

Pan-International Industrial Corp.
Parent Company Only Financial Statements and
Auditors' Report
2023 and 2022
(Stock code 2328)

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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.
2023 and 2022 Parent Company Only Financial Statements and Auditors' Report
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Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004347

To Pan-International Industrial Corp.

Audit Opinions

We have audited the Parent Company Only Balance Sheet of Pan-International Industrial Corp. of December 31, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, and the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2023 and 2022.

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 the Company in 2023. 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 2023 Parent Company Only Financial Statements of the Company 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 (4) of the Notes to Parent Company Only Financial Statements. As of December 31, 2023, the balance of inventory and provision for valuation loss for the Company amounted to NT\$315,066 thousand and NT\$3,981 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\$3,868,193 thousand and NT\$146,527 thousand, respectively.

The Company mainly produces and sells computer peripherals, automobile cable harness, industrial control and medical devices, among other related electronic products. Rapid changes in the technological environment allow for only a short life cycle of the inventory. In addition, the inventory is highly vulnerable to price fluctuations in the market. The result is devaluation due to falling prices of inventory, or the risk of phase out is higher. Pan-International 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.

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, the opinions on the aforementioned parent company only financial statements regarding the amount presented in the aforementioned financial statements of these subsidiaries before adjustment were based on the Auditors' Report of other certified public accountants. The investment of the above companies accounted for under the investment by equity method amounted to NT\$2,325,240 thousand and NT\$2,231,230 thousand as of December 31, 2023 and 2022, which accounted for 14% and 13% 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, 2023 and 2022, amounted to NT\$519,174 thousand and NT\$477,447 thousand, and accounted for 42% and 47% 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 the Company in 2023 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

Jen-Chieh Wu

Former Financial Supervisory Commission, Executive Yuan

Approval No.: (1995)Tai-Cai-Cheng-VI No. 13377

Financial Supervisory Commission

Approval No.: Jin-Guan-Cheng-Shen-Zi No. 1120348565

March 13, 2024

Pan-International Industrial Corp.
Parent company only balance sheet
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		A m o u n t	%	A m o u n t	%	
Current Assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,718,409	11	\$ 1,675,829	9
1170	Net accounts receivable	6 (3)	869,419	5	1,006,522	6
1180	Accounts receivable - Related parties	7				
	net		1,232,756	8	2,389,378	14
1200	Other receivables	7	77,265	-	74,437	-
130X	Inventory	6 (4)	311,085	2	407,193	2
1479	Other current assets -others		5,512	-	1,604	-
11XX	Total Current Assets		<u>4,214,446</u>	<u>26</u>	<u>5,554,963</u>	<u>31</u>
Non-Current Assets						
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (5)	1,081,031	7	895,629	5
1535	Financial assets measured at after-amortization cost - Non-current	6 (2)	290,000	2	-	-
1550	Investment by equity method	6 (6)	9,967,974	62	11,080,716	63
1600	Property, plant, and equipment	6 (7)	17,776	-	17,918	-
1760	Net investment property	6 (8)	33,710	-	33,931	-
1780	Intangible asset		405	-	-	-
1840	Deferred tax assets	6 (22)	14,391	-	18,794	-
1900	Other non-current assets	6 (9) (12)	498,920	3	79,646	1
15XX	Total Non-Current Assets		<u>11,904,207</u>	<u>74</u>	<u>12,126,634</u>	<u>69</u>
1XXX	Total assets		<u>\$ 16,118,653</u>	<u>100</u>	<u>\$ 17,681,597</u>	<u>100</u>

(continued)

Pan-International Industrial Corp.
Parent company only balance sheet
December 31, 2023 and 2022

Unit: NTD thousand

LIABILITIES AND EQUITY		Note	December 31, 2023		December 31, 2022	
			A m o u n t	%	A m o u n t	%
Current liability						
2100	Short-term borrowings	6 (10)	\$ -	-	\$ 1,366,595	8
2130	Contractual liabilities - Current	6 (17)	104,883	1	148,107	1
2170	Accounts payable		584,794	4	740,457	4
2180	Accounts payable - Related parties	7	1,352,194	8	1,876,226	10
2200	Other payables	6 (11)	311,137	2	305,202	2
2230	Current tax liabilities	6 (22)	131,939	1	134,823	1
2399	Other current liabilities - Other		504	-	536	-
21XX	Total current liabilities		<u>2,485,451</u>	<u>16</u>	<u>4,571,946</u>	<u>26</u>
Non-current liabilities						
2570	Deferred tax liabilities	6 (22)	221,419	1	205,200	1
2670	Other noncurrent liabilities - others		5,386	-	5,386	-
25XX	Total non-current liabilities		<u>226,805</u>	<u>1</u>	<u>210,586</u>	<u>1</u>
2XXX	Total liabilities		<u>2,712,256</u>	<u>17</u>	<u>4,782,532</u>	<u>27</u>
interests						
Share capital						
3110	Common share capital	6 (13)	5,183,462	32	5,183,462	29
Capital surplus						
3200	Capital surplus	6 (14)	1,503,606	10	1,503,606	9
Retained earnings						
3310	Legal reserve	6 (15)	1,401,022	9	1,269,138	7
3320	Special reserve		1,385,207	8	1,072,435	6
3350	Undistributed earnings		5,343,835	33	5,255,632	30
Other equities						
3400	Other equities	6 (16)	(1,410,735)	(9)	(1,385,208)	(8)
3XXX	Total equity		<u>13,406,397</u>	<u>83</u>	<u>12,899,065</u>	<u>73</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Significant Subsequent Events						
3X2X	Total liabilities and equity		<u>\$ 16,118,653</u>	<u>100</u>	<u>\$ 17,681,597</u>	<u>100</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent company only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022	
		A m o u n t	%	A m o u n t	%
4000 Operating revenue	6 (17) and 7	\$ 9,259,899	100	\$ 11,756,687	100
5000 Operating cost	6 (4) (20) and 7	(8,543,854)	(92)	(11,148,371)	(95)
5900 Operating profit margin		<u>716,045</u>	<u>8</u>	<u>608,316</u>	<u>5</u>
Operating expenses	6 (20)				
6100 Selling and marketing expenses		(66,736)	(1)	(80,414)	(1)
6200 General and administrative expenses		(79,059)	(1)	(64,318)	-
6300 Research and development expenses		(18,209)	-	(17,255)	-
6450 Expected credit impairment gain	12 (2)	<u>560</u>	<u>-</u>	<u>1,861</u>	<u>-</u>
6000 Total operating expenses		<u>(163,444)</u>	<u>(2)</u>	<u>(160,126)</u>	<u>(1)</u>
6900 Operating profit		<u>552,601</u>	<u>6</u>	<u>448,190</u>	<u>4</u>
Non-operating income and expense					
7100 Interest income		28,604	-	8,442	-
7010 Other income	6 (18)	8,390	-	95,413	1
7020 Other gains and losses	6 (19)	(1,104)	-	(4,037)	-
7050 Financial costs	6 (21)	(29,944)	-	(20,846)	-
7070 The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	6 (6)	<u>848,166</u>	<u>9</u>	<u>966,168</u>	<u>8</u>
7000 Total non-operating income and expenses		<u>854,112</u>	<u>9</u>	<u>1,045,140</u>	<u>9</u>
7900 Net income before tax		<u>1,406,713</u>	<u>15</u>	<u>1,493,330</u>	<u>13</u>
7950 Income tax expense	6 (22)	<u>(150,003)</u>	<u>(2)</u>	<u>(171,040)</u>	<u>(2)</u>
8200 Net profit of the current period		<u>\$ 1,256,710</u>	<u>13</u>	<u>\$ 1,322,290</u>	<u>11</u>
Other comprehensive income (net)					
Items that will not be reclassified subsequently to profit or loss					
8311 Remeasured value of defined benefit plan	6 (12)	\$ 2,034	-	\$ 6,740	-
8316 Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (16)	222,827	3	(720,650)	(6)
8330 The other comprehensive income from subsidiaries, associates, and joint ventures accounted for under the equity method- items not reclassified as income	6 (23)	(71,452)	(1)	13,741	-
8349 Income tax related to items not reclassified	6 (22)	<u>(407)</u>	<u>-</u>	<u>(1,349)</u>	<u>-</u>
8310 Total of items not reclassified to profit or loss		<u>153,002</u>	<u>2</u>	<u>(701,518)</u>	<u>(6)</u>
Items that may be reclassified					

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent company only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

	subsequently to profit or loss:											
8361	Currency translation difference	6 (16)	(<u>176,695</u>)	(<u>2</u>)	<u>395,292</u>	<u>4</u>		
8360	Total of items that may be reclassified subsequently to profit or loss:		(<u>176,695</u>)	(<u>2</u>)	<u>395,292</u>	<u>4</u>		
8300	Other comprehensive income (net)		(\$	<u>23,693</u>)	-	(\$	<u>306,226</u>)	(<u>2</u>)
8500	Total comprehensive income in the current period		\$	<u>1,233,017</u>		<u>13</u>	\$	<u>1,016,064</u>		<u>9</u>		
	Earnings per share (EPS)	6 (24)										
9750	Basic earnings per share		\$	<u>2.42</u>		\$	<u>2.55</u>					
9850	Diluted earnings per share		\$	<u>2.41</u>		\$	<u>2.54</u>					

