
Cash equivalents - Bond repos	NTD	249,747	Thousand			249,747
						$ 1,675,829

Pan-International Industrial Corp.
Net accounts receivable
December 31, 2022

Subsidiary Ledger 2 | Unit: NTD thousand

Item	Summary	Amount	Remarks
Non-related Parties			
Skwentex International Corporation		$ 361,869	
Others		645,069	The balance of each sporadic account falls below 5% of the total under this title.
Less: Allowance for impairment loss		(416)	
		1,006,522	
Related Parties			
Hongfujin Precision Electronics (Yantai) Co., Ltd.		$ 822,526	
Hongfutai Precision Electronics (Yantai) Co., Ltd.		623,025	
Hongfujin Precision Electronics (Wuhan) Co., Ltd.		213,027	
FIH (Hong Kong) Limited		182,941	
Others		548,818	The balance of each sporadic account falls below 5% of the total under this title.
Less: Allowance for impairment loss		(959)	
		2,389,378	
		$ 3,395,900	

<u>Pan-International Industrial Corp.</u>
<u>Inventory</u>
<u>December 31, 2022</u>

Subsidiary Ledger 3 Unit: NTD thousand

Item	Summary	Amount: Cost	Amount: Net realizable value	Remarks
Raw materials		$ 5,907	$ 5,861	Net realizable value as market price
Finished products		457,620	469,992	”
		463,527	$ 475,853	
		(56,334)		
Less: provision for valuation loss of inventory		$ 407,193		

Pan-International Industrial Corp.
Financial assets measured at fair value through other comprehensive income - noncurrent
January 1 to December 31, 2022

Subsidiary Ledger 4

Unit: NTD thousand

Name	At beginning of period		Increase in current period (Note 1)		Decrease in current period (Note 2)		Period end		Guarantee or pledge	Remarks
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Innolux Corporation	82,705,987	$ 1,621,037	-	$ 715,386	(7,857,069)	($ 1,509,342)	74,848,918	$ 827,081	None.	
Syntrend Creative Park Co., Ltd.	12,831,500	73,812	-	5,264	-	(10,528)	12,831,500	68,548	”	
		$ 1,694,849		$ 720,650		($ 1,519,870)		$ 895,629		

Note 1: The increase in current period is the adjustment of the unrealized valuation gain/loss of financial assets measured at fair value through other comprehensive income.

Note 2: The decrease in current period is the adjustment of the unrealized gain/loss, the proceeds from disposals and refund of investment of financial assets at fair value through other comprehensive income.

Pan-International Industrial Corp.
Changes in long-term equity investment accounted for under the equity method
January 1 to December 31, 2022

Subsidiary Ledger 5

Unit: NTD thousand

Name	Balance at the beginning of the period		Increase in current period (Note)		Decrease in current period (Note)		Ending balance			Net value of equity		Guarantee or pledge
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding (%)	Amount	Unit price ($)	Total	
PAN GLOBAL HOLDING CO., LTD.	12,220	$ 9,332,889	-	$ 1,332,095	-	(10,038)	12,220	100	10,654,946	$ -	$ 10,654,946	None.
PAN-INTERNATIONAL ELECTRONICS INC.	28,000	194,544	-	28,464	-	-	28,000	100	223.008	-	223.008	〃
Yann-Yang Investments Corp.	33,316,236	188,118	-	14,644	-	-	33,316,236	100	202.762	-	202.762	〃
		$ 9,715,551		$ 1,375,203		($ 10,038)			$ 11,080,716		$ 11,080,716	

Note: The amount of increase and decrease in the current period includes the share of profits and losses of subsidiaries, affiliates, and joint ventures using the equity method; currency exchange differences arising from foreign operating agency financial statements; actuarial gains and losses of defined benefit plans; unrealized gains and losses of the investee company’s financial assets measured at fair value through other comprehensive gains and losses; and changes in the net worth of the investee company's equity and the return of the share capital due to the capital reduction of the investee company.

Pan-International Industrial Corp.
Short-term borrowings
December 31, 2022

Subsidiary Ledger 6

Unit: NTD thousand

Lending bank	Loan type	Ending balance	Contract term	Interest Rate	Credit limit	Guarantee or pledge	Remarks
Taipei Fubon Bank	Credit lending	$ 614,200	2022/9/12~2023/1/13	5.39%	$ 1,000,000	None.	
CTBC Bank	Credit lending	752,395	2022/11/25~2023/1/13	5.20%	800,000	〃	
		$ 1,366,595			$ 1,800,000		

Pan-International Industrial Corp.
Accounts payable
December 31, 2022

Subsidiary Ledger 7 Unit: NTD thousand

Name of supplier	Summary	Amount	Remarks
Non-related Parties:			
Innolux Corporation		$ 176,671	
CHANPION ASIA INTERNATIONAL ELECTRONIC LIMITED		166,329	
Others		397,457	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
		740,457	
Related Parties			
Honghuasheng Precision Electronics (Yantai) Co., Ltd.		$1,449,202	
Foxconn Interconnect Technology Limited		244,933	
Pan-International Precision Electronic Co., Ltd.		165,036	
Others		17,055	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
		1,876,226	
		$2,616,683	

Pan-International Industrial Corp.
Operating revenue
January 1 to December 31, 2022

Subsidiary Ledger 8 Unit: NTD thousand

Item	Quantity	Amount	Remarks
Electronic Components	Note	$ 8,458,679	
Computers and peripherals	〃	3,298,766	
		11,757,445	
Less: sale return and discount		(758)	
		$ 11,756,687	

Note: The products for sale come in a great variety and the pricing per unit also differs, as such the quantity is not specified here.

Pan-International Industrial Corp.
Operating cost
January 1 to December 31, 2022

Subsidiary Ledger 9 Unit: NTD thousand

Item	Amount
Inventory at beginning of period	$ 1,266,346
Add: purchase in current period	10,317,579
Inventory at the end of period	(463,527)
Other cost of operation	15,883
Inventory valuation loss	12,090
	$ 11,148,371

Pan-International Industrial Corp.
Operating expenses
January 1 to December 31, 2022

Subsidiary Ledger 10 Unit: NTD thousand

Item	Selling and marketing expenses	Administrative and general affairs expense	Research and development expenses	Expected credit impairment gain	Total	Remarks
Salary expense	$ 34,798	$ 36,891	$ 13,863	$ -	$ 85,552	
Import and export fee	20,499	7	-	-	20,506	
Professional service charge	2,045	7,377	-	-	9,422	
Commission expense	9,106	-	-	-	9,106	
Employee welfare	1,431	2,86	773	-	5,090	
Freight costs	7,226	36	24	-	7,286	
Expected credit impairment gain	-	-	-	(1,861)	(1,861)	
Others	5,309	17,121	2,595	-	25,025	The balance of each sporadic title falls below 5% of the total under this title
	$ 34,798	$ 64,318	$ 17,255	($ 1,861)	$ 160,126	