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent Company Only Statement of Changes in Shareholders Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	Capital surplus			Retained earnings			Other equities			Total Equity
		Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Undistributed earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
<u>2022</u>											
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 profit of the current period		-	-	-	-	-	-	1,322,290	-	-	1,322,290
Other comprehensive income recognized for the period	6 (16) (23)	-	-	-	-	-	-	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 (15)										
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
<u>2023</u>											
January 1		\$ 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
Net profit of the current period		-	-	-	-	-	-	1,256,710	-	-	1,256,710
Other comprehensive income recognized for the period	6 (16) (23)	-	-	-	-	-	-	1,834	(176,695)	151,168	(23,693)
Total comprehensive income in the current period		-	-	-	-	-	-	1,258,544	(176,695)	151,168	1,233,017
Earnings distribution and provisions for 2022:	6 (15)										
Provision of legal reserve		-	-	-	-	131,884	-	(131,884)	-	-	-
Reversal of special reserve		-	-	-	-	-	312,772	(312,772)	-	-	-
Cash dividends		-	-	-	-	-	-	(725,685)	-	-	(725,685)
December 31		\$ 5,183,462	\$ 1,402,318	\$ 98,543	\$ 2,745	\$ 1,401,022	\$ 1,385,207	\$ 5,343,835	(\$ 1,142,062)	(\$ 268,673)	\$ 13,406,397

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent company only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	For the years ended December 31, 2023	J a n u a r y 1 t o December 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 1,406,713	\$ 1,493,330
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (20)	510	643
Reversal of anticipated credit impairment gain	12 (2)	(560)	(1,861)
Net benefits of financial assets and liabilities measured at fair value through the income	6 (19)		
Interest expense	6 (21)	(8,991)	(2,680)
Interest income		29,944	20,846
Dividend income	6 (18)	-	(8,442)
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method	6 (6)		87,254)
Unrealized exchange loss	6 (25)	(848,166)	(966,168)
		-	82,895
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		8,991	2,680
Net accounts receivable		137,104	35,382
Accounts receivable - Related parties net		1,156,622	(605,620)
Inventory		96,108	814,909
Other receivables		(3,706)	4,692
Other current assets		(3,908)	711
Net change in liabilities related to operating activities			
Accounts payable		(155,663)	(744,230)
Accounts payable - Related parties		(524,032)	242,855
Other payables		2,597	117,039
Contractual liabilities		(43,224)	(480,256)
Cash inflow (outflow) from operations		1,221,735	(80,529)
Income tax paid		(132,671)	(142,691)
Net Cash inflow (outflow) from operating activities		1,089,064	(223,220)
<u>Cash flows from investing activities</u>			
Increase in financial assets measured at after-amortization cost - non-current		(290,000)	-
Refund of capital investment in financial assets measured at fair value through other comprehensive income	6 (5)		
Refunds of shares due to capital decrease by the investee using the investment by equity method	6 (6)	37,424	78,570
Share capital returned from liquidation of the investee company		1,712,760	-
Purchase of property, plant and equipment	6 (7)	-	41
Increase in intangible assets		(350)	(216)
Decrease (increase) of receivables from purchase of materials for a third party		3,370	-
Increase in refundable deposits		(13,382)	(7,144)
Interest received		26,671	-
Dividend received		-	8,442
Increase in other non-current assets		(400,753)	87,254
		28,915	(28,915)

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Parent company only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Note	For the years ended December 31, 2023	J a n u a r y 1 t o December 31, 2022
	1,075,740	138,032
Net cash inflow from investment activities		
<u>Cash flows from financing activities</u>		
Increase (decrease) in short-term borrowings	(1,366,595)	730,100
Interest paid	(29,944)	(20,846)
Cash dividend payment	(725,685)	(518,346)
Net cash inflow (outflow) from financing activities	(2,122,224)	190,908
Increase in cash and cash equivalents in the current period	42,580	105,720
Cash and cash equivalents at the beginning of the period	1,675,829	1,570,109
Cash and cash equivalents at the end of the period	<u>\$ 1,718,409</u>	<u>\$ 1,675,829</u>

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

Chairman: Lee, Kuang-Yao

Managerial Officers: Tsai, Ming-Feng

Accounting supervisor: Tai, Chih-Hao

Pan-International Industrial Corp.
Notes to Parent company only financial reports
2023 and 2022

Unit: NTD thousand
(unless otherwise noted)

I. Organization and operations

Pan-International Industrial Corp. (hereinafter referred to as the "Company") was incorporated in the Republic of China. The main operations of the Company are the development, manufacturing, and sales of electronic signal cables, connectors, connecting wires, precision molds, various plugs, sockets for telecommunication communication, wireless Bluetooth, PCB and other computer peripheral products, medical device related products, industrial control products, automotive cable harnesses, automotive components and accessories, smart in-vehicle equipment, and other products .

II. The Authorization of Financial Reports

The Parent Company Only Financial Statements have been passed by the Board on March 13, 2024, 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 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
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 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.

(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 2024:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 16 "Lease Liabilities for Sale and Leaseback"	January 1, 2024
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

(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:

<u>New issued/amended/revised standards and interpretations</u>	<u>Effective date of the release of the International Accounting Standards Board</u>
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
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
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

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. Refers 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, and 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. Refers 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. 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 individual entities (including structured individual entities) controlled by the Company. When the Company is exposed to or entitled to variable remuneration from participation in an individual entity, and can influence such remuneration through the power over the individual entity, the Company controls such an individual 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 accounted for at the acquisition cost.
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 reviews the residual value, service life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value or service life is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, then from the date of the change, it shall be handled in accordance with the provisions of the International Accounting Standard No. 8 "Accounting Policies, Changes and Errors in Accounting Estimates." The service life of each asset is as follows:

Buildings	15 ~ 51 years
Equipment	3 ~ 9 years
Others	1 ~ 6 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 15–51 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. Refers 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 with respect to 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 nor does it generate an equal taxable and deductible temporary difference, 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) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options, net of income tax, are recognized in equity as a deduction of the consideration.

(XXV) 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.

(XXVI) Revenue recognition

1. The Company manufactures and sells electronic components. 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 provide a detailed description of the uncertainties of significant accounting judgments, estimates, and assumptions as follows:

(I) Important judgment on the adoption of accounting policies

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. Please refer to Note 6 (5) for the carrying amount of the Group's inventory as of December 31, 2024.

VI. Note to important account items

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 80	\$ 80
Time deposit	635,319	746,002
Time deposit	502,733	680,000

Cash equivalents - Bond repos	580,277	249,747
	<u>\$ 1,718,409</u>	<u>\$ 1,675,829</u>

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) Financial assets measured at after-amortization cost

Item	December 31, 2023
Non-current items:	
Ordinary corporate bonds	<u>\$ 290,000</u>

1. The details of financial assets measured at amortized cost recognized in profit or loss are as follows:

	2023
Interest income	<u>\$ 1,933</u>

2. The counterparties of the Company are financial institutions with good credit quality, and the possibility of default is expected to be very low.

3. Please refer to Note 12 (2) for the credit risk information of financial assets measured at amortized cost.

(III) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 869,769	\$ 1,006,938
Less: Allowance for impairment loss	<u>(350)</u>	<u>(416)</u>
	<u>\$ 869,419</u>	<u>\$ 1,006,522</u>

1. The balance of accounts receivable on December 31, 2023 and 2022 are generated from customer contracts. As of January 1, 2022, the balance of accounts receivable from customer contracts amounted to NT\$1,042,320.

2. Without considering the collateral held or other credit enhancements, the exposure amount that best represents the Company's accounts receivable as of December 31, 2023 and 2022, 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.

(IV) Inventory

	December 31, 2023		
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 9,434	(\$ 1,008)	\$ 8,426
Finished products	<u>305,632</u>	<u>(2,973)</u>	<u>302,659</u>
	<u>\$ 315,066</u>	<u>(\$ 3,981)</u>	<u>\$ 311,085</u>

	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
	<u>\$ 463,527</u>	<u>(\$ 56,334)</u>	<u>\$ 407,193</u>

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

	2023	2022
Cost of inventory sold	\$ 8,596,207	\$ 11,136,281
Inventory valuation loss (rebound profit)	(52,353)	12,090
	<u>\$ 8,543,854</u>	<u>\$ 11,148,371</u>

Because the Company got rid off part of the inventory of which the net realizable value fell below the cost in 2023, the net realizable value of inventory rebounded.

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed and OTC stocks	\$ 1,016,823	\$ 827,081
Non-public offering company stocks	64,208	68,548
Total	<u>\$ 1,081,031</u>	<u>\$ 895,629</u>

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 2023 and 2022, and the detail is specified in Note 6 (16), other equities.
3. The Company did not pledge any of the financial assets measured at fair value through other comprehensive income on December 31, 2023 and 2022.
4. The shares of a listed company held by the Company were refunded due to capital decrease in 2023 and 2022, with the amounts of NT\$37,424 and NT\$78,570, respectively.

(VI) Investment by equity method

	December 31, 2023	December 31, 2022
Pan Global Holding Co., Ltd. (PGH)	\$ 9,565,251	\$ 10,654,946
PAN-INTERNATIONAL ELECTRONICS INC.(PIU)	233,711	223,008
Yann-Yang Investments Corp. (Yann-Yang)	169,012	202,762
	<u>\$ 9,967,974</u>	<u>\$ 11,080,716</u>

1. The Company's share of profit or loss of the subsidiaries accounted for using the equity method in 2023 and 2022 is as follows:

	2023	2022
Pan Global Holding Co., Ltd. (PGH)	\$ 875,838	\$ 955,410

PAN-INTERNATIONAL ELECTRONICS
INC.(PIU)

Yann-Yang Investments Corp. (Yann-Yang)	10,856	6,955
	(38,528)	3,803
	<u>\$ 848,166</u>	<u>\$ 966,168</u>

2. The Company's subsidiary, PAN GLOBAL HOLDING CO., LTD.(PGH) decreased the capital in cash in 2023 and refunded NT\$1,712,760 in cash.
3. For information on the subsidiaries of the Company, refer to Note 4 (3) of the 2023 consolidated financial statements of the Company.
4. The income in investment accounted under equity method entitled by the Company was recognized based on the evaluation of the audited financial statements of these subsidiaries covering the same period.

(VII) Property, plant, and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Others</u>	<u>Total</u>
January 1, 2023					
Cost	\$ 17,567	\$ 15,943	\$ 173,515	\$ 19,702	\$ 226,727
Cumulative depreciation	<u>-</u>	<u>(15,943)</u>	<u>(173,448)</u>	<u>(19,418)</u>	<u>(208,809)</u>
	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 284</u>	<u>\$ 17,918</u>
<u>2023</u>					
January 1	\$ 17,567	\$ -	\$ 67	\$ 284	\$ 17,918
Depreciation expenses	<u>-</u>	<u>-</u>	<u>(67)</u>	<u>(75)</u>	<u>(142)</u>
December 31	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 17,776</u>
December 31, 2023					
Cost	\$ 17,567	\$ 15,943	\$ 173,515	\$ 19,702	\$ 226,727
Cumulative depreciation	<u>-</u>	<u>(15,943)</u>	<u>(173,515)</u>	<u>(19,493)</u>	<u>(208,951)</u>
	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 17,776</u>
January 1, 2022					
Cost	\$ 17,567	\$ 15,943	\$ 173,515	\$ 19,486	\$ 226,511
Cumulative depreciation	<u>-</u>	<u>(15,943)</u>	<u>(173,375)</u>	<u>(19,213)</u>	<u>(208,531)</u>
	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 273</u>	<u>\$ 17,980</u>
<u>2022</u>					
January 1	\$ 17,567	\$ -	\$ 140	\$ 273	\$ 17,980
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>	<u>216</u>
Depreciation expenses	<u>-</u>	<u>-</u>	<u>(73)</u>	<u>(205)</u>	<u>(278)</u>
December 31	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 284</u>	<u>\$ 17,918</u>
December 31, 2022					
Cost	\$ 17,567	\$ 15,943	\$ 173,515	\$ 19,702	\$ 226,727
Cumulative depreciation	<u>-</u>	<u>(15,943)</u>	<u>(173,448)</u>	<u>(19,418)</u>	<u>(208,809)</u>
	<u>\$ 17,567</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 284</u>	<u>\$ 17,918</u>

(VIII) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2023			
Cost	\$ 32,413	\$ 43,647	\$ 76,060
Cumulative depreciation and impairment	-	(42,129)	(42,129)
	<u>\$ 32,413</u>	<u>\$ 1,518</u>	<u>\$ 33,931</u>
<u>2023</u>			
January 1	\$ 32,413	\$ 1,518	\$ 33,931
Depreciation expenses	-	(221)	(221)
December 31	<u>\$ 32,413</u>	<u>\$ 1,297</u>	<u>\$ 33,710</u>
December 31, 2023			
Cost	\$ 32,413	\$ 43,647	\$ 76,060
Cumulative depreciation and impairment	-	(42,350)	(42,350)
	<u>\$ 32,413</u>	<u>\$ 1,297</u>	<u>\$ 33,710</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 32,413	\$ 43,647	\$ 76,060
Cumulative depreciation and impairment	-	(41,909)	(41,909)
	<u>\$ 32,413</u>	<u>\$ 1,738</u>	<u>\$ 34,151</u>
<u>2022</u>			
January 1	\$ 32,413	\$ 1,738	\$ 34,151
Depreciation expenses	-	(220)	(220)
December 31	<u>\$ 32,413</u>	<u>\$ 1,518</u>	<u>\$ 33,931</u>
December 31, 2022			
Cost	\$ 32,413	\$ 43,647	\$ 76,060
Cumulative depreciation and impairment	-	(42,129)	(42,129)
	<u>\$ 32,413</u>	<u>\$ 1,518</u>	<u>\$ 33,931</u>

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

	<u>2023</u>	<u>2022</u>
Rental income of investment property	<u>\$ 5,524</u>	<u>\$ 5,533</u>
Direct operating expenses of investment property that generates rental income in the current period	<u>(\$ 221)</u>	<u>(\$ 220)</u>

The fair value of the investment property held by the Company on December 31, 2023 and 2022, amounted to \$217,002 and \$205,209, respectively, which was obtained from the evaluation from public information announced by the government. The result indicated Level 3 fair value.

(IX) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for building and land	\$ 477,837	\$ 77,117
Refundable deposits	13,482	100
Others	7,601	2,429
	<u>\$ 498,920</u>	<u>\$ 79,646</u>

For the description of the prepayment for building and land, please refer to Note 9 (2).

(X) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank loans - Credit loans	<u>\$ 1,366,595</u>	5.20%~5.39%	None.

As of December 31, 2023, the Company did not have short-term borrowings.

(XI) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary, bonus, and employee remuneration payable	\$ 147,800	\$ 153,457
Others	<u>163,337</u>	<u>151,745</u>
	<u>\$ 311,137</u>	<u>\$ 305,202</u>

(XII) 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:

<u>December 31, 2023</u>	<u>December 31, 2022</u>
--------------------------	--------------------------

Present value of defined benefit obligation	\$ 56,030	\$ 74,650
Fair value of plan assets	(63,631)	(76,877)
Net defined benefit liabilities	<u>(\$ 7,601)</u>	<u>(\$ 2,227)</u>
"Other non-current assets" listed in the table	<u>\$ 7,601</u>	<u>\$ 2,227</u>
"Other non-current liabilities" listed in the table	<u>\$ -</u>	<u>\$ -</u>

(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
2023			
Balance on January 1	\$ 74,650	\$ 76,877	(\$ 2,227)
Cost of service in current period	464	-	464
Interest expense (income)	854	890	(36)
	<u>75,968</u>	<u>77,767</u>	<u>(1,799)</u>
Remeasurement:			
Return on plan assets (Note)	-	666	(666)
Effect of the change in financial assumption	171	-	171
Experience adjustment	(1,539)	-	(1,539)
	<u>(1,368)</u>	<u>666</u>	<u>(2,034)</u>
Appropriation of pension reserve	-	3,768	(3,768)
Payment of pension	(18,570)	(18,570)	-
Balance on December 31	<u>\$ 56,030</u>	<u>\$ 63,631</u>	<u>(\$ 7,601)</u>

(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
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
	<u>77,028</u>	<u>67,805</u>	<u>9,223</u>
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
	<u>(1,565)</u>	<u>5,175</u>	<u>(6,740)</u>
Appropriation of pension reserve	-	3,897	(3,897)
Payment of pension	(813)	-	(813)
Balance on December 31	<u>\$ 74,650</u>	<u>\$ 76,877</u>	<u>(\$ 2,227)</u>

- (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, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.15%</u>	<u>1.20%</u>
Salary increase rate in the future	<u>2.00%</u>	<u>2.00%</u>

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:

	<u>Discount rate</u>		<u>Salary increase rate in the future</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023				
Effect on the present value of defined benefit obligations	<u>(\$ 846)</u>	<u>\$ 869</u>	<u>\$ 860</u>	<u>(\$ 841)</u>
December 31, 2022				
Effect on the present value of defined benefit obligations	<u>(\$ 1,043)</u>	<u>\$ 1,070</u>	<u>\$ 1,059</u>	<u>(\$ 1,037)</u>

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\$1,217 for payment to the pension plan in 2024.
- (7) As of December 31, 2023, the weighted average duration of the pension plan was 6 years.

2. Regulations for the defined appropriation of pension fund

- (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 2023 and 2022, the Company recognized the cost of pension of NT\$3,982 and NT\$1,508 under the above pension fund regulations, respectively.

(XIII) Share capital

As of December 31, 2023, the authorized capital of the Company comprised 600,000,000 shares (including 30,000,000 shares under employee subscription warrants or subscription rights of convertible bonds); 518,346,282 shares were outstanding with a par value of NT\$10 per share.

(XIV) 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.

(XV) 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 2022 and 2021 earnings during the meetings held on June 9, 2023 and June 15, 2022; details are as follows:

	2022		2021	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 131,884		\$ 130,519	
Special reserve	312,772		(277,289)	
Cash dividends	725,685	\$ 1.40	518,346	\$ 1.00
	<u>\$ 1,170,341</u>		<u>\$ 371,576</u>	

The above resolutions are no different from the resolutions of the Company's board of directors dated April 8, 2023 and March 22, 2022. Please visit the MOPS of the Taiwan Stock Exchange for details.

7. The Board of the Company passed the proposal for the distribution of earnings in 2023 on March 13, 2024, specified as follows:

	2023	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 125,854	
Special reserve	25,528	
Cash dividends	673,850	\$ 1.30
	<u>\$ 825,232</u>	

(XVI) Other equities

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2023	(\$ 419,841)	(\$ 965,367)	(\$ 1,385,208)
Unrealized gain or loss of financial products:			
-The Company	222,827	-	222,827
-Subsidiary	(71,659)	-	(71,659)
Foreign currency exchange difference:			
-The Company	-	(176,695)	(176,695)
December 31, 2023	<u>(\$ 268,673)</u>	<u>(\$ 1,142,062)</u>	<u>(\$ 1,410,735)</u>

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
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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
Foreign currency exchange difference:			
-The Company	-	395,292	395,292
December 31, 2022	<u>(\$ 419,841)</u>	<u>(\$ 965,367)</u>	<u>(\$ 1,385,208)</u>

(XVII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from customer contracts	<u>\$ 9,259,899</u>	<u>\$ 11,756,687</u>

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:

	Electronic Components	Consumer Electronics and Computer Peripherals	Total
<u>2023</u>			
Segment Revenue	<u>\$ 7,341,556</u>	<u>\$ 1,918,343</u>	<u>\$ 9,259,899</u>

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

2. Contractual liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contractual liabilities	<u>\$ 104,883</u>	<u>\$ 148,107</u>	<u>\$ 628,363</u>

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

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized as income in the current period	<u>\$ 107,929</u>	<u>\$ 624,547</u>

(XVIII) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ -	\$ 87,254
Rental income	5,524	5,533
Other income - Other	2,866	2,626
	<u>\$ 8,390</u>	<u>\$ 95,413</u>

(XIX) Other gains and losses

	2023	2022
Net gain from financial assets and liabilities measured at fair value through income	\$ 8,991	\$ 2,680
Net foreign currency conversion loss	(9,874)	(6,497)
Others	(221)	(220)
	<u>(\$ 1,104)</u>	<u>(\$ 4,037)</u>

(XX) Employee benefit, depreciation and amortization expenses

	2023			
	Attributable to cost of operation	Attributable to operating expense	Attributable to non-operating expense	Total
Employee benefits expense				
Salary expenses (Note)	\$ 9,733	\$ 82,842	\$ -	\$ 92,575
Labor and national health insurance expenses	462	6,251	-	6,713
Pension expenses	294	4,116	-	4,410
Remuneration to the Directors	-	8,733	-	8,733
Other HR expenses	702	5,664	-	6,366
	<u>\$ 11,191</u>	<u>\$ 107,606</u>	<u>\$ -</u>	<u>\$ 118,797</u>
Depreciation expenses	<u>\$ 67</u>	<u>\$ 75</u>	<u>\$ 221</u>	<u>\$ 363</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 147</u>

Note: Including salary expenses and remuneration to employees.

	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
	<u>\$ 10,326</u>	<u>\$ 98,605</u>	<u>\$ -</u>	<u>\$ 108,931</u>
Depreciation expenses	<u>\$ 73</u>	<u>\$ 205</u>	<u>\$ 220</u>	<u>\$ 498</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 145</u>

Note: Including salary expenses and remuneration to employees.

1. The average monthly number of employees for the current year and the previous year were both 51 , respectively. Among them, the number of directors who were not concurrently employees was 5 and 4, respectively.
2. The average employee benefit expenses in 2023 and 2022 were NT\$2,393 and NT\$2,127, respectively. The average salary expenses of employees were NT\$2,013 and NT\$1,811, respectively. The average salary expense adjustment of employees was 11.15%.
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 2023 and 2022 was estimated at NT\$74,429 and NT\$79,012, respectively. The remuneration to the Directors was estimated at NT\$7,443 and NT\$7,901, respectively. The aforementioned amount was presented as salary expense in the book.

2023 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 13, 2024, to distribute the employees' remuneration of NT\$74,429 and the directors' remuneration of NT\$7,443 for 2023 in cash. There is no difference between the preceding allocation amounts and the amounts stated as expenses by the Company in 2023.

The 2022 employee, director, and supervisor remunerations approved by the board of directors are consistent with the amounts recognized in the 2022 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.

(XXI) Financial costs

	2023	2022
Interest expense - bank loans	\$ 29,934	\$ 20,840
Interest expense - others	10	6
	<u>\$ 29,944</u>	<u>\$ 20,846</u>

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
Income tax for the current period:		
Income tax arising from current income	\$ 126,963	\$ 88,446
Extra tax on undistributed earnings	7,425	46,681
Income tax over estimates of previous year	(4,600)	(2,116)
Total income tax for the current period	<u>129,788</u>	<u>133,011</u>
Deferred income tax:		
The original value and reversal of temporary differences	<u>20,215</u>	<u>38,029</u>
Income tax expense	<u>\$ 150,003</u>	<u>\$ 171,040</u>

(2) Income tax amount related to other comprehensive incomes:

	<u>2023</u>	<u>2022</u>
Remeasurement of defined benefit obligation	<u>\$ 407</u>	<u>\$ 1,349</u>

2. Relation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Calculation of income tax on earnings before taxation at the mandatory tax rate	\$ 281,342	\$ 298,666
Income exempted from taxation under the tax law	7,707	(18,211)
Temporary difference not recognized as deferred income tax liabilities	(141,871)	(153,980)
Extra tax on undistributed earnings	7,425	46,681
Income tax over estimates of previous year	(4,600)	(2,116)
Income tax expense	150,003	171,040
The original value and reversal of temporary differences	(20,215)	(38,029)
Income tax over estimates of previous year	4,600	2,116
Amount of temporary payment and withheld tax	(2,449)	(304)
Tax liabilities for the current period	<u>\$ 131,939</u>	<u>\$ 134,823</u>

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

	<u>2023</u>		
	<u>January 1</u>	<u>Recognized as income</u>	<u>Recognized as other comprehensive income</u>
			<u>December 31</u>
Temporary difference:			

-Deferred income tax assets:			
Provision for valuation loss on inventory	\$ 11,267	(\$ 10,471)	\$ - \$ 796
Unrealized exchange loss	-	6,968	- 6,968
Others	7,527	(493)	(407) 6,627
	<u>\$ 18,794</u>	<u>(\$ 3,996)</u>	<u>(\$ 407) \$ 14,391</u>
-Deferred tax liabilities:			
Return on foreign investment accounted for under the equity method	(\$ 202,920)	(\$ 18,499)	\$ - (\$ 221,419)
Unrealized foreign exchange gain	(2,280)	2,280	- -
	<u>(\$ 205,200)</u>	<u>(\$ 16,219)</u>	<u>\$ - (\$ 221,419)</u>

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
	<u>\$ 18,076</u>	<u>\$ 2,067</u>	<u>(\$ 1,349)</u>	<u>\$ 18,794</u>
-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)
	<u>(\$ 165,104)</u>	<u>(\$ 40,096)</u>	<u>\$ -</u>	<u>(\$ 205,200)</u>

4. The Company evaluated the taxable temporary difference of some investee companies on December 31, 2023 and 2022, 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\$6,859,001 and NT\$6,258,068, respectively.

5. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2021.

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

	2023	2022
Subsidiaries and associates:		
- Evaluation adjustment of equity instruments	(\$ 71,659)	\$ 12,584
- Remeasured value of defined benefit plan	207	1,157
	<u>(\$ 71,452)</u>	<u>\$ 13,741</u>

(XXIV) Earnings per share (EPS)

	2023		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of the current period	<u>\$ 1,256,710</u>	518,346	<u>\$ 2.42</u>
<u>Diluted earnings per share</u>			
Net profit of the current period	\$ 1,256,710		
Dilutive effects of the potential common shares			
-Employee remuneration	-	<u>2,520</u>	
The effect of net income for the period inherent to common shares	<u>\$ 1,256,710</u>	<u>520,866</u>	<u>\$ 2.41</u>
	2022		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of the current period	<u>\$ 1,322,290</u>	518,346	<u>\$ 2.55</u>
<u>Diluted earnings per share</u>			
Net profit of the current period	\$ 1,322,290		
Dilutive effects of the potential common shares			
-Employee remuneration	-	<u>2,603</u>	
The effect of net income for the period inherent to common shares	<u>\$ 1,322,290</u>	<u>520,949</u>	<u>\$ 2.54</u>

(XXV) Changes in liabilities from financing activities

	Short-term borrowings	
	2023	2022
January 1	\$ 1,366,595	\$ 553,600
Changes in financing cash flow	(1,366,595)	730,100
Effect of exchange rate changes	-	82,895
December 31	<u>\$ -</u>	<u>\$ 1,366,595</u>

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)
ENNOCONN CORPORATION	Other related parties
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

	<u>2023</u>	<u>2022</u>
Product sales:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 4,037,048	\$ 4,965,112
Subsidiary	427,339	528,809
Other related parties	<u>364,901</u>	<u>402,544</u>
	<u>\$ 4,829,288</u>	<u>\$ 5,896,465</u>

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

	<u>2023</u>	<u>2022</u>
Product purchases:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 1,196,153	\$ 938,655
Subsidiary		
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.	4,490,454	5,151,125
- Pan-International Precision Electronic Co., Ltd.	851,790	1,021,693
- Others	46,533	62,098
Other related parties	<u>-</u>	<u>63</u>
	<u>\$ 6,584,930</u>	<u>\$ 7,173,634</u>

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 120 days on monthly settlement of open account

3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivables from related parties:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 1,110,947	\$ 2,150,039
Subsidiary	69,918	80,385
Other related parties	<u>52,356</u>	<u>159,913</u>
	1,233,221	2,390,337
Less: Allowance for impairment loss	<u>(465)</u>	<u>(959)</u>
	<u>\$ 1,232,756</u>	<u>\$ 2,389,378</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables from related parties:		
Subsidiary		
- PAN GLOBAL HOLDING CO., LTD.	\$ 58,756	\$ 66,232
- Others	<u>15,441</u>	<u>7,286</u>
	<u>\$ 74,197</u>	<u>\$ 73,518</u>

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

5. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable to related parties:		
Significant influence over the Company		
- Hon Hai Precision Industry Co., Ltd. and subsidiaries	\$ 505,984	\$ 244,933
Subsidiary		
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.	671,476	1,449,202
- Pan-International Precision Electronic Co., Ltd.	156,663	165,036
- Others	<u>18,071</u>	<u>17,055</u>
	<u>\$ 1,352,194</u>	<u>\$ 1,876,226</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and other short-term employee benefit	\$ 13,897	\$ 14,599
Post-employment benefits	<u>240</u>	<u>240</u>
	<u>\$ 14,137</u>	<u>\$ 14,839</u>

VIII. Pledged Assets

No such situation.

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, 2023, the outstanding payment is \$9,780.

X. Major Disaster Losses

No such situation.

XI. Significant Subsequent Events

The Board passed the proposal for the distribution of earnings for 2023 on March 13, 2024. For additional information, refer to Note 6 (15).

XII. Others

(I) 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 2023 is the same as that in 2022, both of which are committed to maintaining the net debt ratio below 70%.

(II) 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 2023 and on December 31, 2022 (including cash and cash equivalents, accounts receivable [including related parties], financial assets measured at amortized costs, and other receivables) were NT\$4,187,849 and NT\$5,146,166, 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\$2,248,125 and NT\$4,288,480, respectively. For additional information on the book value classified as financial assets measured at fair value through comprehensive income, refer to Note 6 (5).

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 business 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. Extent

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, 2023					
	Foreign currency (thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
USD: NTD	\$ 86,088	30.71	\$ 2,643,762	5%	\$ 132,188
<u>Non-monetary items</u>					
USD: NTD	319,080	30.71	9,798,962		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	67,202	30.71	2,063,773	5%	103,189
December 31, 2022					
	Foreign currency (thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
USD: NTD	\$ 132,287	30.71	\$ 4,062,534	5%	\$ 203,127
<u>Non-monetary items</u>					
USD: NTD	354,215	30.71	10,877,954		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	133,405	30.71	4,096,868	5%	204,843

D. Nature

The Company's currency items were under significant influence of exchange rate fluctuations in 2023 and 2022, with recognition of exchange income (including realized and unrealized items) amounting to a loss of NT\$9,874 and NT\$6,497, 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 \$10,810, and \$8,956 in 2023 and 2022, 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):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not Past Due	\$ 2,093,934	\$ 3,343,713
Less than 90 days	8,453	53,562

91 ~ 180 days	603	-
More than 181 days	-	-
	<u>\$ 2,102,990</u>	<u>\$ 3,397,275</u>

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

H. Other receivables (including those of 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 2023 and as of December 31, 2022, 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, 2023 and 2022 is as follows:

	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2023</u>					
Expected loss rate	<u>0.04%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.10%</u>	
Total Book value	<u>\$1,804,801</u>	<u>\$ 294,941</u>	<u>\$ -</u>	<u>\$ 3,248</u>	<u>\$2,102,990</u>
Allowance for loss	<u>\$ 694</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 815</u>
	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2022</u>					
Expected loss rate	<u>0.04%</u>	<u>0.04%</u>	<u>0.09%</u>	<u>0.03%</u>	
Total Book value	<u>\$3,131,859</u>	<u>\$ 262,979</u>	<u>\$ -</u>	<u>\$ 2,437</u>	<u>\$3,397,275</u>
Allowance for loss	<u>\$ 1,253</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 1,375</u>

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:

	2023	2022
January 1	\$ 1,375	\$ 7,338
Reversal of impairment loss	(560)	(1,861)
Irrecoverable amount written off	-	(4,102)
December 31	<u>\$ 815</u>	<u>\$ 1,375</u>

K. All the Company's investments in debt instruments measured at amortized cost as were at low credit risk as of December 31, 2023 and 2022. 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.

(III) 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 are 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 are unobservable. The equity instruments invested by the Company without an active market belong to this level.

2. Please refer to Note 6 (8) for the information on the fair value of the investment property measured at cost.

3. 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, financial assets measured at amortized cost, accounts receivable (related parties included), other receivables, other current assets, payables (related parties included), other payables, and other current liabilities) reasonably approximates the fair value.

4. 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, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
<u>Repetitive fair value</u>				
Financial assets at FVTOCI				
- Equity securities	<u>\$ 1,016,823</u>	<u>\$ -</u>	<u>\$ 64,208</u>	<u>\$ 1,081,031</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
<u>Repetitive fair value</u>				
Financial assets at FVTOCI				
- Equity securities	<u>\$ 827,081</u>	<u>\$ -</u>	<u>\$ 68,548</u>	<u>\$ 895,629</u>

(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:

	<u>Listed and OTC stocks</u>	<u>Open-end funds</u>
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 evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as the discount method and the option pricing model. Foreign exchange forward contracts are usually evaluated according to the current forward exchange rate.

D. 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.

E. 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.

5. There were no transfers between Level 1 and Level 2 in 2023 and 2022.

6. The following table shows the changes in Level 3 in 2023 and 2022:

	<u>Equity securities</u> 2023	<u>Equity securities</u> 2022
January 1	\$ 68,548	\$ 73,812
Loss recognized in other comprehensive income	(4,340)	(5,264)
December 31	<u>\$ 64,208</u>	<u>\$ 68,548</u>

7. There was no transfer in or out from Level 3 in 2023 and 2022.

8. 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 and accounting standards.

9. 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:

	<u>Fair value on</u> December 31, 2023	<u>Evaluation</u> techniques	<u>Significant</u> unobservable input value	<u>Range</u> (weighted average)	<u>Relationship</u> between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	\$ 64,208	Comparable public company approach	Price-to-book ratio Lack of market liquidity discount	1.17 20%	The higher the multiplier, the higher the fair value. The higher the market liquidity discount, the lower the fair value.
	<u>December 31,</u> <u>2022</u>	<u>Fair value</u>	<u>Material</u> unobservable input value	<u>Range(wei</u> <u>ghted</u> <u>average)</u>	<u>Relationship of</u> <u>input value and</u> <u>fair value</u>
Non-derivative equity instruments:					

Non-listed and non-OTC stocks	\$ 68,548	Comparable public company approach	Price-to-book ratio Lack of market liquidity discount	1.29 20%	The higher the multiplier, the higher the fair value. The higher the market liquidity discount, the lower the fair value.
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10. 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:

Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	December 31, 2023	Price-to-book ratio	±1%	\$ 549	(\$ 549)
		Lack of market liquidity discount	±1%	\$ 803	(\$ 803)

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

XIII. Notes disclosure

(I) Information about significant transactions

- Loans to others: Please refer to Table 1.
- Endorsements/guarantees provided: Please refer to Table 2.
- Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and jointly controlled entities): Please refer to Table 3.
- 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.
- The cumulative amount of property acquired reaches NT\$300 million or more, or 20% of the paid-in capital: No such situation.
- The cumulative amount of property disposal reaches NT\$300 million or more, or 20% of the paid-in capital: No such situation.
- Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.
- 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 12 (3).

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, 2023

Table 1

Unit: NTD thousand

(unless otherwise noted)

Serial No.	Loan extending company	Borrower	Dealing items	Whether a related party	Maximum amount of the period	Ending balance	Transaction Amounts	Interest Rate	Business nature	Transaction Amounts	Reason for short-term financing	Provision for loss for bad debt	Collateral	Loans and limits for individual entities	Total loan limit	Remarks	
(note 1)			(note 2)		(note 3)	(note 8)			(note 4)	(note 5)	(note 6)		Name	Value	(note 7)	(note 7)	
1	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	CJ Electric Systems Co., Ltd.	Other receivables - related parties	Yes	\$ 569,140	\$ 562,510	\$ 562,510	3.45-3.65%	Short-term financing	\$ -	Operating turnover	\$ -	None	None	\$ 7,502,272	\$ 15,004,544	

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: This field is to be filled in with accounts receivable from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc. if nature is a loan to others.

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

Note 4: The loan nature of the fund shall be filled in if it is a business transaction or if there is 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 filled in. The business transaction amount refers to the number of business transactions between the lending company and the borrowing object in the most recent year.

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the loan and the purpose of the loan borrower shall 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 the public company submits the loaning of funds to the board of directors for the resolution of the board of directors on a case-by-case basis in accordance with Article 14-1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the board of directors shall be included in the announcement balance even though the funds have not yet been appropriated. However, for subsequent repayment, the balance after repayment shall be disclosed to reflect the risk adjustment. If the public company has authorized the chairperson to make loans in installments or revolving drawdowns over a certain quota and within one year within a one-year period through a resolution of the board of directors pursuant to Article 14-2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of funds for loans approved by the board of directors shall still be used as the balance in the announcement and report. Although the funds are repaid subsequently, the balance may still be loaned again based on the amount of funds loaned approved by the board of directors.

Pan-International Industrial Corp.
 Endorsement/guarantee provided
 January 1 to December 31, 2023

Table 2

Unit: NTD thousand
 (unless otherwise noted)

Serial No.	Name of company of the guarantee	Guaranteed Party		Endorsement/guarantee limit for a single enterprise	Maximum guarantee balance of the period	Endorsement/guarantee balance of the period	Transaction Amounts	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	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	Remarks
		Relation	Company name											
1	P.I.E Industrial Berhad	2	Pan-International Electronics(M) Sdn.Bhd.	\$ 1,966,172	\$ 1,242,961	\$ 1,183,514	\$ 290,419	-	8.83	\$ 3,932,343	N	N	N	
1	P.I.E Industrial Berhad	2	PAN-INTERNATIONAL WIRE&CABLE(M) SDN.BHD.	1,966,172	93,062	89,501	4,076	-	0.67	3,932,343	N	N	N	
2	Pan-International Precision Electronic Co., Ltd.	4	CJ Electric Systems Co., Ltd.	1,563,332	237,985	237,985	302,890	-	1.78	1,563,332	N	N	Y	
3	CJ Electric Systems Co., Ltd.	4	Wuhu Herzhong Automotive Electronics Co., Ltd.	672,156	21,635	21,635	21,440	-	0.16	672,156	N	N	Y	

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 endorsement guaranteed 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 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 value.

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 PIE INDUSTRIAL BERHAD's endorsements or guarantees to others shall not exceed 100% of its net worth; the limit of its endorsement or guarantee to others shall not exceed 50% of its net worth.

The total amount of endorsements/guarantees shall not exceed 100% of the net worth of the parties making the endorsements/guarantees between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares limit.

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 paragraph 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 entered.

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 mainland China.

Pan-International Industrial Corp.

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

December 31, 2023

Table 3

Unit: NTD thousand
(unless otherwise noted)

<u>Holding Company Name</u>	<u>Type of marketable securities</u>	<u>Name of marketable securities</u>	<u>Relationship with the Holding Company</u>	<u>Financial report Account</u>	<u>Number of shares/beneficiary certificates</u>	<u>End of the period</u>			<u>Remarks</u>
						<u>Book value</u>	<u>Shares Ratio</u>	<u>Fair value</u>	
Pan-International Industrial Corp.	Ordinary corporate bonds	Shin Kong Life Insurance Co., Ltd: 2023 1st unsecured cumulative subordinated ordinary corporate bonds	None.	Financial assets measured at after-amortization cost - Non-current	- \$	290,000	- \$	290,000	
Pan-International Industrial Corp.	Common share	Innolux Corporation	None.	Financial assets measured at fair value through other comprehensive income - Non-current	71,106,472	1,016,823	0.78	1,016,823	
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	64,208	5.23	64,208	
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	-	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	Eastspring Investments Islamic Income Fund	None.	Financial assets measured at fair value through income - Current	23,581	85	-	85	

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	543,673	2,055	-	2,055
P.I.E. INDUSTRIAL BERHAD	Open-end funds	Affin Hwang USD Cash Fund	None.	Financial assets measured at fair value through income - Current	255,634	8,396	1.87	8,396
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	24,266	17.50	24,266
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	760,802	16.87	760,802

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, 2023

Table 4

Unit: NTD thousand
(unless otherwise noted)

<u>Transaction details</u>			<u>Transaction terms different from general ones and reasons</u>			<u>Note/Accounts Receivable (Payable)</u>		<u>Remarks</u>			
<u>Buyer/Seller</u>	<u>Related Party</u>	<u>Relation</u>	<u>Purchase/Sale</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Credit period</u>	<u>Unit Price</u>	<u>Credit period</u>	<u>Balance</u>	<u>Percentage of total notes and accounts receivable (payable)</u>	<u>Remarks</u>
Pan-International Industrial Corp.	Pan-International Electronics (USA) Inc.	Subsidiary of the Company's indirect reinvestment	Sales	\$ 376,531		4 Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	\$ 54,853		3
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	352,789		4 Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	9,811		-
Pan-International Industrial Corp.	Hongfujin Precision Industry (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	630,496		7 Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	4,222		-
Pan-International Industrial Corp.	Hongfujin Precision Industry	Subsidiary of the indirect reinvestment	Sales	548,257		6 Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	170,223		8

						days T/T	basis for comparis on	differenc e		
Pan-International Industrial Corp.	(Wuhan) Co., Ltd. FIH (Hong Kong) Mobil Limited	nt of Hon Hai Precision Industry Co., Ltd. Subsidiary of the indirect reinvestme nt of Hon Hai Precision Industry Co., Ltd.	Sales	361,987		4 Monthly settleme nt 90 days T/T	No sale to other customer s with no basis for comparis on	No signfica nt differenc e	50,281	2
Pan-International Industrial Corp.	Foxconn Technology Co., Ltd.	Other related parties	Sales	344,109		4 Monthly settleme nt 90 days T/T	No sale to other customer s with no basis for comparis on	No signfica nt differenc e	44,091	2
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Sales	1,874,563		20 Monthly settleme nt 90 days T/T	No sale to other customer s with no basis for comparis on	No signfica nt differenc e	676,322	32
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestme nt	Purchase	4,490,454		54 Monthly settleme nt 90 days	A single supplier with no basis for comparis on	No signfica nt differenc e	671, (476)	35)
Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	Subsidiary of the Company's indirect reinvestme nt	Purchase	851,790		10 Monthly settleme nt 90 days	A single supplier with no basis for comparis on	No signfica nt differenc e	156, (663)	8)
Pan-International Industrial Corp.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestme nt of Hon Hai	Purchase	1,195,120		14 Monthly settleme nt 90 days	A single supplier with no basis for comparis on	No signfica nt differenc e	505, (985)	26)

PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	Precision Industry Co., Ltd. Other related parties	Sales	3,175,021	38 Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	931,955	43
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	244,975	15 Monthly settlement 90 days	No sale to other customers with no basis for comparison	No significant difference	50,102	16
New Ocean Precision Component (Jiangxi) Co., Ltd.	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,184,819	99 Monthly settlement 60 days	No sale to other customers with no basis for comparison	No significant difference	578,829	100
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Foxconn Technology Co., Ltd	Other related parties	Purchase	2,288,548	30 Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	570,007	43)
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Purchase	408,896	5 Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	46,766	4)
Tekcon Electronics Corporation	FOXCONN INTERCONNECT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestment of Hon	Purchase	704,132	88 Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	253,910	91)

Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Shenzhen Fujun Material Science Co., Ltd.	Hai Precision Industry Co., Ltd. Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	399,720	Due 11 in 90 days	Comparison Negotiated Price is Adopted	No significant difference	-	-
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fultong Trade Co., Ltd.	Hai Precision Industry Co., Ltd. Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	110,896	47 Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(163,919)	(80)

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, 2023

Table 5

Unit: NTD thousand

(unless otherwise noted)

<u>Company Name</u>	<u>Related Party</u>	<u>Relation</u>	<u>Balance of accounts receivable from related parties (Note 1)</u>	<u>Turnover Rate</u>	<u>Amount</u>	<u>Overdue</u> <u>Actions Taken</u>	<u>Accounts receivable from related parties recovered after the period</u>	<u>Provision for bad debt</u>
Pan- International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestme nt of Hon Hai Precision Industry Co., Ltd.	\$ 170,223	2.86	-	Payment received after the period	\$ 47,777	\$ 68
Pan- International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	676,322	4.80	781	Payment received after the period	292,417	271
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan- International Industrial Corp.	The Company's parent company	671,476	4.23	-	Payment received after the period	-	273
Pan- International Precision Electronic Co., Ltd.	Pan- International Industrial Corp.	The Company's parent company	156,663	5.30	-	Payment received after the period	74,058	-
PAN- INTERNATION AL ELECTRONICS(M) SDN.BHD.	SHARP NORTH MALAYSIA SDN.BHD.	Other related parties	931,955	3.74	-	Payment received after the period	-	-

New Ocean Precision Component (Jiangxi) Co., Ltd.	FOXCONN INTERCONNE CT TECHNOLOGY LIMITED	Subsidiary of the indirect reinvestme nt of Hon Hai Precision Industry Co., Ltd.	578,829	1.94	-	Payment received after the period	20,704	232
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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, 2023

Table 6

Unit: NTD thousand
 (unless otherwise
 noted)

<u>Serial No.</u> <u>(Note 1)</u>	<u>Transaction Company</u>	<u>Counterparty</u>	<u>Relationship</u> <u>with the</u> <u>transaction</u> <u>parties</u> <u>(Note 2)</u>	<u>Account</u>	<u>Transactions (Note 4, Note 6)</u>		<u>Perce</u> <u>ntage</u> <u>over</u> <u>consoli</u> <u>dated</u> <u>total</u> <u>revenu</u> <u>e or</u> <u>total</u> <u>assets</u> <u>(note</u> <u>3)</u>
					<u>Amount</u>	<u>Transaction</u> <u>Terms</u>	
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	\$ 4,490,454	Note 5	18
0	Pan-International Industrial Corp.	Pan-International Precision Electronic Co., Ltd.	1	Purchase	851,790	Note 5	3
0	Pan-International Industrial Corp.	Pan-International Electronics (USA) Inc.	1	Sales	376,531	Note 5	1
1	Pan-International Precision Electronic Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	156,663	Note 5	1
2	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	671,476	Note 5	3

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 party; just 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 the parent company has disclosed its transactions with subsidiaries, it is not necessary for the subsidiaries to repeat the disclosure. If one subsidiary has transactions with another subsidiary and one of the subsidiaries has made a disclosure,

the other is not required to repeat the disclosure.

(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 it belongs to the account of assets and liabilities, it shall be calculated in the way that the ending balance accounts for the total consolidated assets; if it belongs to the account of income it shall be calculated in the way that the accumulated amount in the period end accounts for 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: Transaction prices are negotiated and the collection period is monthly settlement 90 days.

Note 6: 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 mainland China investee companies)

January 1 to December 31, 2023

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.	British Virgin Islands	Holding company	\$ 1,759,731	\$ 3,472,484	6,726	100	\$ 9,565,251	\$ 875,838	\$ 875,838	
Pan-International Industrial Corp.	Pan-International Electronics Inc.	USA	Sale of electronic products	73,142	73,142	28,000	100	233,711	10,856	10,856	
Pan-International Industrial Corp.	Yann-Yang Investments Corp.	Taiwan	Investment company	363,997	363,997	33,316,236	100	169,012	(38,528)	(38,528)	
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	160,234	(46,104)	(38,534)	
Pan Global Holding Co., Ltd.	P.I.E. Industrial Berhad (PIB)	Malaysia	Holding company	42,840	42,840	197,459,985	51.42	2,022,011	495,457	254,764	Note 1
Pan Global Holding Co., Ltd.	Beyond Achieve Enterprise Ltd. (BAE)	British Virgin Islands	Holding company	294,816	294,816	9,600,000	100	691,548	16,329	16,329	Note 2
Pan Global Holding Co., Ltd.	TEAM UNION INTERNATIONAL AL Ltd. (TUI)	Hong Kong	Holding company	503,644	503,644	3,120,001	100	1,563,331	233,021	233,021	Note 3
Pan Global Holding Co., Ltd.	East Honest Holdings Limited (EHH)	Hong Kong	Holding company	3,292,646	3,292,646	665,799,420	100	3,751,673	488,961	488,961	Note 4
Pan Global Holding Co., Ltd.	LONG TIME TECH. CO., LTD.	Taiwan	Electronic Components	646,000	646,000	20,187,500	16.93	477,990	(301,348)	(51,018)	
Tekcon Electronics Corporation	LONG TIME TECH. CO., LTD.	Taiwan	Electronic Components	250,000	250,000	7,812,500	5.48	184,983	(301,348)	(19,738)	

PAN-INTERNATIONAL ELECTRONICS (MALASIA) SDN. BHD.	PAN-INTERNATIONAL CORPORATION (S) PTE. LIMITED. (PIS)	Singapore	Manufacturing and sale of connectors for electronic signal cables	2,329	2,329	100,000	30	1,104	(296)	(68)	Note 5
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Note 1: The company mainly reinvests in Pan-International Electronics (Malaysia) Sdn indirectly through PIB 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 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 the mainland China.

Note 3: The company mainly reinvests in Dongguan Pan-International Precision Electronics Co., Ltd. indirectly through TUI. Please refer to Table 8 for details on the disclosure of information about the investment in the mainland China.

Note 4: 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 the mainland China.

Note 5: PIS, the Company's sub-subsiidiary, conducted a cash capital increase in the first quarter of 2023. The Group did not subscribe for the shares in proportion to the shareholding, resulting in a drop of the shareholding by 30%.

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, 2023

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		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
					Outward	Inward							
Honghua 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	\$ 540,767	100	\$ 540,767	\$ 3,751,136	\$ 517,097	Note 4
Dongguan Pan-International Precision Electronics Co., Ltd.	Manufacturing and sale of wires, cables, connecting wires, connecting wire connectors, and wire plugs.	503,644	2	383,875	-	-	383,875	233,021	100	233,021	1,563,332	-	Note 6

Pan- Internatio nal Sunrise Trading Corp.	Production and sales of electrical cables, computer accessories, wireless Bluetooth, Turnkey, etc.	12,981	3	-	-	-	-	11,687	100	11,687	144,744	-	
Fuyu propertie s (Shangha i) 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 communicati on equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e- commerce of retail goods and equipment above.	5,069,189	2	836,848	-	-	836,848	107,438	16.87	-	760,802	-	Note 8
New Ocean Precision Compone nt	Manufacturin g and operation of various types of plugs and	294,816	2	-	-	-	-	16,329	100	16,329	691,547	-	

(Jiangxi) Co., Ltd.	sockets and telecommunications.												
CJ Electric Systems Co., Ltd.	Manufacture and sales of automotive wiring harness products	251,862	3	-	-	-	-	44,660	100	144,660	672,156	-	
YiBing Pan-International Vehicle Wire Co., Ltd.	Auto parts and accessories, smart vehicle equipment manufacturing, etc.	162,176	3	-	-	-	-	(59,563)	100	(59,563)	103,547	-	

<u>Company name</u>	<u>The cumulative amount of outward remittance of investment from Taiwan to mainland China at the end of the period (notes 5 and 6)</u>	<u>Investment amount approved by the Investment Commission, MOEA</u>	<u>In compliance with the investment limit stipulated by the Investment Commission, MOEA for investment in mainland China. (note 7).</u>
Pan-International Industrial Corp.	\$ <u>4,354,402</u>	\$ <u>6,278,334</u>	\$ <u>=</u>

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.

The Company invests in investee companies in Mainland China through its investment business in China, including Pan-International Sunrise Trading Corp., CJ Electric Systems Co., Ltd., and YiBing Pan-International Vehicle Wire Co., Ltd. Except that the Company shall apply to the Department of Investment Review, MOEA for permission in advance, other reinvestments do not need to apply to the Department of Investment Review.

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: As of December 31, 2023, the Company has the following investment withdrawal cases approved by the Department of Investment Review, MOEA:

<u>Date</u>	<u>Approval letter No.</u>	<u>Investor Company</u>	<u>Original investment amount remitted from Taiwan</u>
September 5, 2003	0920028972	Dongguan Junwang Technology Co., Ltd.	US\$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.	<u>58 thousand</u>
			<u>USD 1,269 thousand</u>

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: The company received the letter from the Investment Commission, MOEA referenced Jing-Shen-II No. 10000518690 in November 2011 for cancellation of the approved investment amount of US\$500 thousand in Dongguan Pan-International Precision Electronics Co., Ltd. which had not yet been invested; on October 30, 2014, the company received the letter from the Investment Commission, MOEA referenced Jing-Shen-Er-Zi No. 10300233110 for transfer of 42 companies including Qingdao Saiboter Digital Technology Square Co., Ltd. to Samoa Le Zhiwan Ranch Holding Investment Limited; in March 2017, the company received the letter from the Investment Commission, MOEA referenced Jing-Shen-Er-Zi No. 10600038030 for cancellation of the approved investment amount of US\$5,200 thousand in UER Battery Technology (Shenzhen) Co., Ltd. which had not yet been invested.

Note 7: The Company received a letter from the Industrial Development Bureau, MOEA referenced Jing-Shou-Gong-Zi No.11120436260 in December 2022 certifying the compliance with the operation scope of operation headquarters, and no investment limit is required from November 29, 2022 to November 28, 2025.

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. 16.87% of Class A shares, and indirectly disposed of its investee Fuyu properties (Shanghai) Co., Ltd. in mainland China. As of December 31, 2023, the Company indirectly owned 16.87% Class B of its reinvestment business, Fuyu properties (Shanghai) Co., Ltd..

Pan-International Industrial Corp.
Information on major shareholders
December 31, 2023

Table 9

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Share</u>	<u>Shares Ratio</u>
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 holding more than 5% of the company's common and special shares that have completed scriptless registration (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 the insider declaration of more than 10% shareholdings by shareholders pursuant to the Securities and Exchange Act, their shareholdings include their own shares plus shares delivered to trust and with the right to decide on the use of trust property, etc. For relevant insider equity reporting information, please see the Market Observation Post System.

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: The total number of shares (including treasury shares) that have completed scriptless registration is 518,346,282 shares = 518,346,282 (common shares) + 0 (special shares).

Pan-International Industrial Corp.
Cash and cash equivalents
December 31, 2023

Subsidiary Ledger 1

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>			<u>Amount</u>
Cash on hand				\$ 80
Time deposit	NTD	85,751 Thousand		85,751
	USD	17,224 Thousand	Exchange rate 30.7100	528,938
	HKD	5,010 Thousand	Exchange rate 3.9290	19,684
	RMB	207 Thousand	Exchange rate 4.3270	894
	JPY	240 Thousand	Exchange rate 0.2172	52
Time deposit	NTD	502,733 Thousand		502,733
Cash equivalents - Bond repos	NTD	580,277 Thousand		<u>580,277</u>
				<u>\$ 1,718,409</u>

Pan-International Industrial Corp.
Net accounts receivable
December 31, 2023

Subsidiary Ledger 2

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
<u>Non-related Parties:</u>			
Luxshare Precision Industry Co., Ltd.		\$ 259,707	
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.		187,906	The balance of each sporadic customer are less than 5% of the total
Others		422,156	
Less: Allowance for impairment loss		(350)	
		<u>869,419</u>	
<u>Related Parties:</u>			
Hon Hai Precision Industry Co., Ltd.		676,322	
Hongfujin Precision Electronics (Wuhan) Co., Ltd.		170,223	
Others		386,676	The balance of each sporadic customer are less than 5% of the total
Less: Allowance for impairment loss		(465)	
		<u>1,232,756</u>	
		<u>\$ 2,102,175</u>	

Pan-International Industrial Corp.
Inventory
December 31, 2023

Subsidiary Ledger 3

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Cost</u>	<u>Net realizable value</u>	
Raw materials		\$ 9,434	\$ 9,035	Net realizable value as market price
Finished products		<u>305,632</u>	<u>313,150</u>	”
		315,066	<u>\$ 322,185</u>	
Less: provision for valuation loss of inventory		<u>(3,981)</u>		
		<u>\$ 311,085</u>		

Pan-International Industrial Corp.
Financial assets measured at fair value through other comprehensive income - noncurrent
January 1, 2023 to December 31, 2023

Subsidiary Ledger 4

Unit: NTD thousand

<u>Name</u>	<u>Beginning of period</u>		<u>Increase for the period (Note 1)</u>		<u>Decrease in current period (Note 2)</u>		<u>End of period</u>		<u>Guarantee or pledge</u>	<u>Remark</u>
	<u>Shares</u>	<u>Fair value</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Fair value</u>		
Innolux Corporation	74,848,918	\$ 827,081	-	\$ 227,166	(3,742,446)	(\$ 37,424)	71,106,472	\$ 1,016,823	None.	
Syntrend Creative Park Co., Ltd.	12,831,500	<u>68,547</u>	-	<u>-</u>	-	<u>(4,339)</u>	12,831,500	<u>64,208</u>	"	
		<u>\$ 895,628</u>		<u>\$ 227,166</u>		<u>(\$ 41,763)</u>		<u>\$ 1,081,031</u>		

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 refunded 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, 2023 to December 31, 2023

Subsidiary Ledger 5

Unit: NTD thousand

Investee company	Opening balance		Increase in current period (Note)		Decrease in current period (Note)		Closing balance			Net value of equity		Guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding %	Amount	Unit price (\$)	Total price	
PAN GLOBAL HOLDING CO., LTD.	12,220	\$10,654,946	-	\$ 875,837	(5,494)	(\$ 1,965,532)	6,726	100	9,565,251	\$ -	\$ 9,565,251	None.
PAN-INTERNATIONAL ELECTRONICS INC.	28,000	223,008	-	10,856	-	(153)	28,000	100	233,711	-	233,711	"
Yann-Yang Investments Corp.	33,316,236	<u>202,762</u>	-	<u>4,778</u>	-	<u>(38,528)</u>	33,316,236	100	<u>169,012</u>	-	<u>169,012</u>	"
		<u>\$11,080,716</u>		<u>\$ 891,471</u>		<u>(\$ 2,004,213)</u>			<u>\$ 9,967,974</u>		<u>\$ 9,967,974</u>	

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.
Accounts payable
December 31, 2023

Subsidiary Ledger 6

Unit: NTD thousand

Supplier name	Sum mary	Amount	Remarks
<u>Non-related Parties:</u>			
Innolux Corporation		\$ 311,471	
Others		273,323	
		584,794	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
<u>Related Parties:</u>			
Honghuasheng Precision Electronics (Yantai) Co., Ltd.		671,476	
FOXCONN INTERCONNECT TECHNOLOGY LIMITED		505,985	
Pan-International Precision Electronic Co., Ltd.		156,663	
Others		18,070	
		1,352,194	The balance of each sporadic supplier does not exceed 5% of the total amount of the subject
		\$ 1,936,988	

Pan-International Industrial Corp.
Operating revenue
January 1, 2023 to December 31, 2023

Subsidiary Ledger 7

Unit: NTD thousand

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Electronic Components	Note	\$ 7,346,079	
Computers and peripherals	"	<u>1,918,352</u>	
		9,264,431	
Less: sale return and discount		<u>(4,532)</u>	
		<u>\$ 9,259,899</u>	

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, 2023 to December 31, 2023

Subsidiary Ledger 8

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>
Inventory at beginning of period	\$ 463,527
Add: purchase in current period	8,432,196
Inventory at the end of period	(315,066)
Other cost of operation	15,550
Gain on appreciation of inventories	(52,353)
	<u>\$ 8,543,854</u>

Pan-International Industrial Corp.
Operating expenses
January 1, 2023 to December 31, 2023

Subsidiary Ledger 9

Unit: NTD thousand

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>Administrative and general affairs expense</u>	<u>Research and development expenses</u>	<u>Expected credit impairment gain</u>	<u>Total</u>	<u>Remarks</u>
Salary expense	\$ 30,774	\$ 46,109	\$ 14,692	\$ -	\$ 91,575	
Import and export fee	14,738	303	-	-	15,041	
Professional service charge	1,867	7,291	-	-	9,158	
Commission expense	7,862	-	-	-	7,862	
Employee welfare	1,291	2,839	774	-	4,904	
Freight costs	4,651	299	3	-	4,953	
Expected credit impairment gain	-	-	-	(560)	(560)	
Others	<u>5,553</u>	<u>22,218</u>	<u>2,740</u>	<u>-</u>	<u>30,511</u>	The balance of each sporadic title falls below 5% of the total under this title
	<u>\$ 66,736</u>	<u>\$ 79,059</u>	<u>\$ 18,209</u>	<u>(\$ 560)</u>	<u>\$163,444</u>	